

SCHEDULES

SCHEDULE 12

LEASING ARRANGEMENTS: FINANCE LEASES AND LOANS

PART II

OTHER FINANCE LEASES

Purpose of this Part of this Schedule

- 15 (1) This Part of this Schedule is concerned with arrangements (other than arrangements with which Part I of this Schedule is concerned)—
- (a) which involve the lease of an asset;
 - (b) which are or have been entered into by companies or other persons; and
 - (c) which are of such a kind as, in the case of companies incorporated in any part of the United Kingdom, falls for the purposes of accounts of such companies to be treated in accordance with normal accountancy practice as finance leases or loans.
- (2) The principal purpose of this Part of this Schedule is, in the case of any such arrangements, to charge any person entitled to the lessor's interest under the lease of the asset to tax from time to time on amounts of income determined by reference to those which fall for accounting purposes to be treated in accordance with normal accountancy practice as the income return, on and after 26th November 1996, on investment in respect of the finance lease or loan (taking into account the substance of the matter as a whole, including in particular the state of affairs as between connected persons, or within a group of companies, as reflected or falling to be reflected in accounts of any of those persons or in consolidated group accounts).

Application of this Part of this Schedule

- 16 (1) This Part of this Schedule applies in any case where—
- (a) a lease of an asset is or has been granted on or after 26th November 1996;
 - (b) the lease forms part of a new scheme;
 - (c) in the case of the lease, the condition in sub-paragraph (1) of paragraph 3 above is or has been satisfied at some time on or after 26th November 1996 in a period of account of the current lessor; and
 - (d) Part I of this Schedule does not apply in the case of the lease by reason of the conditions in sub-paragraphs (2) to (5) of that paragraph not all being, or having been, satisfied as mentioned in paragraph 2 above.
- (2) Where the condition in paragraph 3(1) above has been satisfied at any time on or after 26th November 1996 in a period of account of the person who was at that time the lessor, it shall be taken to continue to be satisfied unless and until—

Status: This is the original version (as it was originally enacted).

- (a) the asset ceases to be leased under the lease; or
 - (b) the lessor's interest under the lease is assigned to a person who is not connected with any of the persons described in sub-paragraph (3) below.
- (3) Those persons are—
- (a) the assignor;
 - (b) any person who was the lessor at some time before the assignment; or
 - (c) any person who at some time after the assignment becomes the lessor pursuant to arrangements made by a person who was the lessor, or was connected with the lessor, at some time before the assignment.
- (4) Nothing in sub-paragraph (2) above prevents this Part of this Schedule from again applying in the case of the lease if the conditions for its application are satisfied after the assignment.

Application of provisions of Part I for purposes of Part II

- 17 Paragraphs 5 to 10 and 12 above shall apply for the purposes of this Part of this Schedule as they apply for the purposes of Part I of this Schedule.