HMRC - OT21209 - The Meaning Of “Finance Lease” And “Accounts”

CTA10\S331(6), CTA10\S331(9)

“Finance Lease” CTA10\S331(6)

Finance lease is defined in CTA10\S331(6) by focusing on the way in which the arrangement is, or would be treated in the accounts of the lessee on the assumption that those accounts are prepared in accordance with IAS or UK GAAP.

Where companies are not required to draw their accounts up in accordance with IAS or UK GAAP, the matter is to be resolved by considering how the lease would be treated in hypothetical accounts drawn up under UK GAAP. The definition is widely drawn to cover, where appropriate, the treatment in the accounts of a person connected with the lessee or where the arrangements are part of a larger arrangement.

“Accounts” CTA10\S331(9)

Accounts are defined inCTA10\S331(9) to include consolidated accounts drawn up under the appropriate UK legislation and the hypothetical accounts provided for in the legislation.

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