

SCHEDULE 10

ALTERNATIVE PROPERTY FINANCE RELIEFS

PART 2

THE RELIEFS

Land sold to financial institution and re-sold to a person

- 3 (1) This paragraph applies where arrangements are entered into between a person (“P”) and a financial institution under which—
- (a) the institution—
 - (i) purchases a major interest in land (“the first transaction”), and
 - (ii) sells that interest to P (“the second transaction”), and
 - (b) P grants the institution a legal mortgage (as defined in section 205(1)(xvi) of the [Law of Property Act 1925 \(c. 20\)](#)) over that interest.
- (2) The first transaction is relieved from tax if the seller is—
- (a) P, or
 - (b) another financial institution by whom the interest was acquired under other arrangements of the kind mentioned in paragraph 2(1) entered into between it and P.
- (3) The second transaction is relieved from tax if the financial institution complies with the provisions of this Act and TCMA relating to the first transaction and, where that includes a requirement to pay tax chargeable on the first transaction, the tax so chargeable must be based on chargeable consideration that is not less than the market value of the interest and, in the case of the grant of a lease at a rent, the market rent.
- (4) For the purposes of sub-paragraph (3), the market rent of a lease at any time is the rent which the lease might reasonably be expected to fetch at that time in the open market.