

Status: Point in time view as at 18/10/2017. This version of this part contains provisions that are not valid for this point in time.

Changes to legislation: There are currently no known outstanding effects for the Land Transaction Tax and Anti-avoidance of Devolved Taxes (Wales) Act 2017, PART 3. (See end of Document for details)

SCHEDULE 11

RELIEF FOR ALTERNATIVE FINANCE INVESTMENT BONDS

PART 3

CONDITIONS FOR OPERATION OF RELIEFS ETC.

VALID FROM 01/04/2018

Introduction

- 5 This Part of this Schedule defines conditions 1 to 7 for the purposes of paragraphs 13 to 16 and 18.

VALID FROM 01/04/2018

Condition 1

- 6 Condition 1 is that one person (“A”) and another (“B”) enter into arrangements under which—
- (a) A transfers to B a qualifying interest in land (“the first transaction”), and
 - (b) A and B agree that when the interest ceases to be held by B as mentioned in paragraph 7(b), B will transfer the interest to A.

VALID FROM 01/04/2018

Condition 2

- 7 Condition 2 is that—
- (a) B, as bond-issuer, enters into an alternative finance investment bond (whether before or after entering into the arrangements mentioned in condition 1), and
 - (b) the interest in land to which the arrangements mentioned in condition 1 relate is held by B as a bond asset.

VALID FROM 01/04/2018

Condition 3

- 8 (1) Condition 3 is that, for the purpose of generating income or gains for the alternative finance investment bond—
- (a) B and A enter into a leaseback agreement, or
 - (b) such other condition or conditions as may be prescribed is or are met.

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- (2) For the purposes of condition 3, B and A enter into a leaseback agreement if B grants to A, out of the interest transferred to B—
- (a) a lease (if the interest transferred is freehold), or
 - (b) a sub-lease (if the interest transferred is leasehold).

Condition 4

- 9 (1) Condition 4 is that, before the end of the period of 120 days beginning with the effective date of the first transaction, B provides WRA with the prescribed evidence that a satisfactory legal charge has been entered in the register of title kept under section 1 of the Land Registration Act 2002 (c. 9).
- (2) A charge is satisfactory for the purposes of condition 4 if it—
- (a) is a first charge on the interest transferred to B,
 - (b) is in favour of WRA, and
 - (c) is for the total of—
 - (i) the amount of tax which would (apart from paragraph 13) be chargeable on the first transaction if the chargeable consideration for that transaction had been the market value of the interest on the effective date of that transaction, and
 - (ii) any interest and penalties which would for the time being be payable on or in relation to that amount of tax, if the tax had been payable (but not paid) in respect of the first transaction.

Commencement Information

II Sch. 11 para. 9(1) in force at 18.10.2017 for specified purposes by S.I. 2017/953, art. 2(e)(ii)

VALID FROM 01/04/2018

Condition 5

- 10 Condition 5 is that the total of the payments of capital made to B before the termination of the bond is not less than 60% of the market value of the interest in the land on the effective date of the first transaction.

VALID FROM 01/04/2018

Condition 6

- 11 Condition 6 is that B holds the interest in the land as a bond asset until the termination of the bond.

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Condition 7

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Condition 7 is that—

- (a) before the end of the period of 30 days beginning with the date on which the interest in the land ceases to be held as a bond asset, the interest is transferred by B to A (“the second transaction”), and
- (b) the second transaction is given effect not more than 10 years (or such other period as may be prescribed) after the first transaction.

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