



Capital Allowances Act 2001

2001 CHAPTER 2

PART 2

PLANT AND MACHINERY ALLOWANCES

[^{F1}CHAPTER 6A

INTERPRETATION OF PROVISIONS ABOUT LONG FUNDING LEASES

[^{F1}Avoidance

Textual Amendments

- F1** Pt. 2 Ch. 6A inserted (with effect in accordance with Sch. 8 para. 15 of the amending Act) by [Finance Act 2006 \(c. 25\)](#), [Sch. 8 para. 7](#)

70V Tax avoidance involving international leasing

- (1) This section applies where matters are so arranged that there are plant or machinery leases such that—
- (a) under a lease by a non-resident, an asset is provided directly or indirectly to a resident,
 - (b) the direct provision of the asset to the resident is by a lease which, in the case of the resident, is a long funding lease or a lease to which section 67 (hire purchase etc) applies,
 - (c) the asset is used by the resident for the purpose of leasing it under a lease (the “relevant lease”) that would not (apart from this section) be a long funding lease in the case of the resident, and
 - (d) under the relevant lease, the asset is provided directly or indirectly (but by a lease) to a non-resident.

Changes to legislation: *There are currently no known outstanding effects for the Capital Allowances Act 2001, Cross Heading: Avoidance. (See end of Document for details)*

- (2) Subsection (3) applies if the sole or main purpose of arranging matters in that way is to obtain a tax advantage by securing that allowances under this Part are available to a resident by virtue of—
- (a) section 67 (hire purchase), or
 - (b) section 70A (long funding leases).
- (3) In any such case, the relevant lease is deemed to be a long funding lease in the case of the resident who is the lessor under it.
- (4) The reference in this section to a person obtaining a tax advantage (see section 577(4)) also includes a reference to a person obtaining a tax advantage within the meaning of [F2section 1139 of CTA 2010].
- (5) In this section—
- “non-resident” means a person who—
- (a) is not resident in the United Kingdom, and
 - (b) does not use the plant or machinery exclusively for earning profits chargeable to tax;
- “resident” means a person who—
- (a) is resident in the United Kingdom, or
 - (b) uses the plant or machinery exclusively for earning profits chargeable to tax.]

Textual Amendments

- F2** Words in s. 70V(4) substituted (1.4.2010) (with effect in accordance with s. 1184(1) of the amending Act) by [Corporation Tax Act 2010 \(c. 4\)](#), s. 1184(1), **Sch. 1 para. 331** (with [Sch. 2](#))

Changes to legislation:

There are currently no known outstanding effects for the Capital Allowances Act 2001, Cross
Heading: Avoidance.