



# 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

#### *Interpretation*

#### [<sup>F1</sup>70YE “Minimum lease payments”

- (1) In the case of any lease, the minimum lease payments are the minimum payments under the lease over the term of the lease (including any initial payment) together with—
  - (a) in the case of the lessee, so much of any residual amount as is guaranteed by him or a person connected with him, or
  - (b) in the case of the lessor, so much of any residual amount as is guaranteed by the lessee or a person who is not connected with the lessor.
- (2) In determining the minimum payments, exclude so much of any payment as represents—
  - (a) charges for services, or
  - (b) qualifying UK or foreign tax to be paid by the lessor.
- (3) In this section—

“qualifying UK or foreign tax” means any tax or duty chargeable under the law of any part of the United Kingdom, or under the law of any foreign country, other than—

  - (a) income tax,
  - (b) corporation tax,

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

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(c) any tax chargeable under the law of a foreign country which is similar to income tax or corporation tax,

and here “foreign country” means any territory outside the United Kingdom;

“residual amount” means so much of the fair value of the plant or machinery subject to the lease as cannot reasonably be expected to be recovered by the lessor from the payments under the lease.

(4) In the definition of “residual amount” in subsection (3), “fair value” means—

(a) the market value of the leased plant or machinery,

less

(b) any grants receivable towards the purchase or use of that plant or machinery.]

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**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](#)

**Changes to legislation:**

There are currently no known outstanding effects for the Capital Allowances Act 2001, Section 70YE.