

Allowances to lessees. ITA67 s241(2) and s252; FA67 s11(3); FA71 s26(3); CTA76 s21(1) and Sch1 par6, par16, par53 and par60 299.—(1) Where machinery or plant is let to the person by whom the trade is carried on, on the terms of that person being bound to maintain the machinery or plant and deliver it over in good condition at the end of the lease, and if the burden of the wear and tear of the machinery or plant will in fact fall directly on that person, then, for the purposes of sections 283 and 284, the capital expenditure on the provision of the machinery or plant shall be deemed to have been incurred by that person and the machinery or plant shall be deemed to belong to that person.

(2) Subsection (2) of section 285 shall not apply to qualifying machinery or plant (within the meaning of that section) which is let to a person on the terms mentioned in subsection (1), unless the contract of letting provides that the person shall or may become the owner of the machinery or plant on the performance of the contract, and, where the contract so provides but without becoming the owner of the machinery or plant the person ceases to be entitled (otherwise than on his or her death) to the benefit of the contract in so far as it relates to the machinery or plant, subsection (2) of section 285 shall be deemed not to have applied in relation to the machinery or plant and accordingly there shall be made all such additional assessments and adjustments of assessments as may be appropriate.