



# Finance Act 2011

## 2011 CHAPTER 11

### PART 2

#### INCOME TAX, CORPORATION TAX AND CAPITAL GAINS TAX

##### *Anti-avoidance provisions*

### **33 Long funding finance leases**

(1) Chapter 6 of Part 2 of CAA 2001 (which includes provision about lessees under long funding leases) is amended as follows.

(2) In section 70C (long funding finance lease: amount of capital expenditure), after subsection (4) insert—

“(4A) But where the minimum lease payments include a relievable amount, the present value of that amount must be excluded in determining the commencement PVMLP.

(4B) An amount (“amount X”) is a relievable amount if—

- (a) an arrangement is in place under which all or part of any residual amount (as defined in section 70YE) is guaranteed by the lessee or a person connected with the lessee,
- (b) amount X is within the minimum lease payments because of that arrangement (see subsection (1)(a) of that section), and
- (c) it is reasonable to assume that, were amount X to be incurred under the arrangement, relief would be available as a result (beyond relief, by virtue of this section and section 70E, because amount X is within those minimum lease payments).

(4C) In deciding for the purposes of subsection (4B)(c) whether relief would be available as a result, no account is to be taken of—

- (a) any part of the arrangement other than the part by virtue of which all or part of the residual amount is guaranteed, or

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**Changes to legislation:** *Finance Act 2011, Section 33 is up to date with all changes known to be in force on or before 14 April 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details) View outstanding changes*

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- (b) any other arrangement connected with the arrangement or forming part of a set of arrangements that includes the arrangement.”
- (3) In section 70D (long funding finance lease: additional expenditure: allowances for lessee), after subsection (1) insert—
  - “(1A) Any increase attributable to a relievable amount is to be ignored for the purposes of subsection (1)(d).
  - (1B) Subsections (4B) and (4C) of section 70C apply (with any necessary modifications) for the purposes of this section as for the purposes of that section.”
- (4) In section 70E (disposal events and disposal values), in subsection (2C)(b), after “section 70YE)” insert “ other than any relievable payment ”.
- (5) In that section, after subsection (2D) insert—
  - “(2DA) A payment (“payment X”) is a relievable payment if—
    - (a) an arrangement is in place under which all or part of any residual amount (as defined in section 70YE) is guaranteed by the lessee or a person connected with the lessee,
    - (b) payment X is within the minimum lease payments because of that arrangement (see subsection (1)(a) of that section), and
    - (c) it is reasonable to assume that relief would be available as a result of making payment X (beyond relief, by virtue of section 70C or 70D and this section, because payment X is within those minimum lease payments).
  - (2DB) For the purposes of subsection (2DA)(c)—
    - (a) “relief” has the meaning given in section 70C, and
    - (b) subsection (4C) of that section applies as it applies for the purposes of subsection (4B)(c) of that section.”
- (6) The amendments made by subsections (2) and (3) have effect in cases where the arrangement is entered into on or after 9 March 2011.
- (7) The amendments made by subsections (4) and (5) have effect in relation to payments made on or after 9 March 2011 (regardless of when the arrangement was entered into).

**Changes to legislation:**

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**Changes and effects yet to be applied to the whole Act associated Parts and Chapters:**

Whole provisions yet to be inserted into this Act (including any effects on those provisions):

- Sch. 23 para. 45(1)(ia) inserted by [2017 c. 10 Sch. 11 para. 6\(3\)](#)
- Sch. 23 para. 2(1A) inserted by [S.I. 2019/397 reg. 2\(2\)](#) (This amendment not applied to legislation.gov.uk. Amending Regulations revoked on IP completion day by S.I. 2020/1544, regs. 1, 8; S.I. 2020/1641, reg. 2, Sch.)
- Sch. 23 para. 15A inserted by [S.I. 2019/397 reg. 2\(3\)](#) (This amendment not applied to legislation.gov.uk. Amending Regulations revoked on IP completion day by S.I. 2020/1544, regs. 1, 8; S.I. 2020/1641, reg. 2, Sch.)