

## SCHEDULE 18

### CHARITIES RELIEF

#### *Charity not a qualifying charity*

- 5 (1) This paragraph applies where—
- (a) a land transaction is not relieved from tax under paragraph 3 because the buyer is not a qualifying charity, but
  - (b) the buyer is a charity (“C”) which intends to hold the greater part of the subject-matter of the transaction for qualifying charitable purposes.
- (2) In such a case—
- (a) paragraphs 3 and 4 have effect as if C were a qualifying charity, but
  - (b) for the purposes of paragraph 4, “disqualifying event” includes the following if they are made otherwise than in furtherance of C’s charitable purpose—
    - (i) any transfer by C of a major interest in the whole or any part of the subject-matter of the relieved transaction;
    - (ii) any grant by C at a premium of a low-rental lease of the whole or any part of that subject-matter.
- (3) In relation to a transfer or grant that, by virtue of sub-paragraph (2)(b), is a disqualifying event for the purposes of paragraph 4—
- (a) the date of the disqualifying event for those purposes is the effective date of the relieved transaction, and
  - (b) paragraph 4 has effect with the modifications in sub-paragraph (4).
- (4) The modifications to paragraph 4 are—
- (a) sub-paragraph (4) is to have effect as if for “At the time of” there were substituted “Immediately before”;
  - (b) sub-paragraph (6)(a) is to have effect as if for “at the time of” there were substituted “immediately before and immediately after”;
  - (c) sub-paragraph (6) is to have effect as if paragraph (b) were omitted.
- (5) For the purposes of this paragraph—
- (a) a lease is granted “at a premium” if there is consideration other than rent, and
  - (b) a lease is a “low-rental” lease if the annual rent (if any) is less than £1,000 a year.
- (6) In this paragraph—
- (a) “annual rent” has the meaning given by paragraph 36(2) of Schedule 6, and
  - (b) “rent” has the same meaning as in that Schedule.