Finance Act, 2008

Section 56 - Sale of lessor companies etc

2) In paragraph 23 (leasing business carried on in partnership: change in company's interest in the business), after sub-paragraph (4) insert- (1) Schedule 10 to FA 2006 (sale etc of lessor companies etc) is amended as follows. "(4A) But if at the end of the relevant day the other company is the only person carrying on the business, the expense- (a) is treated as an expense incurred by the other company in its carrying on of the business (at a time when it is the only person carrying it on), and (b) is allowed as a deduction in calculating for corporation tax purposes the profits of the business for the accounting period in which it is treated as incurred." (3) In paragraph 32 (amount of expense)- (a) in sub-paragraph (2), for "The" substitute "Except in a case where subparagraph (3A) applies, the", and (b) after sub-paragraph (3) insert- "(3A) If paragraph 23(4A) applies (business carried on by the other company alone), the amount of the expense of the other company is equal to the amount of the income." (4) In paragraph 39 (relief for certain expenses otherwise giving rise to carried forward loss)- (a) after sub-paragraph (1) insert- "(1A) This paragraph also applies if- (a) a company is treated under paragraph 23(4A) as incurring an expense of a business in an accounting period, (b) the company makes a loss in that accounting period, and (c) some or all of that loss would otherwise be carried forward to the next accounting period of the company ("the subsequent accounting period").", (b) in sub-paragraph (2), after "3" insert ", 23(4A)", and (c) in sub-paragraph (4), after "3" insert ", 23(4A)", and, accordingly, in the heading before that paragraph, after "3" insert ", 23(4A)". (5) The amendments made by this section are treated as always having had effect. Double taxation arrangements