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*Changes to legislation: There are currently no known outstanding effects for the Finance Act 2006, Cross Heading: Commencement. (See end of Document for details)*

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## SCHEDULES

### SCHEDULE 8

#### LONG FUNDING LEASES OF PLANT OR MACHINERY

#### PART 4

#### COMMENCEMENT AND TRANSITIONAL PROVISIONS

##### *Commencement*

- 15 (1) The amendments made by this Schedule have effect in the case of a lease if—
- (a) Condition A is met, or
  - (b) if Condition A is not met, Condition B is met,
- unless the lease was finalised (see paragraph 23) before 21st July 2005 and on 17th May 2006 the lessor was within the charge to tax.
- As respects any time before 18th May 2006, this sub-paragraph has effect with the omission of the words “and on 17th May 2006 the lessor was within the charge to tax”.
- This sub-paragraph is subject to sub-paragraphs (5) and (6).
- (2) Condition A is that—
- (a) the lease is finalised on or after 1st April 2006, or
  - (b) the commencement of the term of the lease is on or after that date, and the lease is not an excepted lease (see paragraph 17).
- (3) Condition B is that—
- (a) the commencement of the term of the lease was before 1st April 2006, but
  - (b) the plant or machinery is on or after that date brought into use for the purposes of a qualifying activity carried on by the person concerned.
- (4) The amendments made by this Schedule also have effect in relation to a lease, in the case of the lessor, if—
- (a) an election under paragraph 16 is in force in the case of the lease, and
  - (b) the election has effect in the case of the lessor.
- (5) Where the amendments made by this Schedule do not have effect in relation to a lease in the case of the lessor but—
- (a) there is a transfer of plant or machinery,
  - (b) immediately before the transfer, the lessor is within the charge to tax, and
  - (c) the transfer is in circumstances such that, if the amendments made by this Schedule did apply in relation to the lease, section 70W(4)(b) of CAA 2001

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(transfers, assignments etc by lessor) would have effect in relation to the new lessor to treat the new lease as a lease which is not a long funding lease, the amendments made by this Schedule do not have effect in relation to the new lease in the case of the new lessor.

In this sub-paragraph—

“the new lease” means the lease that would be the new lease for the purposes of section 70W of CAA 2001, if that section applied;

“the new lessor” means the person who would be the new lessor for the purposes of that section, if that section applied;

and section 70W(7) of CAA 2001 (construction of references to transfer of plant or machinery) also has effect for the purposes of this sub-paragraph.

(6) Where the amendments made by this Schedule do not have effect in relation to a lease in the case of the lessee but—

- (a) there is a transfer of plant or machinery,
- (b) immediately before the transfer, the lessee is within the charge to tax, and
- (c) the transfer is in circumstances such that, if the amendments made by this Schedule did apply in relation to the lease, section 70X(4)(b) of CAA 2001 (transfers, assignments etc by lessee) would have effect in relation to the new lessee to treat the new lease as a lease which is not a long funding lease,

the amendments made by this Schedule do not have effect in relation to the new lease in the case of the new lessee.

In this sub-paragraph—

“the new lease” means the lease that would be the new lease for the purposes of section 70X of CAA 2001, if that section applied;

“the new lessee” means the person who would be the new lessee for the purposes of that section, if that section applied;

and section 70X(7) of CAA 2001 (construction of references to transfer of plant or machinery) also has effect for the purposes of this sub-paragraph.

(7) In the application of section 70W(4)(b) or 70X(4)(b) of CAA 2001 for the purposes of sub-paragraph (5) or (6), the lease mentioned in the opening words of the sub-paragraph in question is to be regarded as a lease which is not a long funding lease.

**Changes to legislation:**

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