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

SCHEDULE 17

RECONSTRUCTION AND ACQUISITION RELIEFS

PART 3

ACQUISITION RELIEF

Acquisition relief

- 3 (1) Where—
- (a) a company (“the acquiring company”) acquires the whole or part of the undertaking of another company (“the target company”), and
 - (b) all the conditions specified below are met,
- the amount of tax chargeable on a land transaction entered into for the purposes of or in connection with the transfer of the undertaking or part is limited to 0.5% of the chargeable consideration for the transaction (or such other proportion of that consideration as the Welsh Ministers may specify by regulations under this paragraph).
- (2) Relief under this paragraph is referred to in this Schedule as “acquisition relief”.
- (3) The first condition is that the consideration for the acquisition consists wholly or partly of the issue of non-redeemable shares in the acquiring company to—
- (a) the target company, or
 - (b) all or any of the target company's shareholders.
- (4) Where the consideration for the acquisition consists partly of the issue of non-redeemable shares, that condition is met only if the rest of the consideration consists wholly of—
- (a) cash not exceeding 10% of the nominal value of the non-redeemable shares so issued,
 - (b) the assumption or discharge by the acquiring company of liabilities of the target company, or
 - (c) both of those things.
- (5) In sub-paragraphs (3) and (4), “non-redeemable shares” means shares that are not redeemable shares.
- (6) The second condition is that the acquiring company is not associated with another company that is a party to arrangements with the target company relating to shares of the acquiring company issued in connection with the transfer of the undertaking or part.
- (7) For this purpose, companies are associated if one has control of the other or both are controlled by the same person or persons; and the reference to control is to be construed in accordance with sections 450 and 451 of the Corporation Tax Act 2010 (c. 4).
- (8) The third condition is that the undertaking or part acquired by the acquiring company has as its main activity the carrying on of a trade that does not consist wholly or mainly of dealing in chargeable interests.

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- (9) In sub-paragraph (8), “trade” has the same meaning as in section 1119 of the Corporation Tax Act 2010 (c. 4).
- (10) In this paragraph, “arrangements” include any scheme, agreement or understanding, whether or not legally enforceable.
- (11) This paragraph is subject to paragraph 5 (withdrawal of reconstruction or acquisition relief).

Commencement Information

II Sch. 17 para. 3 in force at 1.4.2018 by S.I. 2018/34, art. 3

Changes to legislation:

There are currently no known outstanding effects for the Land Transaction Tax and Anti-avoidance of Devolved Taxes (Wales) Act 2017, Paragraph 3.