

*These notes relate to the Land and Buildings Transaction Tax (Scotland)
Act 2013 (asp 11) which received Royal Assent on 31 July 2013*

LAND AND BUILDINGS TRANSACTION TAX (SCOTLAND) ACT 2013

EXPLANATORY NOTES

THE ACT

Part 2 – Key Concepts

Chapter 3 of Part 2 – Chargeable Transactions and Chargeable Consideration

Deemed market value

Section 22 – Deemed market value where transaction involves connected company

60. LBTT is generally calculated by reference to actual consideration and not market values. However, section 22 provides that LBTT will be charged on the full market value of any land purchased by a company with which the seller is “connected” (within the meaning of UK Corporation Tax law) if the consideration involves the issue or transfer of certain shares. For example, if land is purchased by a company from another company which is connected with the buyer in consideration for the issue of securities whose value is less than that of the land, then the section ensures that LBTT is charged on the market value of the land.
61. A special definition of “company” applies for the purposes of this section (the definition is wider than the general definition of “company” in section 65).
62. The general rule that transactions with zero chargeable consideration are exempt does not apply to transactions falling within this section. Otherwise, this section does not affect situations where specific exemptions or reliefs apply. It is also subject to the exceptions provided for in section 23.
63. Defined terms used in this section:

“connected persons”	section 58
“market value”	section 62