

Status: Point in time view as at 19/07/2006.

Changes to legislation: There are currently no known outstanding effects for the Finance Act 2006, Cross Heading: Change in company's interest in business: income treated as received etc. (See end of Document for details)

SCHEDULES

SCHEDULE 10

SALE ETC OF LESSOR COMPANIES ETC

PART 3

LEASING BUSINESS CARRIED ON BY A COMPANY IN PARTNERSHIP

Change in company's interest in business: income treated as received etc

- 23 (1) This paragraph applies for corporation tax purposes if—
- (a) on any day (“the relevant day”) a company (“the partner company”) carries on a business of leasing plant or machinery in partnership with other persons (see paragraph 25),
 - (b) the partner company is within the charge to corporation tax in respect of the business, and
 - (c) there is a qualifying change in the partner company's interest in the business on the relevant day (see paragraphs 27 and 28).
- (2) On the relevant day—
- (a) the partner company is treated as receiving an amount of income, and
 - (b) any other company which carries on the business on that day and which is within the charge to corporation tax in respect of the business is treated as incurring an expense.
- (3) The income—
- (a) is treated as a receipt of the partner company's notional business, and
 - (b) is brought into account in calculating for corporation tax purposes the profits of that business for the accounting period in which it is treated as received.
- (4) The expense—
- (a) is treated as an expense of the other company's notional business, and
 - (b) is allowed as a deduction in calculating for corporation tax purposes the profits of that business for the accounting period in which it is treated as incurred.
- [^{F1}(4A) But if at the end of the relevant day the other company is the only person carrying on the business, the expense—
- (a) is treated as an expense incurred by the other company in its carrying on of the business (at a time when it is the only person carrying it on), and
 - (b) is allowed as a deduction in calculating for corporation tax purposes the profits of the business for the accounting period in which it is treated as incurred.]
- (5) In this Part of this Schedule a company's “notional business” means the business—

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- (a) from which the company's share in the profits or loss of the business carried on by the partnership is treated under section 114(2) of ICTA as deriving for the purposes of the charge to corporation tax, and
- (b) which is treated under that provision as carried on alone by the company for those purposes.

(6) This paragraph is supplemented by paragraph 24.

Textual Amendments

F1 Sch. 10 para. 23(4A) inserted (retrospectively) by [Finance Act 2008 \(c. 9\)](#), s. 56(2)(5)

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