



Corporation Tax Act 2010

2010 CHAPTER 4

PART 9

LEASING PLANT OR MACHINERY

CHAPTER 2

LONG FUNDING LEASES OF PLANT OR MACHINERY

Interpretation

381 Interpretation of Chapter

(1) Chapter 6A of Part 2 of CAA 2001 (interpretation of provisions about long funding leases) applies in relation to this Chapter as it applies in relation to that Part.

(2) Accordingly—

“the finance lease test” means the finance lease test in section 70N of CAA 2001,

“long funding lease” has the meaning given by section 70G of that Act,

[^{F1}“long funding finance lease” means—

(a) in relation to any person, a long funding lease that meets the finance lease test as a result of section 70N(1)(a) of that Act, or

(b) in relation to a lessee, a right-of-use lease (see section 70YI(1) of that Act) which is a long funding lease—

(i) that meets the lease payments test in section 70O of that Act or the useful economic life test in section 70P of that Act, but

(ii) is not a lease that, before a relevant change of classification (see section 70YA(11) of that Act), was a long funding operating lease;]

“long funding operating lease” means a long funding lease that is not a long funding finance lease.

Changes to legislation: *Corporation Tax Act 2010, Section 381 is up to date with all changes known to be in force on or before 24 June 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*

- (3) As to the meaning of the following other expressions used in this Chapter and defined in Chapter 6A of Part 2 of CAA 2001, see—
- (a) for “commencement”, in relation to the term of a lease, section 70YI(1) of that Act,
 - (b) for “inception”, section 70YI(1) of that Act,
 - (c) for “lease”, section 70YI(1) of that Act,
 - (d) for “lessee”, section 70YI(1) of that Act,
 - (e) for “lessor”, section 70YI(1) of that Act,
 - (f) for “market value”, in relation to plant or machinery, section 70YI(2) of that Act,
 - (g) for “plant or machinery”, in relation to a lease, section 70YI(3) of that Act,
 - (h) for “plant or machinery lease”, section 70YI(1) of that Act,
 - (i) for “remaining useful economic life”, section 70YI(1) of that Act,
 - (j) for “the term”, in relation to a lease, section 70YI(1) of that Act,
 - (k) for “termination”, section 70YI(1) of that Act,
 - (l) for “termination amount”, section 70YG of that Act, and
 - (m) for “termination value”, section 70YH of that Act.
- (4) In this Chapter—
- “qualifying activity” has the same meaning as in Part 2 of CAA 2001, and
 - “residual value”, in relation to any plant or machinery leased under a long funding operating lease, means—
 - (a) the estimated market value of the plant or machinery on a disposal at the end of the term of the lease, less
 - (b) the estimated costs of that disposal.
- (5) Any reference in this Chapter to a sum being written off on a straight line basis over a period of time (the “writing-off period”) is a reference to—
- (a) the sum being apportioned between each of the periods of account in which any part of the writing-off period falls,
 - (b) that apportionment being made on a time basis, according to the proportion of the writing-off period that falls in each of the periods of account, and
 - (c) the sum being written off accordingly.

Textual Amendments

- F1** Words in s. 381(2) substituted (with effect in accordance with Sch. 14 para. 6(1) of the amending Act) by [Finance Act 2019 \(c. 1\)](#), [Sch. 14 para. 4\(6\)](#)

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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):

- s. 357CHA omitted by [2024 c. 3 Sch. 2 para. 14\(7\)](#)
- s. 658(1)(d)(e) inserted by [2010 c. 13 Sch. 6 para. 31](#) (This amendment not applied to [legislation.gov.uk](#). Sch. 6 para. 31 omitted (retrospective to 6.4.2010) by virtue of Finance Act 2012 (c. 14), s. 52(2) (3))