

---

**Changes to legislation:** There are currently no known outstanding effects for the Finance Act 2019,  
Cross Heading: The lease payments test: interest rate implicit in lease. (See end of Document for details)

---

## SCHEDULES

### SCHEDULE 14

#### LEASES: CHANGES TO ACCOUNTING STANDARDS ETC

#### PART 2

#### LONG FUNDING LEASES

*The lease payments test: interest rate implicit in lease*

- 9 (1) Section 70O (the lease payments test) is amended as follows.
- (2) In subsection (4), for paragraph (b) substitute—
- “(b) if a rate cannot be determined in accordance with paragraph (a), the interest rate implicit in the lease is taken to be 1% above LIBOR.”
- (3) After that subsection insert—
- “(5) For this purpose—
- (a) LIBOR means the London interbank offered rate at the relevant time for deposits for a term of 12 months in the applicable currency,
  - (b) the relevant time is the inception of the lease, and
  - (c) the applicable currency is the currency in which payments under the lease are payable.”

**Changes to legislation:**

There are currently no known outstanding effects for the Finance Act 2019, Cross Heading: The lease payments test: interest rate implicit in lease.