

*These notes refer to the Corporation Tax Act 2010
(c.4) which received Royal Assent on 3 March 2010*

CORPORATION TAX ACT 2010

EXPLANATORY NOTES

INTRODUCTION

Part 21: Leasing arrangements: finance leases and loans

Chapter 2: Finance leases with return in capital form

Section 899: Arrangements to which this Chapter applies

2664. This section describes the leasing arrangements that fall within Chapter 2. It is based on paragraphs 1(1) and 2(1) of Schedule 12 to FA 1997.
2665. The arrangements fall within the Chapter if they involve the lease of any property or rights (see *subsection (1)* and the definition of “asset” in section 937). Contrast Parts 9 and 20 which apply only to leases of plant or machinery.
2666. The Chapter is only capable of applying if two conditions are met. First, the arrangements must fall to be treated under GAAP as a finance lease or loan (see *subsection (2)*). Second, it is necessary that some or all of the lessor’s return on investment in respect of the finance lease or loan is not in the form of rent and would not, apart from this Part or Part 11A of ITA, be brought into account for tax purposes as rent (see *subsection (3)*).
2667. References to Part 11A of ITA and to tax purposes (rather than only corporation tax purposes) have been included in subsection (3) to ensure that the division between that Part of ITA and this Part works as intended.
2668. The Chapter is capable of applying to arrangements entered into before the commencement date of Schedule 12 to FA 1997 (see *subsection (4)(a)* and the commentary on section 923).