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SCHEDULES

SCHEDULE 32

LEASES OF PLANT OR MACHINERY

Disposal values: termination etc of long funding leases

- 7 (1) Section 70E of CAA 2001 (long funding leases: disposal events and disposal values) is amended as follows.
- (2) In subsection (1), for paragraph (c) substitute—
“(c) a relevant event occurs.”
- (3) After that subsection insert—
“(1A) A relevant event occurs if—
(a) the lease terminates,
(b) the plant or machinery begins to be used wholly or partly for purposes other than those of the qualifying activity, or
(c) the qualifying activity is permanently discontinued.”
- (4) In subsection (2)(a), for “termination of the lease” substitute “relevant event”.
- (5) For subsections (3) to (8) substitute—
“(2A) The amount of the disposal value is—

$$(QE - QA) + R$$

where—

QE is the person's qualifying expenditure on the provision of the plant or machinery,

QA is the qualifying amount (see subsections (2B) to (2E)), and

R is any relevant rebate (see subsections (2F) and (2G)).

- (2B) In the case of a long funding operating lease, “the qualifying amount” means the aggregate amount of the reductions made under section 502K of ICTA or section 148I of ITTOIA 2005 for periods of account in which the person was the lessee.
- (2C) In the case of a long funding finance lease, “the qualifying amount” means the aggregate of—
(a) the payments made to the lessor by the person under the lease (including any initial payment), and
(b) the payments made to the lessor by the person under a guarantee of any residual amount (as defined in section 70YE),
subject to subsection (2D).

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(2D) The following are excluded from the “qualifying amount” under subsection (2C)—

- (a) so much of any payment as, in accordance with generally accepted accounting practice, falls (or would fall) to be shown in the person's accounts as finance charges in respect of the lease,
- (b) so much of any payment as represents charges for services, and
- (c) so much of any payment as represents qualifying UK or foreign tax (within the meaning of section 70YE) to be paid by the lessor.

(2E) In the case of a long funding finance lease that is not a transaction at arm's length, “the qualifying amount” includes only so much of the amounts described in subsection (2C) as would reasonably be expected to have been paid if the lease had been such a transaction.

(2F) “Relevant rebate” means—

- (a) in a case falling within subsection (1A)(a), any amount calculated by reference to the termination value that is payable for the benefit (directly or indirectly) of the person or another person connected with that person, or
- (b) in a case falling within subsection (1A)(b) or (c), any such amount that would have been so payable if, when the relevant event occurred, the lease had terminated and the plant or machinery had been sold for its market value at that time.

(2G) In the case of a lease that is not a transaction at arm's length, “relevant rebate” includes any amount that would reasonably be expected to have fallen within subsection (2F) if the lease had been such a transaction.

(2H) The amount of the disposal value brought into account under this section cannot be less than nil.”

(6) In subsection (9), for “termination of the lease” substitute “relevant event”.

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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. 102(4)(za) inserted by [2010 c. 33 Sch. 9 para. 3\(3\)](#)
- Sch. 53 para. 2A-2D and cross-heading inserted by [2010 c. 33 Sch. 9 para. 7](#)
- Sch. 53 para. 6A and cross-heading inserted by [2010 c. 33 Sch. 9 para. 8](#)
- Sch. 53 para. 11A11B and cross-heading inserted by [2010 c. 33 Sch. 9 para. 17](#)
- Sch. 53 para. 14A and cross-heading inserted by [2010 c. 33 Sch. 9 para. 18](#)
- Sch. 54 para. 9B9C and cross-heading inserted by [2010 c. 33 Sch. 9 para. 11](#) (Sch. 54 para. 9B is amended before it comes into force by [2016 c. 24, Sch. 1 para. 66\(5\)](#))
- Sch. 54 para. 12A12B and cross-heading inserted by [2010 c. 33 Sch. 9 para. 19](#)
- Sch. 54 Pt. A1 inserted by [2010 c. 33 Sch. 9 para. 10](#) (Sch. 9 para. 10 is amended before it comes into force by [2017 c. 32, Sch. 4 para. 182](#))
- Sch. 55 para. 6(3A)(za) inserted by [2015 c. 11 Sch. 20 para. 15\(2\)\(a\)](#)
- Sch. 55 para. 6(4A)(za) inserted by [2015 c. 11 Sch. 20 para. 15\(3\)\(a\)](#)
- Sch. 55 para. 17(4)(ba) inserted by [2015 c. 11 Sch. 20 para. 19](#)
- Sch. 56 para. 3(1)(d) omitted by [2021 c. 26 Sch. 27 para. 40\(4\)\(c\)](#)