



Capital Allowances Act 2001

2001 CHAPTER 2

PART 2

PLANT AND MACHINERY ALLOWANCES

CHAPTER 17

[^{F1}OTHER ANTI-AVOIDANCE]

Sale and finance leasebacks

221 Meaning of “sale and finance leaseback”

- (1) For the purposes of this section and [^{F1}section 225], plant or machinery is the subject of a sale and finance leaseback if—
- (a) B enters into a relevant transaction with S,
 - (b) after the date of the transaction, the plant or machinery—
 - (i) continues to be used for the purposes of [^{F2} an activity carried on by S or by a person (other than B) who is connected with S,]
 - (ii) is used for the purposes of a qualifying activity carried on by S or by a person (other than B) who is connected with S, without having been used since that date for the purposes of any other qualifying activity except that of leasing the plant or machinery, or
 - (iii) is used for the purposes of a non-qualifying activity carried on by [^{F3}S or by a person (other than B) who is connected with S], without having been used since that date for the purposes of a qualifying activity except that of leasing the plant or machinery, and
 - (c) it is directly or indirectly as a consequence of having been leased under a finance lease that the plant or machinery is available to be so used after that date.
- (2) In this section—

Changes to legislation: There are currently no known outstanding effects for the Capital Allowances Act 2001, Section 221. (See end of Document for details)

“the date of the transaction” means the date of the sale, the making of the contract or the assignment referred to in section 213(1)(a) to (c),

“non-qualifying activity” means any activity which is not a qualifying activity, and

“qualifying activity” includes any activity listed in section 15(1) even if any profits or gains from it are not chargeable to tax.

Textual Amendments

- F1** Words in s. 221(1) substituted (with effect in accordance with Sch. 20 para. 6(19) of the amending Act) by [Finance Act 2008 \(c. 9\)](#), [Sch. 20 para. 6\(11\)](#)
- F2** Words in s. 221(1)(b)(i) substituted (with effect in accordance with Sch. 32 para. 26 to the amending Act) by [Finance Act 2009 \(c. 10\)](#), [Sch. 32 para. 24](#)
- F3** Words in s. 221(1)(b)(iii) substituted (with effect as mentioned in s. 69(2) of the amending Act) by [Finance Act 2001 \(c. 9\)](#), s. 69(1), [Sch. 21 para. 3](#)
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Modifications etc. (not altering text)

- C1** S. 221 applied (1.4.2010) (with effect in accordance with s. 1184(1) of the amending Act) by [Corporation Tax Act 2010 \(c. 4\)](#), [ss. 771\(8\)](#), 1184(1) (with [Sch. 2](#))

Changes to legislation:

There are currently no known outstanding effects for the Capital Allowances Act 2001, Section 221.