



# Corporation Tax Act 2010

## 2010 CHAPTER 4

### PART 9

#### LEASING PLANT OR MACHINERY

### CHAPTER 2

#### LONG FUNDING LEASES OF PLANT OR MACHINERY

##### *Lessors under long funding operating leases*

#### **368 Determination of remaining residual value resulting from lessor's further additional expenditure**

- (1) This section sets out how the remaining residual value of the plant or machinery resulting from the additional expenditure (“RRV”) is determined for the purposes of section 366(4) if section 366 has applied in relation to previous additional expenditure incurred by the company in relation to the leased plant or machinery.
- (2) RRV depends on whether—
  - (a) the amount (“FARV”) which is expected to be the residual value of the plant or machinery at the time when the further additional expenditure is incurred, exceeds
  - (b) the sum of the amounts in subsection (3).
- (3) Those amounts are—
  - (a) the amount which at the commencement of the term of the lease is expected to be the residual value of the plant or machinery (or, if section 365 applies, would have been expected to be that value had that value been estimated at that time), and
  - (b) any amounts that were subtracted under section 366(4) as the remaining residual value of the plant or machinery resulting from the previous additional expenditure.

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**Status:** Point in time view as at 17/07/2012.

**Changes to legislation:** Corporation Tax Act 2010, Section 368 is up to date with all changes known to be in force on or before 09 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)

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- (4) If FARV exceeds the sum of the amounts in subsection (3), RRV is the portion of the excess that is a result of the further additional expenditure.
- (5) Otherwise, RRV is nil.
- (6) For the meaning of “residual value”, see section 381(4).

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