

Status: Point in time view as at 26/01/2019.

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 15

RELIEF FOR CERTAIN TRANSACTIONS RELATING TO SOCIAL HOUSING

PART 3

SHARED OWNERSHIP LEASES

Shared ownership lease: election for market value treatment

- 3 (1) This paragraph applies where—
- (a) a lease is granted—
 - (i) by a qualifying body^{F1}...
 - ^{F1}(ii)
 - (b) the conditions in sub-paragraph (2) are met, and
 - (c) the buyer elects for tax to be charged in accordance with this paragraph.
- (2) The conditions are—
- (a) that the lease must be of a dwelling;
 - (b) that the lease must give the tenant exclusive use of the dwelling;
 - (c) that the lease must provide for the tenant to acquire the reversion;
 - (d) that the lease must be granted partly in consideration of rent and partly in consideration of a premium calculated by reference to—
 - (i) the market value of the dwelling, or
 - (ii) a sum calculated by reference to that value;
 - (e) that the lease must contain a statement of—
 - (i) the market value of the dwelling, or
 - (ii) the sum calculated by reference to that value,by reference to which the premium is calculated.
- (3) An election for tax to be charged under this paragraph—
- (a) must be included in the return made in respect of the grant of the lease (or in an amendment to that return), and
 - (b) is irrevocable, so that the return may not be amended so as to withdraw the election.
- (4) Where this paragraph applies the chargeable consideration for the grant of the lease is taken to be the amount stated in the lease in accordance with sub-paragraph (2)(e)(i) or (ii).
- (5) Where this paragraph applies no account is taken for the purposes of land transaction tax of the rent mentioned in sub-paragraph (2)(d).
- (6) Section 70 (meaning of market value) does not apply to this paragraph.

Textual Amendments

- F1** Sch. 15 para. 3(1)(a)(ii) and word omitted (26.1.2019) by virtue of [The Abolition of the Right to Buy and Associated Rights \(Wales\) Act 2018 \(Consequential Amendments and Savings Provisions\) Regulations 2019 \(S.I. 2019/110\)](#), regs. 1, 4(c)

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Commencement Information

I1 Sch. 15 para. 3 in force at 1.4.2018 by [S.I. 2018/34](#), [art. 3](#)

Shared ownership lease: transfer of reversion where election made for market value treatment

- 4 The transfer of the reversion to the tenant under the terms of a lease to which paragraph 3 applies (shared ownership lease: election for market value treatment) is relieved from tax if—
- (a) an election was made under paragraph 3, and
 - (b) any tax chargeable in respect of the grant of the lease has been paid.

Commencement Information

I2 Sch. 15 para. 4 in force at 1.4.2018 by [S.I. 2018/34](#), [art. 3](#)

Shared ownership lease: election for market value treatment of premium where staircasing allowed

- 5 (1) This paragraph applies where—
- (a) a lease is granted—
 - (i) by a qualifying body^{F2}...
 - ^{F2}(ii)
 - (b) the conditions in sub-paragraph (2) are met, and
 - (c) the buyer elects for tax to be charged in accordance with this paragraph.
- (2) The conditions are—
- (a) that the lease must be of a dwelling;
 - (b) that the lease must give the tenant exclusive use of the dwelling;
 - (c) that the lease must provide that the tenant may, on the payment of a sum, require the terms of the lease to be varied so that the rent payable under it is reduced;
 - (d) that the lease must be granted partly in consideration of rent and partly in consideration of a premium calculated by reference to—
 - (i) the premium obtainable on the open market for the grant of a lease containing the same terms as the lease but with the substitution of the minimum rent for the rent payable under the lease, or
 - (ii) a sum calculated by reference to that premium;
 - (e) that the lease must contain a statement of the minimum rent and of—
 - (i) the premium obtainable on the open market, or
 - (ii) the sum calculated by reference to that premium,
 by reference to which the premium is calculated.
- (3) An election for tax to be charged in accordance with this paragraph—
- (a) must be included in the return made in respect of the grant of the lease (or in an amendment to that return), and
 - (b) is irrevocable, so that the return may not be amended so as to withdraw the election.

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- (4) Where an election is made under this paragraph the chargeable consideration for the grant other than rent is taken to be the amount stated in the lease in accordance with sub-paragraph (2)(e)(i) or (ii).
- (5) In this paragraph, the ““minimum rent”” means the lowest rent which could become payable under the lease if it were varied as mentioned in sub-paragraph (2)(c) at the date when the lease is granted.

Textual Amendments

- F2** Sch. 15 para. 5(1)(a)(ii) and word omitted (26.1.2019) by virtue of [The Abolition of the Right to Buy and Associated Rights \(Wales\) Act 2018 \(Consequential Amendments and Savings Provisions\) Regulations 2019 \(S.I. 2019/110\)](#), regs. 1, **4(d)**

Commencement Information

- I3** Sch. 15 para. 5 in force at 1.4.2018 by [S.I. 2018/34](#), **art. 3**

Shared ownership lease: staircasing transactions

- 6 (1) This paragraph applies where under a shared ownership lease—
- (a) the tenant has the right, on the payment of a sum, to require the terms of the lease to be varied so that the rent payable under it is reduced, and
 - (b) by exercising that right the tenant acquires an interest, additional to one already held, calculated by reference to the market value of the dwelling and expressed as a percentage of that dwelling or its value (a ““share of the dwelling””).
- (2) Where this paragraph applies, the acquisition is relieved from tax if—
- (a) an election was made under paragraph 3 (shared ownership lease: election for market value treatment) or paragraph 5 (shared ownership lease: election where staircasing allowed) and any tax chargeable in respect of the grant of the lease has been paid, or
 - (b) immediately after the acquisition the total share of the dwelling held by the tenant does not exceed 80%.
- (3) Section 70 (meaning of market value) does not apply in relation to the references in this paragraph to the market value of the dwelling.

Commencement Information

- I4** [Sch. 15 para. 6](#) in force at 1.4.2018 by [S.I. 2018/34](#), **art. 3**

Shared ownership lease: grant not linked with staircasing transactions etc.

- 7 For the purpose of determining the amount of tax chargeable on the grant of a shared ownership lease of a dwelling, the grant is to be treated as if it is not linked to—
- (a) any acquisition of an interest in the dwelling to which paragraph 6 applies, or
 - (b) a transfer of the reversion to the tenant under the terms of the lease.

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Commencement Information

I5 Sch. 15 para. 7 in force at 1.4.2018 by S.I. 2018/34, art. 3

Rent to shared ownership lease: charge to tax

- 8 (1) The chargeable consideration for transactions forming part of a rent to shared ownership lease scheme is determined in accordance with this paragraph.
- (2) A “rent to shared ownership lease scheme” means a scheme or arrangement under which a qualifying body—
- (a) grants an occupation contract of a dwelling to a person (“the tenant”) or persons (“the tenants”), and
 - (b) subsequently grants a shared ownership lease of the dwelling or another dwelling to the tenant or one or more of the tenants.
- (3) The following transactions are to be treated as if they were not linked to each other—
- (a) the grant of the occupation contract;
 - (b) the grant of the shared ownership lease;
 - (c) any other land transaction between the qualifying body and the tenant, or any of the tenants, entered into as part of the scheme.
- (4) For the purposes of determining the effective date of the grant of the shared ownership lease, the possession of the dwelling by the tenant or tenants under the occupation contract is to be disregarded.
- (5) In this paragraph, “occupation contract” has the meaning given by Part 2 of the Renting Homes (Wales) Act 2016 (anaw 1).

Commencement Information

I6 Sch. 15 para. 8 in force at 1.4.2018 by S.I. 2018/34, art. 3

Shared ownership leases: interpretation

- 9 (1) For the purposes of paragraphs 6, 7 and 8, a “shared ownership lease” means a lease granted—
- (a) by a qualifying body^{F3}...
 - ^{F3}(b)
in relation to which the conditions in paragraph 3(2) or 5(2) are met.
- (2) Sub-paragraphs (3) and (4) apply to paragraphs 3 to 8.
- (3) A “qualifying body” means—
- (a) a local housing authority within the meaning given by section 1 of the Housing Act 1985 (c. 68);
 - (b) a housing association within the meaning given by the Housing Associations Act 1985 (c. 69);
 - (c) a housing action trust established under Part 3 of the Housing Act 1988 (c. 50).

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^{F4}(4)

^{F5}(5)

Textual Amendments

- F3** Sch. 15 para. 9(1)(b) and word omitted (26.1.2019) by virtue of [The Abolition of the Right to Buy and Associated Rights \(Wales\) Act 2018 \(Consequential Amendments and Savings Provisions\) Regulations 2019 \(S.I. 2019/110\)](#), regs. 1, [4\(e\)\(i\)](#)
- F4** Sch. 15 para. 9(4) omitted (26.1.2019) by virtue of [The Abolition of the Right to Buy and Associated Rights \(Wales\) Act 2018 \(Consequential Amendments and Savings Provisions\) Regulations 2019 \(S.I. 2019/110\)](#), regs. 1, [4\(e\)\(ii\)](#)
- F5** Sch. 15 para. 9(5) omitted (26.1.2019) by virtue of [The Abolition of the Right to Buy and Associated Rights \(Wales\) Act 2018 \(Consequential Amendments and Savings Provisions\) Regulations 2019 \(S.I. 2019/110\)](#), regs. 1, [4\(e\)\(iii\)](#)

Commencement Information

- I7** Sch. 15 para. 9 in force at 1.4.2018 by [S.I. 2018/34](#), **art. 3**

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