

Bill 6: Leasing plant or machinery: the sales of lessors Chapters

Summary

1. This paper presents draft clauses which rewrite Schedule 10 to the Finance Act 2006 (Schedule 10).
2. Schedule 10 contains provisions designed to deter arrangements which have the effect of converting the corporation tax deferral arising from the availability of capital allowances to companies which carry on a business of leasing plant or machinery into a permanent avoidance of the tax.
3. The paper contains:
 - the draft clauses, with origins; and
 - draft explanatory notes.
4. The Chapters containing these clauses will be included in a Part of Bill 6 which will also include a Chapter containing clauses rewriting Chapter 5A of Part 12 of ICTA (special rules for long funding leases of plant or machinery). The latter clauses will be published for consultation separately.
5. The clauses now published follow the basic structure of Schedule 10 and the four Chapters correspond to the four Parts of Schedule 10.
6. To assist the user, we have, however, set out in full, in each Chapter to which they are relevant, certain provisions which in Schedule 10 appear in one Part and are applied for the purposes of other Parts. What we have done in summary is as follows.
7. Paragraph 25 of Schedule 10 applies (with modifications) paragraphs 6 to 8 in Part 2 of Schedule 10 for the purposes of Part 3 of Schedule 10 (leasing business carried on by a company in partnership). We have rewritten this in clauses 26 to 29 which set out the modified provisions in full for the purposes of Chapter 4 which rewrites Part 3.
8. We have rewritten paragraph 39 of Schedule 10 in clauses 5, 32 and 42 to bring it closer to each of the clauses rewriting the three separate paragraphs to which it relates.

Questions for the committee

9. We would be grateful for any comments you may have on these draft clauses.

Closing date for comments

10. We would welcome any comments by 9 January 2009. If possible, they should be sent by e-mail to:

jackie.bartlett@hmrc.gsi.gov.uk

Written comments should be sent to:

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11. Please note that the names of respondents may be published unless they ask for their comments to be treated in confidence.

14 October 2008