



Capital Allowances Act 2001

2001 CHAPTER 2

PART 2

PLANT AND MACHINERY ALLOWANCES

[^{F1}CHAPTER 6A

INTERPRETATION OF PROVISIONS ABOUT LONG FUNDING LEASES

Transfers, assignments, novations, leaseback, variations etc

[^{F1}70YC Extension of term of lease that is not a long funding lease

- (1) This section applies where—
 - (a) a person is lessor under a plant or machinery lease (the “existing lease”) that is not a long funding lease, and
 - (b) an event occurs which has the effect of extending the term of the lease (whether by variation of the provisions of the lease, the grant or exercise of an option or in any other way).
- (2) Subsection (2) of section 70YB (events having the effect of extending the term of a lease) also has effect for the purposes of this section.
- (3) Make the following assumptions—
 - (a) the existing lease terminates immediately before the effective date,
 - (b) another lease (the “new lease”) is entered into on the effective date,
 - (c) the term of the new lease is the portion of the term of the existing lease, as extended, that remains unexpired as at the effective date;
 - (d) the effective date is the date of both—
 - (i) the inception of the new lease, and
 - (ii) the commencement of the term of the new lease.

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

- (4) If, on those assumptions, the new lease would be a long funding lease, the person is to be treated on those assumptions.
- (5) If subsection (4) does not apply, then, for the purposes of any subsequent application of this section or section 70YD in the case of the existing lease, the term of the existing lease is to be taken to be the term as extended (or further extended).
- (6) For the purposes of this section the “effective date” is the earlier of—
- (a) the day after the end of the pre-existing term of the existing lease;
 - (b) if the rentals payable are varied as a result of or otherwise in connection with the event, the date on which the variation takes effect.
- (7) In this section “pre-existing term”, in relation to a lease, means the term of the lease apart from the extension in question.]

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](#)

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