



Capital Allowances Act 2001

2001 CHAPTER 2

PART 2

PLANT AND MACHINERY ALLOWANCES

[^{F1}CHAPTER 6A

INTERPRETATION OF PROVISIONS ABOUT LONG FUNDING LEASES

Meaning of “plant or machinery lease”

[^{F1}70K “Plant or machinery lease”

- (1) A “plant or machinery lease” is any of the following—
 - (a) any agreement or arrangement to which subsection (2) applies,
 - (b) any other agreement or arrangement, to the extent that subsection (3) applies to it,
 - (c) where plant or machinery is the subject of a sale and finance leaseback, as defined in section 221, the finance lease mentioned in subsection (1)(c) of that section,and “lease”, “lessor”, “lessee” and other related expressions are to be construed accordingly.
- (2) This subsection applies to an agreement or arrangement—
 - (a) under which a person grants to another person the right to use plant or machinery for a period, and
 - (b) which, in accordance with generally accepted accounting practice, falls (or would fall) to be treated as a lease.
- (3) This subsection applies to an agreement or arrangement to the extent that—
 - (a) in accordance with generally accepted accounting practice, it falls (or would fall) to be treated as a lease, and

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- (b) it meets the conditions in subsection (4).
- (4) The conditions are that, for the purposes of generally accepted accounting practice,—
 - (a) the agreement or arrangement conveys, or falls (or would fall) to be regarded as conveying, the right to use an asset, and
 - (b) the asset is plant or machinery.
- (5) In the case of an agreement or arrangement that falls (or would fall) within subsection (2) or (3) immediately after the commencement of the term of the lease, the condition in subsection (2)(b) or (3)(a) (as the case may be) is to be taken to be met as respects any time in the pre-commencement period.
- (6) For the purposes of subsection (5), the “pre-commencement period” is the period that—
 - (a) begins with the inception of the lease, and
 - (b) ends with the commencement of the term of the lease.]

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](#)

Modifications etc. (not altering text)

- C1** S. 70K applied by 2009 c. 4, s. 18C(4) (as inserted (19.7.2011) by [Finance Act 2011 \(c. 11\)](#), [Sch. 13 paras. 4, 31](#))

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