



Income Tax Act 2007

2007 CHAPTER 3

[^{F1}PART 11A

LEASING ARRANGEMENTS: FINANCE LEASES AND LOANS]

[^{F1}CHAPTER 2

FINANCE LEASES WITH RETURN IN CAPITAL FORM

[^{F1}Schemes to which this Chapter does not at first apply

Textual Amendments

- F1** Pt. 11A Ch. 2 inserted (with effect in accordance with s. 381(1) of the amending Act) by [Taxation \(International and Other Provisions\) Act 2010 \(c. 8\), s. 381\(1\), Sch. 3 para. 3](#) (with Sch. 9 paras. 1-9, 22)

614BX Pre-26 November 1996 schemes where this Chapter does not at first apply

- (1) This section applies if—
 - (a) the lease of an asset forms part of a pre-26 November 1996 scheme, but
 - (b) the conditions in section 614BC become met after 26 November 1996.
- (2) For the meaning of “forming part of a pre-26 November 1996 scheme”, see section 614D.
- (3) This Part has effect as if—
 - (a) a period of account (“period 1”) of the current lessor (“L”) ended immediately before the time at which those conditions become met,
 - (b) another period of account of L (“period 2”) began immediately before that time and ended immediately after that time, and

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- (c) another period of account of L began immediately after that time.
- (4) If, on the continuous application assumption (see subsection (9)), there would be an amount of cumulative accountancy rental excess for period 2, that amount is the cumulative accountancy rental excess for period 2.
- (5) If subsection (4) applies, L is treated for income tax purposes as if in period 1 L had been entitled to, and there had arisen to L, rent from the lease of an amount equal to that cumulative accountancy rental excess.
- (6) The amount of rent mentioned in subsection (5)—
 - (a) is in addition to any other rent from the lease for period 1, and
 - (b) is left out of account for the purposes of section 614BF (current lessor taxed by reference to accountancy rental earnings).
- (7) Rent within subsection (5) is treated for income tax purposes as if it had accrued and L had become entitled to it immediately before the end of period 1.
- (8) If, on the continuous application assumption, there would be an amount of cumulative normal rental excess for period 2, that amount is the cumulative normal rental excess for period 2.
- (9) In this section “the continuous application assumption” means the assumption that this Chapter (other than this section) had applied in the case of the lease at all times on or after 26 November 1996.
- (10) If at any time the person who was the lessor at that time was a person within the charge to corporation tax on income, the reference in subsection (9) to this Chapter (other than this section) includes a reference to Chapter 2 of Part 21 of CTA 2010 (other than section 923 of that Act).

614BY Post-25 November 1996 schemes to which Chapter 3 applied first

- (1) This section applies if—
 - (a) the conditions in section 614BC become met in the case of the lease of the asset, and
 - (b) immediately before those conditions become met, Chapter 3 applied.
- (2) Subsection (3) applies for the purpose of determining—
 - (a) the cumulative accountancy rental excess for any period of account ending after those conditions become met, or
 - (b) the cumulative normal rental excess for any such period.
- (3) This Part has effect as if this Chapter had applied in relation to the lease at any time when Chapter 3 applied in relation to it.
- (4) If at any time the person who was the lessor at that time was a person within the charge to corporation tax on income—
 - (a) the reference in subsection (1)(a) to the conditions in section 614BC becoming met at that time includes a reference to the conditions in section 902 of CTA 2010 becoming so met,
 - (b) the reference in subsection (1)(b) to Chapter 3 applying immediately before that time includes a reference to Chapter 3 of Part 21 of that Act so applying, and

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- (c) the reference in subsection (3) to Chapter 3 applying at that time includes a reference to Chapter 3 of that Part so applying.]

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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. 24B inserted by [2023 c. 30 Sch. 2 para. 10\(3\)](#)
- s. 788(7) inserted by [2007 c. 29 Sch. 21 para. 161\(b\)](#) (The amending provision was repealed before coming into force.)