HMRC - INTM248600 - Alphabetic Index Of Terms Defined In Part 9A: Relevant Finance Lease

TIOPA10/S371VIA defines the meaning of a “relevant finance lease” for the purposes of Part 9A.

A relevant finance lease is an arrangement (excluding a loan relationship of any company) where it either:

provides for an asset to be leased or otherwise made available by a lessor to another person, and, in accordance with generally accepted accounting practice (GAAP) (i.e. UK generally accepted accounting practice or international accounting standards), it falls (or would fall) to be treated in the lessor’s accounts or a connected person’s as a finance lease or a loan, or

it is a hire-purchase, conditional sale or other arrangement relating to an asset that does not fall within the above bullet but is of a similar character to an arrangement that would fall within the bullet.

If the lessor or a connected person to the lessor has not prepared their accounts in accordance with GAAP for the relevant accounting period, it should be assumed that international accounting standards apply in considering whether an arrangement is a relevant finance lease.