



Capital Allowances Act 2001

2001 CHAPTER 2

PART 2

PLANT AND MACHINERY ALLOWANCES

CHAPTER 6

HIRE-PURCHASE ETC. AND PLANT OR MACHINERY PROVIDED BY LESSEE

Plant or machinery provided by lessee

70 Plant or machinery provided by lessee

- (1) This section applies if—
- under the terms of a lease, a lessee is required to provide plant or machinery,
 - the lessee incurs capital expenditure on the provision of that plant or machinery for the purposes of a qualifying activity which the lessee carries on,
 - the plant or machinery is not so installed or otherwise fixed in or to a building or any other description of land as to become, in law, part of that building or other land, and
 - the lessee does not own the plant or machinery.
- (2) The lessee—
- is to be treated as being the owner of the plant or machinery, as a result of incurring the capital expenditure, for so long as it continues to be used for the purposes of the qualifying activity, but
 - is not required to bring a disposal value into account because the lease ends.
- (3) Subsection (4) applies if—
- the plant or machinery continues to be used for the purposes of the lessee's qualifying activity until the lease ends,
 - the lessor holds the lease in the course of a qualifying activity, and

Status: Point in time view as at 31/12/2006. This version of this provision has been superseded.

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

- (c) on or after the ending of the lease, a disposal event occurs in respect of the plant or machinery at a time when the lessor owns the plant or machinery as a result of the requirement under the terms of the lease.
- (4) The lessor is required to bring a disposal value into account in the appropriate pool for the chargeable period in which the disposal event occurs.
- (5) “The appropriate pool” means the pool which would be applicable under this Part in relation to the lessor’s qualifying activity if—
 - (a) the expenditure incurred by the lessee had been qualifying expenditure incurred by the lessor, and
 - (b) that qualifying expenditure were being allocated to a pool for the chargeable period in which the disposal event occurs.
- (6) In this section “lease” includes—
 - (a) an agreement for a lease if the term to be covered by the lease has begun, and
 - (b) any tenancy,but does not include a mortgage (and “lessee” and “lessor” are to be read accordingly).

Status:

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Changes to legislation:

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