

Status: Point in time view as at 01/08/2023.

Changes to legislation: Finance Act 2007, Paragraph 17 is up to date with all changes known to be in force on or before 15 July 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details)

SCHEDULES

SCHEDULE 5

AVOIDANCE INVOLVING FINANCIAL ARRANGEMENTS

Plant or machinery subject to a lease and finance leaseback

- 17 (1) Chapter 17 of Part 2 of CAA 2001 (plant and machinery allowances: anti-avoidance) is amended as follows.
- (2) In section 228A(2) (application of sections 228B to 228D in case of a lease and finance leaseback), for “Sections 228B to 228D” substitute “ Sections 228B and 228C ”.
- (3) In section 228F (lease and finance leaseback)—
- (a) in subsection (1), for “Sections 228B, 228C and 228D” substitute “ Sections 228B and 228C ”,
 - (b) omit subsection (4), and
 - (c) in subsection (8), for “sections 228B to 228D” substitute “ sections 228B and 228C ” and omit paragraph (b) (together with the “and” before it).
- ^{F1F2}(4)
- (5) The amendments made by this paragraph have effect in relation to post-commencement rentals that fall to be taken into account in calculating for tax purposes the income or profits for any post-commencement period of account.
- (6) In this paragraph—
- “post-commencement period of account” means any period of account ending on or after 6th December 2006, and
 - “post-commencement rental” means—
- (a) any amount receivable on or after 6th December 2006 in respect of any period beginning on or after that date, or
 - (b) the appropriate fraction of any amount receivable on or after that date in respect of any period beginning before, and ending on or after, that date,
- but does not include any amount received before that date.
- (7) For this purpose the “appropriate fraction”, in relation to any amount received in respect of any period, means the fraction—

$$\frac{PCP}{WP}$$

where—

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“PCP” means the number of days in the part of the period falling on or after 6th December 2006, and

“WP” means the number of days in the whole of the period.

(8) Sub-paragraph (9) applies if the amounts that, in accordance with section 228D of CAA 2001 as applied by section 228F of that Act, fall to be taken into account in calculating for tax purposes the income or profits for any post-commencement period of account comprise both post-commencement rentals and other amounts.

(9) For the purposes of section 228D of CAA 2001 as applied by section 228F of that Act, the amount of the gross earnings is taken to be so much of the gross earnings as, on a just and reasonable basis, relates to those other amounts.

“Gross earnings” has the meaning given by section 228D(5) of CAA 2001.

Textual Amendments

- F1** Sch. 5 para. 17(4) repealed (with effect in accordance with s. 1184(1) of the amending Act) by [Corporation Tax Act 2010 \(c. 4\)](#), s. 1184(1), [Sch. 3 Pt. 2](#) (with [Sch. 2](#))
- F2** Sch. 5 para. 17(4) repealed (with effect in accordance with s. 381(1) of the amending Act) by [Taxation \(International and Other Provisions\) Act 2010 \(c. 8\)](#), s. 381(1), [Sch. 10 Pt. 10](#) (with [Sch. 9 paras. 1-9, 22](#))

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