

**Bill 6: Long funding leases of plant or machinery**

***Summary***

1. This paper presents draft clauses which rewrite Chapter 5A of Part 12 of ICTA (special rules for long funding leases of plant or machinery).

2. These draft clauses are expected to form Chapter 2 of a Part of Bill 6, the proposed Chapters 1 and 3 to 5 of which were published on 14 October 2008 under committee paper CC/SC (08) 41: Leasing plant or machinery: the sales of lessors Chapters.

3. The paper contains:

- the draft clauses, with origins; and
- draft explanatory notes.

4. The clauses now published follow the basic structure of Chapter 5A of Part 12 of ICTA which was inserted by FA 2006. For the most part we also adopt the language of the source legislation.

5. But we have substantially restructured the presentation of some of the calculations required in relation to lessors in sections 502E to 502G of ICTA. See clauses 5 to 11. We consider that the revised structure improves the accessibility of the legislation and will be helpful to lessor companies and their advisers. Informal consultation with practitioners supports this view.

***Questions for the committee***

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

***Closing date for comments***

7. We would welcome any comments by 30 January 2009. If possible, they should be sent by e-mail to:

[jackie.bartlett@hmrc.gsi.gov.uk](mailto:jackie.bartlett@hmrc.gsi.gov.uk)

Written comments should be sent to:

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

7 November 2008