



Capital Allowances Act 2001

2001 CHAPTER 2

PART 2

PLANT AND MACHINERY ALLOWANCES

CHAPTER 17

[^{F1}OTHER ANTI-AVOIDANCE]

[^{F2}Finance leaseback: parties' income and profits]

[^{F2}228C [^{F3}S's income or profits: termination of leaseback]

- (1) Subsection (2) applies where the leaseback terminates.
- (2) For the purpose of the calculation of income tax or corporation tax, the income or profits of [^{F4}S] from the relevant qualifying activity for the period in which the termination occurs shall be increased by an amount calculated in accordance with subsection (3).
- (3) The calculation is—

$$\text{Original Consideration} \times \frac{\text{Current Book Value}}{\text{Original Book Value}}$$

where—

[^{F5}“Original Consideration” means the consideration payable to S for granting B rights over the plant or machinery,]

“Current Book Value” means the net book value of the leased plant or machinery immediately before the termination, and

“Original Book Value” means the net book value of the leased plant or machinery at the beginning of the leaseback.

Changes to legislation: There are currently no known outstanding effects for the Capital Allowances Act 2001, Section 228C. (See end of Document for details)

- (4) In this section “relevant qualifying activity” means the qualifying activity for the purposes of which the leased plant or machinery was used immediately before the termination.
- (5) Section 228B has no effect on the treatment for the purposes of income tax or corporation tax of amounts received by way of refund on the termination of a leaseback of amounts payable under it.
- (6) In subsection (5), “amounts received by way of refund” includes any amount that would be so received in respect of [F6S's] interest under the leaseback if any amounts due to [F7B (or, where appropriate, an assignee of B)] under the leaseback were disregarded.]

Textual Amendments

- F2** Ss. 228A-228J and cross-heading inserted (with effect in accordance with s. 134(3) of the amending Act) by [Finance Act 2004 \(c. 12\)](#), **s. 134**
- F3** S. 228 heading substituted (with effect in accordance with Sch. 20 para. 12(12) of the amending Act) by [Finance Act 2008 \(c. 9\)](#), **Sch. 20 para. 12(4)(d)**
- F4** Word in s. 228C(2) substituted (with effect in accordance with Sch. 20 para. 12(12) of the amending Act) by [Finance Act 2008 \(c. 9\)](#), **Sch. 20 para. 12(4)(a)**
- F5** Definition and word in formula in s. 228C(3) substituted (with effect in accordance with Sch. 20 para. 12(12) of the amending Act) by [Finance Act 2008 \(c. 9\)](#), **Sch. 20 para. 12(4)(b)**
- F6** Word in s. 228C(6) substituted (with effect in accordance with Sch. 20 para. 12(12) of the amending Act) by [Finance Act 2008 \(c. 9\)](#), **Sch. 20 para. 12(4)(c)**
- F7** Words in s. 228C(6) substituted (with effect in accordance with Sch. 20 para. 12(12) of the amending Act) by [Finance Act 2008 \(c. 9\)](#), **Sch. 20 para. 12(4)(c)**

Changes to legislation:

There are currently no known outstanding effects for the Capital Allowances Act 2001, Section 228C.