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## EXPLANATORY NOTE

*(This note is not part of the Order)*

The Finance Act 2006 (c. 25) amended the Capital Allowances Act 2001 (c. 2) to introduce new provisions in relation to long funding leases of plant or machinery. Leases of background plant or machinery are excluded from these provisions. This Order prescribes descriptions of plant or machinery to be used as examples of the kinds of plant or machinery that may be regarded as falling within the definition of background plant or machinery and deems other descriptions of plant or machinery to be, or not to be, background plant or machinery.

This Order is the first made under section 70T of the Capital Allowances Act 2001 and in accordance with subsection (4) of that section has effect in relation to times on or after 1st April 2006.

A regulatory impact assessment in respect of the provisions of the Finance Act 2006 is available on the website of HM Revenue and Customs at [www.hmrc.gov.uk/ria](http://www.hmrc.gov.uk/ria) and may be obtained by writing to the Ministerial Correspondence Unit, 1<sup>st</sup> Floor, HM Revenue and Customs, Ferrers House, P.O. Box 38, Castle Meadow Road, Nottingham, NG2 1BB.