



Land Transaction Tax and Anti-avoidance of Devolved Taxes (Wales) Act 2017

2017 anaw 1

PART 2

THE TAX AND KEY CONCEPTS

CHAPTER 4

CHARGEABLE TRANSACTIONS AND CHARGEABLE CONSIDERATION

Chargeable consideration

18 Chargeable consideration

- (1) Schedule 4 makes provision as to the chargeable consideration for a transaction.
- (2) The Welsh Ministers may by regulations amend or repeal the provisions of this Act relating to—
 - (a) what is to count as chargeable consideration, or
 - (b) the determination of the amount of chargeable consideration.

19 Contingent consideration

- (1) Where the whole or part of the chargeable consideration for a transaction is contingent, the amount or value of the consideration is to be determined for the purposes of this Act on the assumption that the outcome of the contingency will be such that the consideration is payable or, as the case may be, does not cease to be payable.
- (2) In this Act, “contingent”, in relation to consideration, means—
 - (a) that it is to be paid or provided only if some uncertain future event occurs, or
 - (b) that it is to cease to be paid or provided if some uncertain future event occurs.

20 Uncertain or unascertained consideration

- (1) Where the whole or part of the chargeable consideration for a transaction is uncertain or unascertained, its amount or value is to be determined for the purposes of this Act on the basis of a reasonable estimate.
- (2) In this Act, “uncertain”, in relation to consideration, means that its amount or value depends on uncertain future events.

21 Annuities

- (1) This section applies to so much of the chargeable consideration for a land transaction as consists of an annuity payable—
 - (a) for life,
 - (b) in perpetuity,
 - (c) for an indefinite period, or
 - (d) for a definite period exceeding 12 years.
- (2) The consideration to be taken into account is limited to 12 years’ annual payments.
- (3) Where the amount payable varies, or may vary, from year to year, the 12 highest annual payments are to be taken into account.
- (4) No account is to be taken of any provision for adjustment of the amount payable in line with the retail prices index, the consumer prices index or any other similar index used to express a rate of inflation.
- (5) References in this section to annual payments are to payments in respect of each successive period of 12 months beginning with the effective date of the transaction.
- (6) For the purposes of this section, the amount or value of any payment is to be determined (if necessary) in accordance with section 19 (contingent consideration) or 20 (uncertain or unascertained consideration).
- (7) References in this section to an annuity include any consideration (other than rent) that falls to be paid or provided periodically; and references to payment are to be read accordingly.

22 Deemed market value

- (1) This section applies where the buyer is a company and—
 - (a) the seller is connected with the buyer, or
 - (b) some or all of the consideration for the transaction consists of the issue or transfer of shares in a company with which the seller is connected.
- (2) The chargeable consideration for the transaction is to be taken to be—
 - (a) the amount determined under subsection (3) in respect of the transaction, or
 - (b) if greater, the amount which would be the chargeable consideration for the transaction ignoring this section.
- (3) The amount mentioned in subsection (2)(a) is—
 - (a) the market value of the subject-matter of the transaction as at the effective date of the transaction, and
 - (b) if the acquisition is the grant of a lease at a rent, that rent.

Status: This is the original version (as it was originally enacted).

- (4) In this section—
 - “company” (“*cwmni*”) means any body corporate;
 - “shares” (“*cyfranddaliadau*”) includes stock and the reference to shares in a company includes a reference to securities issued by a company.
- (5) Where this section applies paragraph 1 of Schedule 3 (exemption of transactions for which there is no chargeable consideration) does not apply.
- (6) This section has effect subject to—
 - (a) the exceptions provided for in section 23, and
 - (b) any other provision affording exemption or relief from tax.

23 Exceptions

- (1) Section 22 (deemed market value) does not apply in the following cases.
- (2) Case 1 is where immediately after the transaction the company holds the property as trustee in the course of a business carried on by it that consists of or includes the management of trusts.
- (3) Case 2 is where—
 - (a) immediately after the transaction the company holds the property as trustee, and
 - (b) the seller is connected with the company only because of section 1122(6) of the [Corporation Tax Act 2010 \(c. 4\)](#).
- (4) Case 3 is where—
 - (a) the seller is a company and the transaction is, or is part of, a distribution of the assets of that company (whether or not in connection with its winding up), and
 - (b) it is not the case that—
 - (i) the subject-matter of the transaction, or
 - (ii) an interest from which that interest is derived,has, within the period of 3 years immediately preceding the effective date of the transaction, been the subject of a transaction in respect of which group relief under Schedule 16 was claimed by the seller.
- (5) In this section, “the company” means the company that is the buyer in relation to the transaction in question.