

---

*Changes to legislation: There are currently no known outstanding effects for the Finance Act 2000, Paragraph 92. (See end of Document for details)*

---

## SCHEDULES

### SCHEDULE 22

#### TONNAGE TAX

#### PART X

##### THE RING FENCE: CAPITAL ALLOWANCES: SHIP LEASING

###### *Sale and lease-back arrangements*

92 (1) The lessor under the <sup>F1</sup>... lease is not entitled to capital allowances if the lease is part of sale and lease-back arrangements.

(2) For this purpose “sale and lease-back arrangements” means, [<sup>F2</sup>subject to sub-paragraphs (3) and (3A)], any arrangements that take the following form:

Step One The ship is owned by a tonnage tax company and used for the purposes of its tonnage tax trade.

Step Two A transaction is entered into, as a result of which (apart from this paragraph) capital allowances would become available to the lessor, under which—

- (a) the ship (or an interest in it) is sold, or
- (b) a person enters into a contract on the performance of which he will or may become the owner of the ship (or an interest in it), or
- (c) a person entitled to the benefit of any such contract assigns the benefit of it so far as it relates to the ship (or an interest in it).

Step Three After the time of that transaction the ship is used for the purposes of a tonnage tax trade carried on—

- (a) by the original company, or
- (b) by another tonnage tax company that is a member of the same group, without having been used since that time for the purposes of any other trade (except that of leasing).

(3) This paragraph does not apply if the ship is newly-constructed and the transaction mentioned in Step Two in sub-paragraph (2) is effected not more than four months after the first occasion on which the ship is brought into use by any person for any purpose.

[<sup>F3</sup>(3A) This paragraph does not apply if—

- (a) expenditure is incurred on enhancing the ship or on converting it to another use,
- (b) the amount of that expenditure—
  - (i) is greater than 33% of the market value of the ship immediately after completion of the enhancement or conversion, and

---

*Changes to legislation: There are currently no known outstanding effects for the Finance Act 2000, Paragraph 92. (See end of Document for details)*

---

- (ii) is equal to or greater than the market value of the interest in the ship which is the subject of the transaction mentioned in Step Two in subparagraph (2), and
- (c) that transaction is effected not more than four months after the first occasion following completion of the enhancement or conversion on which the ship is brought into use by any person for any purpose.]
- (4) A person is regarded for the purposes of this paragraph as owning a ship if it is treated as <sup>F4</sup>owned by him for the purposes of Part 2 of the Capital Allowances Act 2001].

#### Textual Amendments

- F1** Word in Sch. 22 para. 92(1) repealed (10.7.2003) (with effect in accordance with Sch. 32 para. 3 of the amending Act) by [Finance Act 2003 \(c. 14\)](#), [Sch. 32 para. 1\(2\)](#), [Sch. 43 Pt. 3\(11\)](#) (with [Sch. 32 para. 4](#))
- F2** Words in Sch. 22 para. 92(2) substituted (7.4.2005) by [Finance Act 2005 \(c. 7\)](#), [Sch. 7 paras. 14\(2\)](#), 18(2)
- F3** Sch. 22 para. 92(3A) inserted (7.4.2005) by [Finance Act 2005 \(c. 7\)](#), [Sch. 7 paras. 14\(3\)](#), 18(2)
- F4** Words in Sch. 22 para. 92(4) substituted (22.3.2001) by [2001 c. 2](#),

**Changes to legislation:**

There are currently no known outstanding effects for the Finance Act 2000, Paragraph 92.