SCHEDULES

SCHEDULE 8

LONG FUNDING LEASES OF PLANT OR MACHINERY

PART 4

COMMENCEMENT AND TRANSITIONAL PROVISIONS

Expenditure incurred before passing of this Act where lease is not an excepted lease

21 (1) This paragraph applies where the following conditions are met—

(a) a person incurs expenditure on the provision of plant or machinery for leasing under a long funding lease,

(b) some or all of that expenditure was incurred before the day on which this Act is passed,

(c) the long funding lease is not an excepted lease,

(d) before 21st July 2005 there was a pre-existing heads of agreement in the case of the long funding lease.

(2) In this paragraph—

(a) "the old expenditure" means so much of the expenditure as is expenditure incurred before the day on which this Act is passed, and

(b) "the new expenditure" means so much of the expenditure as is expenditure incurred on or after that day.

(3) Treat the old expenditure—

(a) as if it had been incurred on the provision of a separate asset for leasing under a separate long funding lease, and

(b) as if that separate long funding lease were an excepted lease.

(4) Treat the new expenditure as if it had been incurred on the provision of a separate asset for leasing under a separate long funding lease in relation to which the amendments made by this Schedule have effect.

That is without prejudice to the application of any provisions of this Part which treat that deemed separate long funding lease as if it were two or more leases.

(5) The rentals under the actual long funding lease are to be apportioned between the two deemed leases in such manner as is just and reasonable.

(6) This paragraph has effect for the purpose of determining liability to income tax or corporation tax in the case of any person who is or has been the lessor or the lessee under the actual long funding lease.

Changes to legislation: *There are currently no known outstanding effects for the Finance Act 2006, Cross Heading: Expenditure incurred before passing of this Act where lease is not an excepted lease. (See end of Document for details)*

(7) Paragraph 22 has effect for determining when an amount of expenditure is to be treated for the purposes of this paragraph as incurred by the person mentioned in sub-paragraph (1).

Changes to legislation:
There are currently no known outstanding effects for the Finance Act 2006, Cross Heading: Expenditure incurred before passing of this Act where lease is not an excepted lease.