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SCHEDULES

SCHEDULE 9

LEASES OF PLANT OR MACHINERY: MISCELLANEOUS AMENDMENTS

Income and Corporation Taxes Act 1988

Petroleum extraction activities: sale and leaseback

- 1 (1) Section 494AA of ICTA is amended as follows.
 - (2) In subsection (2), at the end of paragraph (a) insert “or”.
 - (3) At the end of subsection (2) insert—
 - “(c) falls, if the case is one where the lease is a long funding operating lease, to be deductible in computing the profits of the lessee for the purposes of corporation tax (after first making against any such expenditure any reductions falling to be made by virtue of section 502K).”.
 - (4) In subsection (6) (definition of “lease”) after “In this section” insert “—
“long funding operating lease” means a long funding operating lease for the purposes of Part 2 of the Capital Allowances Act (see section 70YI(1) of that Act);”.
 - (5) The amendments made by this paragraph have effect in relation to expenditure incurred on or after 1st April 2006.

Supplementary charge in respect of ring fence trades

- 2 (1) Section 501A of ICTA is amended as follows.
 - (2) In subsection (5), for the word “and” at the end of paragraph (d) substitute the following paragraph—
 - “(dd) where the company is the lessee under a long funding operating lease, the amount deductible in respect of payments under the lease in computing the profits of the lessee for the purposes of corporation tax (after first making against any such amount any reductions falling to be made by virtue of section 502K); and”.
 - (3) At the end of the section insert—
 - “(11) In this section “long funding operating lease” means a long funding operating lease for the purposes of Part 2 of the Capital Allowances Act (see section 70YI(1) of that Act).”.
 - (4) The amendments made by this paragraph have effect in relation to payments due on or after 1st April 2006.

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Leased assets: special cases

- 3 (1) Section 782 of ICTA is amended as follows.
- (2) After subsection (1) (application of section to payments under certain leases) insert—
 - “(1A) This section does not apply to a payment if or to the extent that, in the case of the lessee, it falls to be regarded in accordance with Chapter 6A of Part 2 of the Capital Allowances Act as a payment under a lease which is a long funding finance lease for the purposes of that Part.”.
- (3) The amendment made by this paragraph has effect in relation to payments due on or after 1st April 2006.