

*These notes refer to the Land Transaction Tax and Anti-avoidance of Devolved Taxes (Wales) Act 2017 (c.1) which received Royal Assent on 24 May 2017*

# LAND TRANSACTION TAX AND ANTI-AVOIDANCE OF DEVOLVED TAXES (WALES) ACT 2017

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## EXPLANATORY NOTES

### COMMENTARY ON SECTIONS

#### **Part 8 – Interpretation and Final Provisions**

#### *Schedule 11 - Relief for alternative finance investment bonds*

#### **Part 3 - Conditions for operation of reliefs etc.**

314. **Part 3** sets out the conditions referred to in Part 4 to be met for the relevant reliefs to apply. They are as follows:
- a person (A) transfers an interest in land to the bond-issuer (B) (“the first transaction”), with that interest to be transferred back to A when the arrangement comes to an end;
  - B enters into an alternative finance investment bond arrangement with bond-holders, with the interest in A’s land held as a bond asset;
  - B leases (or sub-leases) the land back to A (the rent paid being the return on the bond-holders’ investment);
  - B registers a first charge on its land interest in favour of WRA (before the end of 120 days beginning with the effective date of the transaction), which would satisfy any LTT that would have been chargeable but for the reliefs, together with penalties and interest;
  - the payments of capital made by A to B are for not less than 60% of the market value of the interest in land on the effective date of the first transaction;
  - the arrangement lasts no longer than 10 years from the first transaction, during which time B must hold the interest in the land as a bond asset until the termination of the bond. When the bond terminates B must transfer the interest to A before the end of 30 days beginning with the date on which the interest is no longer held as a bond asset.