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SCHEDULES

SCHEDULE 10

PLANT AND MACHINERY ALLOWANCES: ANTI-AVOIDANCE

Transfer and long funding leaseback: restrictions on lessee's allowances

- 2 (1) Section 70DA is amended as follows.
- (2) After subsection (5) insert—
- “(5A) D is nil if—
- (a) S is not required to bring a disposal value into account under this Part because of the transfer referred to in subsection (1)(a), and
 - (b) at any time before that transfer S or a linked person became owner of the plant or machinery without incurring either capital expenditure or qualifying revenue expenditure on its provision.”
- (3) After subsection (8) insert—
- “(9) Linked person”, in relation to plant or machinery, means a person—
- (a) who owned the plant or machinery at any time before the transfer referred to in subsection (1)(a), and
 - (b) who was connected with S at any time between—
 - (i) the time when the person became owner of the plant or machinery, and
 - (ii) the time of the transfer referred to in subsection (1)(a).
- (10) Expenditure on the provision of plant or machinery is “qualifying revenue expenditure” if it is expenditure of a revenue nature—
- (a) that is at least equal to the amount of expenditure that would reasonably be expected to have been incurred on the provision of the plant or machinery in a transaction between persons dealing with each other at arm's length in the open market, or
 - (b) that is incurred by the manufacturer of the plant or machinery and is at least equal to the amount that it would have been reasonable to expect to have been the normal cost of manufacturing the plant or machinery.”
- (4) The amendments made by this paragraph have effect in relation to cases where the lease referred to in section 70DA(1)(b) of CAA 2001 is entered into on or after 26 February 2015.

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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. 21 para. 2(e) and word inserted by [2021 c. 26 Sch. 27 para. 44\(3\)\(b\)](#)
- Sch. 21 para. 5(6) inserted by [2021 c. 26 Sch. 27 para. 44\(4\)\(b\)](#)