



Capital Allowances Act 2001

2001 CHAPTER 2

PART 2

PLANT AND MACHINERY ALLOWANCES

CHAPTER 17

[^{F1}OTHER ANTI-AVOIDANCE]

[^{F1}Finance leaseback: parties' income and profits

[^{F1}228G [^{F2}Leaseback not accounted for as finance lease in S's accounts]

- (1) Sections 228B and 228C are subject to this section in their application in relation to a leaseback that is not accounted for as a finance lease in the accounts of [^{F3}S].
- (2) Subsection (3) applies where the leaseback is accounted for as a finance lease in the accounts of a person connected with [^{F4}S]; and in that subsection “relevant calculation” means the calculation of—
 - (a) the permitted maximum for the purposes of section 228B, or
 - (b) the amount by which the income or profits of [^{F4}S] are to be increased in accordance with section 228C.
- (3) Where an amount that falls to be used for the purposes of a relevant calculation—
 - (a) cannot be ascertained by reference to [^{F5}S's] accounts because the leaseback is not accounted for as a finance lease in those accounts, but
 - (b) can be ascertained by reference to the connected person's accounts for one or more periods,that amount as ascertained by reference to the connected person's accounts shall be used for the purposes of the relevant calculation.
- (4) Subsections (5) and (6) apply in a case where the leaseback is not accounted for as a finance lease in the accounts of a person connected with [^{F6}S].

Changes to legislation: There are currently no known outstanding effects for the Capital Allowances Act 2001, Section 228G. (See end of Document for details)

- (5) Sections 228B and 228C do not apply in relation to the leaseback.
- (6) If the term of the leaseback begins on or after 18 May 2004 then, for the purposes of income tax or corporation tax, the income or profits of [F⁷S] from the relevant qualifying activity for the period of account during which the term of the leaseback begins shall be [F⁸increased by the consideration payable to S for granting B rights over the plant or machinery.]
- (7) For the purposes of this section the leaseback is accounted for as a finance lease in a person's accounts if—
- (a) the leaseback falls, under generally accepted accounting practice, to be treated in that person's accounts as a finance lease or loan, or
 - (b) in a case where the leaseback is comprised in other arrangements, those arrangements fall, under generally accepted accounting practice, to be so treated.]

Textual Amendments

- F1** Ss. 228A-228J and cross-heading inserted (with effect in accordance with s. 134(3) of the amending Act) by [Finance Act 2004 \(c. 12\)](#), [s. 134](#)
- F2** S. 228G heading substituted (with effect in accordance with Sch. 20 para. 12(12) of the amending Act) by [Finance Act 2008 \(c. 9\)](#), [Sch. 20 para. 12\(6\)\(f\)](#)
- F3** Word in s. 228G(1) substituted (with effect in accordance with Sch. 20 para. 12(12) of the amending Act) by [Finance Act 2008 \(c. 9\)](#), [Sch. 20 para. 12\(6\)\(a\)](#)
- F4** Word in s. 228G(2) substituted (with effect in accordance with Sch. 20 para. 12(12) of the amending Act) by [Finance Act 2008 \(c. 9\)](#), [Sch. 20 para. 12\(6\)\(b\)](#)
- F5** Word in s. 228G(3) substituted (with effect in accordance with Sch. 20 para. 12(12) of the amending Act) by [Finance Act 2008 \(c. 9\)](#), [Sch. 20 para. 12\(6\)\(c\)](#)
- F6** Word in s. 228G(4) substituted (with effect in accordance with Sch. 20 para. 12(12) of the amending Act) by [Finance Act 2008 \(c. 9\)](#), [Sch. 20 para. 12\(6\)\(d\)](#)
- F7** Word in s. 228G(6) substituted (with effect in accordance with Sch. 20 para. 12(12) of the amending Act) by [Finance Act 2008 \(c. 9\)](#), [Sch. 20 para. 12\(6\)\(e\)](#)
- F8** Words in s. 228G(6) substituted (with effect in accordance with Sch. 20 para. 12(12) of the amending Act) by [Finance Act 2008 \(c. 9\)](#), [Sch. 20 para. 12\(6\)\(e\)](#)

Changes to legislation:

There are currently no known outstanding effects for the Capital Allowances Act 2001, Section 228G.