

SCHEDULES

SCHEDULE 14

LEASES: CHANGES TO ACCOUNTING STANDARDS ETC

PART 2

LONG FUNDING LEASES

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.”