
Changes to legislation: There are currently no known outstanding effects for the Finance Act 2006, Cross
Heading: When expenditure is incurred for the purposes of paragraph 21. (See end of Document for details)

SCHEDULES

SCHEDULE 8

LONG FUNDING LEASES OF PLANT OR MACHINERY

PART 4

COMMENCEMENT AND TRANSITIONAL PROVISIONS

When expenditure is incurred for the purposes of paragraph 21

- 22 (1) This paragraph has effect for determining, for the purposes of paragraph 21, when an amount of expenditure is to be treated as incurred by the person mentioned in subparagraph (1) of that paragraph.
- (2) The general rule is that an amount of expenditure is to be treated as incurred as soon as there is an unconditional obligation to pay it.
- (3) The general rule applies even if the whole or a part of the expenditure is not required to be paid until a later date.
- (4) There are the following exceptions to the general rule.
- (5) If, under an agreement,—
- (a) an unconditional obligation to pay an amount of expenditure comes into being as a result of the giving of a certificate or any other event, and
 - (b) the giving of the certificate, or other event, occurs before the day that falls one month after the passing of this Act,
- the expenditure is to be treated as incurred on the day before the passing of this Act.
- (6) If, under an agreement,—
- (a) there is an unconditional obligation to pay an amount of expenditure on a date earlier than accords with normal commercial usage, and
 - (b) the sole or main benefit which might have been expected to be obtained thereby is that the amount would be treated, under the general rule, as incurred at an earlier time,
- the amount is to be treated as incurred on the date on or before which it is required to be paid.
- (7) If the terms of an agreement are varied on or after 22nd March 2006 with respect to the times for payment and—
- (a) apart from the variation, an unconditional obligation to pay an amount of expenditure would have come into being on or after the day on which this Act is passed, but
 - (b) as a result of the variation, the unconditional obligation to pay the amount comes into being before that day,

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the amount is to be treated as incurred on the date on which it would have been treated as incurred apart from the variation.

- (8) Sub-paragraph (7) does not apply if the long funding lease mentioned in paragraph 21 was finalised before 22nd March 2006.

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