



# Capital Allowances Act 2001

## 2001 CHAPTER 2

### PART 2

#### PLANT AND MACHINERY ALLOWANCES

#### [<sup>F1</sup>CHAPTER 6A

##### INTERPRETATION OF PROVISIONS ABOUT LONG FUNDING LEASES

##### *Transfers, assignments, novations, leaseback, variations etc*

#### [<sup>F1</sup>70W Transfers, assignments etc by lessor

- (1) This section applies in any case where the following conditions are met—
  - (a) a person (the “old lessor”) is lessor of plant or machinery under a plant or machinery lease (the “old lease”),
  - (b) during the term of the lease, the old lessor transfers the plant or machinery to another person (the “new lessor”),
  - (c) the transfer is not the grant of a plant or machinery lease by the old lessor,
  - (d) immediately after the transfer, the new lessor is the lessor of the plant or machinery under a lease (“the new lease”) (whether or not the same lease as the old lease).
- (2) If it is not otherwise the case,—
  - (a) the old lessor is to be treated as if the old lease terminated immediately before the transfer, and
  - (b) the new lessor is to be treated as if the new lease had been entered into immediately after the transfer.
- (3) The new lessor is also to be treated as if the date of the transfer were the date of both—
  - (a) the inception of the new lease, and
  - (b) the commencement of the term of the new lease,

*Status: Point in time view as at 19/07/2007.*

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

if it is not otherwise the case.

- (4) If, immediately before the transfer, the old lease was (or was treated by virtue of this subsection as being) in the case of the old lessor a lease of either of the following descriptions—
- (a) a long funding lease, or
  - (b) a lease which is not a long funding lease,
- the new lease is to be treated in the case of the new lessor as being a lease of the same description, if the conditions in subsection (5) are met.
- (5) The conditions are that—
- (a) the term of the new lease is the unexpired portion of the term of the old lease, and
  - (b) the amounts receivable under the new lease are the same as would have been receivable under the old lease, assuming it to have continued in effect.
- (6) If—
- (a) it is not otherwise the case, and
  - (b) the conditions in subsection (5) are met,
- the lessee is to be treated as if the old lease and the new lease were the same continuing lease.
- (7) Any reference in this section to a transfer of plant or machinery by a person includes a reference to—
- (a) any kind of disposal of, or of the person's interest in, the plant or machinery,
  - (b) any arrangements under which the person's interest in the plant or machinery is terminated and another person becomes lessor of the plant or machinery,
  - (c) in a case where the plant or machinery is a fixture and the person is treated under section 176 as the owner, any cessation of ownership under section 188, 190, 191, 192 or 192A.]

#### **Textual Amendments**

- F1** Pt. 2 Ch. 6A inserted (with effect in accordance with Sch. 8 para. 15 of the amending Act) by [Finance Act 2006 \(c. 25\)](#), [Sch. 8 para. 7](#)

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