



Corporation Tax Act 2010

2010 CHAPTER 4

PART 20

TAX AVOIDANCE INVOLVING LEASING PLANT OR MACHINERY

CHAPTER 1

RESTRICTIONS ON USE OF LOSSES IN LEASING PARTNERSHIPS

887 When restrictions on leasing partnership losses under this Chapter apply

- (1) The restrictions in section 888 (restrictions on leasing partnership losses) apply if—
 - (a) a company carries on a business in respect of which the company is within the charge to corporation tax,
 - (b) the company carries on the business in partnership with other persons in an accounting period of the partnership,
 - (c) the business (“the leasing business”) is, on any day in that period, a business of leasing plant or machinery,
 - (d) the company incurs a loss in its notional business in any accounting period of the company comprised (wholly or partly) in the accounting period of the partnership, and
 - (e) the interest of the company in the leasing business during the accounting period of the partnership is not determined on an allowable basis (see subsections (2) to (4)).
- (2) The interest of the company in the leasing business during the accounting period of the partnership is determined on an allowable basis if (and only if) the condition in subsection (3) is met.
- (3) The condition is that for the purposes of sections 1262 to 1264 of CTA 2009 (allocation of firm's profits between partners)—
 - (a) the company's share in the profits or loss of the leasing business for that period is determined wholly by reference to a single percentage, and

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- (b) the company's share in any relevant capital allowances for that period is determined wholly by reference to the same percentage.
- (4) For the purposes of subsection (3) “profits” does not include chargeable gains.
- (5) In this section “business of leasing plant or machinery” has the same meaning as in Chapter 4 of Part 9 (sales of lessors: leasing business carried on by a company in partnership) (see sections 410 to 414).
- (6) For the meaning of other expressions used in this section or section 888, see section 889.

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