



Capital Allowances Act 2001

2001 CHAPTER 2

PART 2

PLANT AND MACHINERY ALLOWANCES

CHAPTER 6

HIRE-PURCHASE ETC. AND PLANT OR MACHINERY PROVIDED BY LESSEE

[^{F1}Lessees under long funding leases

[^{F1}70D Long funding finance lease: additional expenditure: allowances for lessee

- (1) This section applies where the following conditions are met—
- a person is the lessee of plant or machinery under a long funding finance lease,
 - as a result of section 70A, the person falls to be regarded as having incurred qualifying expenditure on the provision of the plant or machinery, and
 - the lessor incurs expenditure in relation to the plant or machinery,
 - as a result of the lessor incurring the expenditure, there is in the case of the lessee an increase (the “relevant increase”) in the present value of the minimum lease payments.

[Any increase attributable to a relievable amount is to be ignored for the purposes of ^{F2}(1A) subsection (1)(d).

(1B) Subsections (4B) and (4C) of section 70C apply (with any necessary modifications) for the purposes of this section as for the purposes of that section.]

- (2) If the lease is one which, under generally accepted accounting practice, falls (or would fall) to be treated as a loan, this section applies as if the lease were one which, under generally accepted accounting practice, fell to be treated as a finance lease.

Changes to legislation: There are currently no known outstanding effects for the Capital Allowances Act 2001, Section 70D. (See end of Document for details)

- (3) The person is to be treated for the purposes of this Part as having incurred further capital expenditure on the provision of the plant or machinery as follows.
- (4) The person is to be treated as having incurred the expenditure on the date of first recognition.
- (5) The amount of the expenditure is the amount that would fall to be recognised as the amount of the relevant increase if appropriate accounts were prepared by the person.
- (6) For that purpose, “appropriate accounts” are accounts prepared in accordance with generally accepted accounting practice on the date of first recognition.
- (7) For the purposes of this section, the “date of first recognition” is the date on which the relevant increase is first recognised in the books or other financial records of the person.
- (8) This section is to be construed as one with section 70A.]

Textual Amendments

- F1** Ss. 70A-70E and cross-heading inserted (with effect in accordance with Sch. 8 para. 15 of the amending Act) by [Finance Act 2006 \(c. 25\)](#), **Sch. 8 para. 6**
- F2** [S. 70D\(1A\)\(1B\)](#) inserted (with effect in accordance with s. 33(6) of the amending Act) by [Finance Act 2011 \(c. 11\)](#), **s. 33(3)**

Changes to legislation:

There are currently no known outstanding effects for the Capital Allowances Act 2001, Section 70D.