



Corporation Tax Act 2010

2010 CHAPTER 4

PART 9

LEASING PLANT OR MACHINERY

CHAPTER 2

LONG FUNDING LEASES OF PLANT OR MACHINERY

Lessees under long funding operating leases

379 Lessee under long funding operating lease

- (1) This section applies if a company is the lessee of any plant or machinery under a long funding operating lease for the whole or part of any period of account.
- (2) The deductions allowed in calculating the profits of the company for the period of account for corporation tax purposes are reduced.
- (3) The amount of the reduction is so much of the expected gross reduction in value over the term of the lease as is attributable to the period of account.
- (4) The expected gross reduction in value over the term of the lease is the starting value of the plant or machinery, less its expected end value.
- (5) For the meaning of “starting value”, see section 380.
- (6) The expected end value of plant or machinery is the amount which—
 - (a) at the commencement of the term of the lease is expected to be its market value at the end of the term, or
 - (b) if section 380(3) applies, would have been expected to be that value had that value been estimated at the commencement of the term.

Changes to legislation: Corporation Tax Act 2010, Cross Heading: Lessees under long funding operating leases is up to date with all changes known to be in force on or before 14 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) View outstanding changes

- (7) The expected gross reduction in value over the term of the lease that is attributable to the period of account is found by apportioning that reduction on a time basis according to the proportion of the term of the lease that falls in the period of account.

380 “Starting value” in section 379

- (1) This section is about the meaning of “starting value” in section 379 in relation to a long funding operating lease (“the section 379 lease”).
- (2) Except where subsection (3) applies, the starting value is the market value of the plant or machinery at the commencement of the term of the section 379 lease.
- (3) This subsection applies if the lessee—
- (a) has the use of the plant or machinery as a result of having incurred expenditure on its provision for purposes other than those of a qualifying activity, but
 - (b) brings the plant or machinery into use for the purposes of a qualifying activity on or after 1 April 2006.
- (4) If subsection (3) applies, the starting value is the lower of—
- (a) first use market value, and
 - (b) first use amortised market value.
- (5) “First use market value” means the market value of the plant or machinery at the time when it is first brought into use for the purposes of the qualifying activity.
- (6) “First use amortised market value” means the value that the plant or machinery would have at the time when it is first brought into use for the purposes of the qualifying activity on the assumption in subsection (7).
- (7) That assumption is that the market value of the plant or machinery at the commencement of the term of the section 379 lease had been written off on a straight line basis over its remaining useful economic life.
- (8) For the meaning of “qualifying activity”, “remaining useful economic life” and writing off on a straight line basis, see section 381(4), (3)(i) and (5) respectively.

Changes to legislation:

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Changes and effects yet to be applied to the whole Act associated Parts and Chapters:

Whole provisions yet to be inserted into this Act (including any effects on those provisions):

- s. 357CHA omitted by [2024 c. 3 Sch. 2 para. 14\(7\)](#)
- s. 658(1)(d)(e) inserted by [2010 c. 13 Sch. 6 para. 31](#) (This amendment not applied to [legislation.gov.uk](#). Sch. 6 para. 31 omitted (retrospective to 6.4.2010) by virtue of Finance Act 2012 (c. 14), s. 52(2) (3))