

SCHEDULES

SCHEDULE 14

LEASES: CHANGES TO ACCOUNTING STANDARDS ETC

PART 2

LONG FUNDING LEASES

Amendments to Part 2 of CAA 2001

7 Part 2 of CAA 2001 (plant and machinery allowances) is amended as follows.

Meaning of “short lease”

- 8 (1) In section 70I (“short lease”)—
- (a) in subsections (2) and (9)(d), for “5” substitute “7”, and
 - (b) omit subsections (3) to (8).
- (2) In section 70YF (the “term” of a lease)—
- (a) in subsection (5)(b), for “5” substitute “7”,
 - (b) in subsection (6), for “5” substitute “7”, and
 - (c) omit subsection (7).
- (3) In section 220 (allocation of expenditure to a chargeable period), in subsection (4) (c), for “5” substitute “7”.

The lease payments test: interest rate implicit in lease

- 9 (1) Section 70O (the lease payments test) is amended as follows.
- (2) In subsection (4), for paragraph (b) substitute—
- “(b) if a rate cannot be determined in accordance with paragraph (a), the interest rate implicit in the lease is taken to be 1% above LIBOR.”
- (3) After that subsection insert—
- “(5) For this purpose—
 - (a) LIBOR means the London interbank offered rate at the relevant time for deposits for a term of 12 months in the applicable currency,
 - (b) the relevant time is the inception of the lease, and
 - (c) the applicable currency is the currency in which payments under the lease are payable.”

Status: This is the original version (as it was originally enacted).

Commencement

- 10 The amendments made by this Part of this Schedule have effect in relation to leases entered into on or after 1 January 2019.