



Capital Allowances Act 2001

2001 CHAPTER 2

PART 2

PLANT AND MACHINERY ALLOWANCES

[^{F1}CHAPTER 6A

INTERPRETATION OF PROVISIONS ABOUT LONG FUNDING LEASES

Interpretation

[^{F1}70YG“Termination amount”

- (1) This section applies where plant or machinery is or has been, or is to be, leased under a long funding lease.
- (2) Construe “termination amount”, in the case of a long funding lease, in accordance with the following provisions of this section.
- (3) If—
 - (a) the lease terminates as a result of a plant or machinery disposal event, or
 - (b) a plant or machinery disposal event occurs as a result of, or otherwise in connection with, the termination of the lease,the termination amount is the disposal value that would have fallen to be brought into account by the lessor by reason of the plant or machinery disposal event on the assumptions in subsection (4).
- (4) Those assumptions are—
 - (a) that section 34A (which prevents the lessor's expenditure for long funding leasing from being qualifying expenditure) did not apply in the case of the lessor, and
 - (b) that the lessor had claimed all the capital allowances that would in consequence have been available to him.

Changes to legislation: There are currently no known outstanding effects for the Capital Allowances Act 2001, Section 70YG. (See end of Document for details)

- (5) If—
- (a) subsection (3) does not apply, and
 - (b) the lease is a long funding finance lease,
- the termination amount is the value at which, immediately after the termination of the lease, the plant or machinery is recognised in the books or other financial records of the lessor.
- (6) If—
- (a) subsection (3) does not apply, and
 - (b) the lease is a long funding operating lease,
- the termination amount is the market value of the plant or machinery immediately after the termination of the lease.
- (7) For the purposes of this section a “plant or machinery disposal event” is an event that would have been a disposal event in relation to the plant or machinery in the case of the lessor on the assumptions in subsection (4).]

Textual Amendments

- F1** Pt. 2 Ch. 6A inserted (with effect in accordance with Sch. 8 para. 15 of the amending Act) by [Finance Act 2006 \(c. 25\)](#), [Sch. 8 para. 7](#)

Changes to legislation:

There are currently no known outstanding effects for the Capital Allowances Act 2001, Section 70YG.