



Corporation Tax Act 2010

2010 CHAPTER 4

PART 21

LEASING ARRANGEMENTS: FINANCE LEASES AND LOANS

CHAPTER 1

INTRODUCTION

Introduction

895 Overview of Part

- (1) This Part makes provision for corporation tax purposes about the taxation of leasing arrangements.
- (2) Chapter 2 makes provision in relation to certain arrangements involving the lease of assets where the conditions in section 902 are or have been met, so far as the lease is not regarded as a long funding lease for the purposes of Part 2 of CAA 2001 in accordance with Chapter 6A of that Part (see sections 901 to 904).
- (3) Chapter 3 makes provision in relation to arrangements involving the lease of assets that are not within Chapter 2, so far as the lease is not so regarded (see sections 925 and 927).
- (4) The remaining provisions of this Chapter explain some expressions about rent for the purposes of this Part.
- (5) Chapter 4 contains further provisions supplementing this Part, including more about its interpretation.

Changes to legislation: There are currently no known outstanding effects for the Corporation Tax Act 2010, Chapter 1. (See end of Document for details)

Meaning of expressions about rent

896 Normal rent

- (1) For the purposes of this Part, the “normal rent” in respect of a lease for a period of account of the lessor (“L”) is the amount specified in subsection (2).
- (2) That amount is the amount that L would, apart from this Part, bring into account as rent from the lease that arises to L in that period of account for the purpose of determining L's liability to corporation tax for the related accounting period or periods.
- (3) For the meaning of “related accounting period”, see section 932(4).

897 Accountancy rental earnings

- (1) For the purposes of this Part, the “accountancy rental earnings” in respect of a lease for a period of account of the lessor (“L”) is the greatest of the amounts specified in subsection (2).
- (2) Those amounts are—
 - (a) the rental earnings for that period in respect of the lease in L's case,
 - (b) the rental earnings for that period in respect of the lease in the case of a person connected with L, and
 - (c) the rental earnings for that period in respect of the lease for the purposes of consolidated group accounts of a group of companies of which L is a member.
- (3) For the meaning of “the rental earnings”, see section 898.

898 Rental earnings

- (1) In this Part “the rental earnings” for any period in respect of a lease of an asset in the case of any person or any consolidated group accounts is the amount specified in subsection (2).
- (2) That amount is the amount that falls for accounting purposes to be treated, in accordance with generally accepted accounting practice, as the gross return for that period on investment in respect of a finance lease or loan in respect of the leasing arrangements.
- (3) For the meaning of “for accounting purposes”, see section 937.

Changes to legislation:

There are currently no known outstanding effects for the Corporation Tax Act 2010, Chapter 1.