

Status: Point in time view as at 19/07/2006.

Changes to legislation: Income and Corporation Taxes Act 1988, Cross Heading: Interpretation of Chapter is up to date with all changes known to be in force on or before 25 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)



Income and Corporation Taxes Act 1988

1988 CHAPTER 1

PART XII

SPECIAL CLASSES OF COMPANIES AND BUSINESSES

CHAPTER 5A

SPECIAL RULES FOR LONG FUNDING LEASES OF PLANT OR MACHINERY: CORPORATION TAX

[^{F1}Interpretation of Chapter]

Textual Amendments

F1 Pt. 12 Ch. 5A (ss. 502A-502L) inserted (with effect in accordance with Sch. 8 para. 15 of the amending Act) by Finance Act 2006 (c. 25), Sch. 8 para. 11

502L Interpretation of this Chapter

- (1) This section has effect for the interpretation of this Chapter.
- (2) In this Chapter—
 - “qualifying activity” has the same meaning as in Part 2 of the Capital Allowances Act;
 - “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.

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- (3) 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.
- (4) Chapter 6A of Part 2 of the Capital Allowances Act (interpretation of provisions about long funding leases) applies in relation to this Chapter as it applies in relation to that Part.

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