



Capital Allowances Act 2001

2001 CHAPTER 2

PART 2

PLANT AND MACHINERY ALLOWANCES

CHAPTER 11

OVERSEAS LEASING

Application of Chapter in relation to joint lessees

116 Mitigation of regime

- (1) This section applies if—
 - (a) plant or machinery is leased to two or more persons jointly,
 - (b) at least one of them is a person who—
 - (i) is not resident in the United Kingdom, and
 - (ii) does not use the plant or machinery exclusively for earning profits chargeable to tax, and
 - (c) the leasing is not protected leasing.
- (2) Subsection (3) applies if, at any time when the plant or machinery is leased as described in subsection (1), the lessees use the plant or machinery for the purposes of a qualifying activity or activities but not for leasing.
- (3) The expenditure on the provision of the plant or machinery is to be treated as not subject to sections 107, 109 and 110 if, and to the extent to which, it appears that the profits of the qualifying activity or activities will be chargeable to tax throughout—
 - (a) the designated period, or
 - (b) if shorter, the period of the lease.

Changes to legislation: *There are currently no known outstanding effects for the Capital Allowances Act 2001, Section 116. (See end of Document for details)*

- (4) Subsection (5) applies if, under subsection (3), part of the expenditure is treated as not subject to section 107, 109 or 110.
- (5) Whether or not the plant or machinery continues to be leased as described in subsection (1), Chapters 5 (allowances and charges) and 10 (long-life assets) and this Chapter have effect as if—
 - (a) the part of the expenditure that is not subject to section 107, 109 or 110 were expenditure on the provision of a separate item of plant or machinery, and
 - (b) the rest were expenditure which has been incurred on the provision of another item of plant or machinery (and which is subject to those sections).
- (6) All such apportionments are to be made as are necessary as a result of subsection (5).

Changes to legislation:

There are currently no known outstanding effects for the Capital Allowances Act 2001, Section 116.