

# 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 17 - Reconstruction and acquisition reliefs*

#### **Part 4 - Withdrawal of reconstruction and acquisition relief**

378. **Part 4** of the Schedule provides for the withdrawal of reconstruction or acquisition relief where control of the acquiring company changes before the end of 3 years beginning with the effective date of the transaction (or there are arrangements under which control will change after 3 years, which are entered into within the 3 year period), and, broadly, at that time the relevant chargeable interest is still held by the acquiring company or a company it controls.

#### **Cases in which reconstruction or acquisition relief not withdrawn**

379. Exceptions from the withdrawal of reconstruction or acquisition relief are provided for at paragraph 6. These include where control changes:

- due to a share transaction in connection with divorce, dissolution of a civil partnership or for similar reasons;
- due to a share transaction in connection with transactions which vary dispositions following death;
- due to an exempt intra-group transfer of shares (as defined in paragraph 6(5)), but note this is subject to paragraph 7;
- due to a transfer to another company to which share acquisition relief applies (as defined in paragraph 6(8)) but note this is subject to paragraph 7; and
- where control changes due to a loan creditor becoming or ceasing to be treated as having control and other persons who were previously treated as controlling the company continue to be treated as such.

#### **Withdrawal of reconstruction or acquisition relief on subsequent non-exempt transfer**

380. **Paragraph 7** provides anti-avoidance rules for the withdrawal of reconstruction or acquisition relief on subsequent non-exempt transfer. These apply to the exceptions from withdrawal of relief under paragraph 6(5) and (8). They turn off these exceptions, so that relief is withdrawn. They apply where there is a specified change in control

*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*

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