



Corporation Tax Act 2010

2010 CHAPTER 4

PART 9 **U.K.**

LEASING PLANT OR MACHINERY

CHAPTER 2 **U.K.**

LONG FUNDING LEASES OF PLANT OR MACHINERY

Lessors under long funding operating leases

366 Long funding operating lease: lessor's additional expenditure **U.K.**

- (1) This section applies if in any period of account—
 - (a) a company is the lessor of any plant or machinery under a long funding operating lease,
 - (b) the company incurs capital expenditure in relation to the plant or machinery (the “additional expenditure”), and
 - (c) the additional expenditure is not reflected in the market value of the plant or machinery at the commencement time (see subsection (7)).
- (2) An additional deduction is allowed in calculating the profits of the company for each period of account—
 - (a) which ends after the incurring of the additional expenditure, and
 - (b) in which the company is the lessor of the plant or machinery under the lease.
- (3) The amount of the deduction is so much of the expected reduction in value of the additional expenditure (“the expected reduction”) as is attributable to the period of account.
- (4) The expected reduction is the amount of the additional expenditure, less the remaining residual value of the plant or machinery resulting from that expenditure.

Changes to legislation: Corporation Tax Act 2010, Section 366 is up to date with all changes known to be in force on or before 08 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](#)

- (5) For how to determine that remaining residual value, see—
- (a) section 367 (determination of remaining residual value resulting from lessor's first additional expenditure), and
 - (b) section 368 (determination of remaining residual value resulting from lessor's further additional expenditure).
- (6) The amount of the expected reduction 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.
- (7) In this section “the commencement time” means—
- (a) except where section 365 applies, the commencement of the term of the lease, and
 - (b) if that section applies, the time when the plant or machinery is first brought into use by the lessor for the purposes of the qualifying activity.

Changes to legislation:

Corporation Tax Act 2010, Section 366 is up to date with all changes known to be in force on or before 08 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.

[View outstanding changes](#)

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))