

SCHEDULE 6

LEASES

PART 4

AGREEMENTS FOR LEASE, ASSIGNMENTS AND VARIATIONS

Agreement for lease

- 20 (1) Where—
- (a) an agreement for a lease is entered into, and
 - (b) the agreement is substantially performed without having been completed,
- the agreement is treated for the purposes of this Act as if it were the grant of a lease in accordance with the agreement (“the notional lease”), beginning with the date of substantial performance.
- (2) The effective date of the transaction is the date of substantial performance of the agreement.
- (3) For the purposes of this paragraph the agreement is completed by the grant of a lease (“the actual lease”) in substantial conformity with the agreement.
- (4) Where the actual lease is subsequently granted the notional lease is treated for the purposes of this Act as if it were a lease granted—
- (a) on the date of substantial performance of the agreement,
 - (b) for a term beginning with that date and ending at the end of the term of the actual lease, and
 - (c) in consideration of the total rent payable over that term and any other consideration given for the agreement or the actual lease.
- (5) Where sub-paragraph (4) applies the grant of the actual lease is disregarded for the purposes of this Act except section 51 (return or further return in consequence of later linked transaction).
- (6) For the purposes of section 51—
- (a) the grant of the notional lease and the grant of the actual lease are linked (whether or not they would be linked by virtue of section 8),
 - (b) the tenant under the actual lease (rather than the tenant under the notional lease) is liable for any tax or additional tax chargeable in respect of the notional lease as a result of sub-paragraph (4), and
 - (c) the reference in section 51(2) to “the buyer in the earlier transaction” is to be read, in relation to the notional lease, as a reference to the tenant under the actual lease.
- (7) Where—
- (a) sub-paragraph (1) applies, and
 - (b) within the period of 12 months beginning with the date of substantial performance of the agreement, the agreement is (to any extent) rescinded or annulled, or is for any other reason not carried into effect, and
 - (c) in consequence, the return made in respect of the agreement is amended,

Status: This is the original version (as it was originally enacted).

the tax paid by virtue of that sub-paragraph must (to that extent) be repaid by WRA.

- (8) For the purposes of the application of section 14(1) (substantial performance) to this paragraph and paragraph 21 any agreement for lease is to be treated as a contract.