
Changes to legislation: There are currently no known outstanding effects for the Finance Act 2006, Paragraph 5. (See end of Document for details)

SCHEDULES

SCHEDULE 9

LEASES OF PLANT OR MACHINERY: MISCELLANEOUS AMENDMENTS

TAXATION OF CHARGEABLE GAINS ACT 1992

Restriction of losses: long funding leases of plant or machinery

- 5 (1) After section 41 of TCGA 1992 (restriction of losses by reference to capital allowances and renewals allowances) insert—

“41A Restriction of losses: long funding leases of plant or machinery

- (1) This section applies where a person disposes of an asset—
- (a) which includes plant or machinery which is a fixture for the purposes of Chapter 6A of Part 2 of the Capital Allowances Act, and
 - (b) which he has used for the purpose of leasing under one or more long funding leases.
- (2) In the computation of the amount of a loss accruing to the person on the disposal there shall be excluded from the sums allowable as a deduction by virtue of section 38(1)(a) and (b) (acquisition and enhancement costs) an amount determined in accordance with subsection (3) or (4).
- (3) Where the person has used the plant or machinery for the purpose of leasing under one long funding lease, the amount is equal to the fall in value of the plant or machinery during the period of the lease.
- (4) Where the person has used the plant or machinery for the purpose of leasing under more than one long funding lease, the amount is equal to the sum of the fall in value of the plant or machinery during the period of each lease.
- (5) In this section, references to the fall in value of plant or machinery during the period of a lease are references to the amount (if any) by which—
- (a) the market value of the plant or machinery at the commencement of the term of the lease,
exceeds
 - (b) its market value at the termination of the lease.
- (6) For the purposes of this section, the following expressions have the meaning given in Chapter 6A of Part 2 of the Capital Allowances Act (interpretation of provisions about long funding leases)—
- “commencement”, in relation to the term of a lease,
 - “long funding lease”,
 - “market value”,
 - “the term”, in relation to a lease,

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“termination”.”

- (2) The amendment made by this paragraph has effect in relation to disposals on or after 1st April 2006.

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