

SCHEDULES

SCHEDULE 14

LEASES: CHANGES TO ACCOUNTING STANDARDS ETC

PART 1

FINANCE LEASES: AMENDMENTS AS A RESULT OF CHANGES TO ACCOUNTING STANDARDS

- 5 In section 494 of TIOPA 2010 (corporate interest restriction: other interpretation), in subsection (1)—
- (a) for the definition of “finance lease” substitute—
 - ““finance lease”, in relation to a company or a worldwide group, a lease which—
 - (a) in accordance with generally accepted accounting practice, falls (or would fall) to be treated, in the accounts of the company or the financial statements of the group, as a finance lease or loan, or
 - (b) is a right-of-use lease that would fall to be treated in those accounts or financial statements as a finance lease if the company or group were required to determine for accounting purposes whether the lease falls to be so treated;”, and
 - (b) insert at the appropriate place—
 - ““right-of-use lease” means a lease in respect of which, under generally accepted accounting practice—
 - (a) a right-of-use asset falls (or would fall) at the commencement of the lease to be recognised for accounting purposes in the accounts of the lessee, or
 - (b) a right-of-use asset would fall to be so recognised but for the lessee granting a sublease of the leased asset,and, in determining whether a lease falls within paragraph (a) or (b) at any time in an accounting period, it is to be assumed that the accounting policy applied in drawing up the lessee’s accounts for the period also applied at the commencement of the lease;”.