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SCHEDULES

SCHEDULE 23

FINANCE LEASEBACKS: TRANSITIONAL PROVISION

Chargeable gains

- 10 (1) Sub-paragraph (2) applies where—
- (a) an existing leaseback is the leaseback in a lease and finance leaseback,
 - (b) the leaseback terminates,
 - (c) on or after the termination there is a disposal, by the user, of the whole or part of the plant and machinery subject to the leaseback, and
 - (d) a chargeable gain that accrues on that disposal (“the relevant chargeable gain”) falls to be taken into account for the purposes of a chargeable gains computation.
- (2) The following fraction of the relevant chargeable gain shall instead be taken into account for the purposes of the chargeable gains computation—

$$\frac{(\text{NetRentals} - \text{TerminationCharge})}{\text{LeasePremium}}$$

where—

“Net Rentals” means—

- (a) the total of the amounts deducted in calculating the user’s income or profits, for the purpose of income tax or corporation tax, in respect of amounts payable under the leaseback, minus
- (b) the total of the amounts shown in the user’s accounts in respect of finance charges relating to the leaseback;

“Termination Charge” means the amount by which the user’s income or profits are to be increased by virtue of section 228C(2) of the CAA 2001 because of the termination;

“Lease Premium” means the consideration relating to the leaseback referred to in section 228F(6)(b) of the CAA 2001.

- (3) References in this paragraph to termination of the leaseback shall be construed in accordance with section 228H (1) of the CAA 2001.
- (4) In this paragraph—
- “CAA 2001” means the Capital Allowances Act 2001 (c. 2);
 - “chargeable gains computation” means the computation, for the purposes of the TCGA 1992, of the total amount of chargeable gains that accrue to the user in any chargeable period that ends on or after 17 March 2004;

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“disposal” shall be construed in accordance with the TCGA 1992;
“lease and finance leaseback” has the same meaning as in section 228F of the CAA 2001;
“TCGA 1992” means the Taxation of Chargeable Gains Act 1992 (c. 12);
“user” means the person who is the lessee under the leaseback.

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Changes and effects yet to be applied to the whole Act associated Parts and Chapters:

Whole provisions yet to be inserted into this Act (including any effects on those provisions):

- s. 236ZA inserted by [S.I. 2024/357 art. 2\(2\)](#)