



Land Transaction Tax and Anti-avoidance of Devolved Taxes (Wales) Act 2017

2017 anaw 1

PART 1

OVERVIEW

1 Overview of Act

(1) This Act is arranged as follows—

- (a) Part 2 provides for a tax to be charged on land transactions (“land transaction tax”) and makes provision about the key concepts underlying the tax including—
 - (i) which transactions are land transactions,
 - (ii) what is, and what is not, a chargeable interest,
 - (iii) when a chargeable interest is acquired and the treatment of transactions involving contracts required to be completed by transfer, as well as the treatment of other kinds of transactions,
 - (iv) which land transactions are, and which are not, chargeable to the tax (“chargeable transactions”), and
 - (v) what is, and what is not, chargeable consideration in relation to a chargeable transaction,
- (b) Part 3 makes provision about—
 - (i) tax bands and tax rates,
 - (ii) how to calculate the amount of tax chargeable, and
 - (iii) the reliefs available from land transaction tax,
- (c) Part 4 makes provision about the application of this Act to leases,
- (d) Part 5 makes provision about the application of this Act and the [Tax Collection and Management \(Wales\) Act 2016 \(anaw 6\)](#) to certain persons and bodies, including companies, partnerships and trusts,
- (e) Part 6 makes provision about returns and payment of the tax including provision about—

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- (i) when a return is required to be made in relation to a land transaction,
 - (ii) who must make a return and pay the tax, and
 - (iii) when the tax is required to be paid (including provision about when payment may be deferred),
- (f) Part 7 inserts into the [Tax Collection and Management \(Wales\) Act 2016 \(anaw 6\)](#) provisions establishing a general rule for the purposes of counteracting avoidance arrangements in relation to devolved taxes, and
- (g) Part 8 provides for amendments to the [Tax Collection and Management \(Wales\) Act 2016 \(anaw 6\)](#) and contains provisions that apply generally for the purposes of this Act, including definitions of expressions used in this Act.
- (2) Schedule 1 contains an overview of the Schedules to this Act.

PART 2

THE TAX AND KEY CONCEPTS

CHAPTER 1

LAND TRANSACTION TAX

2 Land transaction tax

- (1) A tax (to be known as “land transaction tax”) is to be charged on land transactions.
- (2) The tax is chargeable—
- (a) whether or not there is an instrument effecting the transaction,
 - (b) if there is such an instrument, regardless of where it is executed, and
 - (c) regardless of where any party to the transaction is or is resident.
- (3) The Welsh Revenue Authority (“WRA”) is to be responsible for the collection and management of the tax.

CHAPTER 2

LAND TRANSACTIONS

3 Land transaction

- (1) In this Act, a “land transaction” means an acquisition of a chargeable interest.
- (2) Except as otherwise provided, this Act applies however the acquisition is effected, whether by act of the parties, by order of a court or other authority, by or under any enactment or by operation of law.
- (3) See section 15 as to when the acquisition of an option or right of pre-emption is a land transaction.

4 Chargeable interest

- (1) A chargeable interest is—
 - (a) an estate, interest, right or power in or over land in Wales, or
 - (b) the benefit of an obligation, restriction or condition affecting the value of any such estate, interest, right or power,
other than an exempt interest.
- (2) In this Act, “land in Wales” does not include land below mean low water mark.
- (3) See section 9 as to land partly in Wales and partly in England.

5 Exempt interest

- (1) The following are exempt interests—
 - (a) a security interest;
 - (b) a licence to use or occupy land;
 - (c) a tenancy at will;
 - (d) a franchise or manor.
- (2) In subsection (1)—
 - (a) “security interest” means an interest or right (other than a rentcharge) held for the purpose of securing the payment of money or the performance of any other obligation;
 - (b) “franchise” means a grant from the Crown such as the right to hold a market or fair, or the right to take tolls.
- (3) See also paragraph 7 of Schedule 10 (which makes additional provision about exempt interests in relation to alternative financial arrangements).
- (4) The Welsh Ministers may by regulations amend this section so as to—
 - (a) provide that any other description of interest or right in relation to land in Wales is an exempt interest;
 - (b) provide that a description of interest or right in relation to land in Wales is no longer an exempt interest;
 - (c) vary a description of an exempt interest.

6 Acquisition and disposal of chargeable interest

- (1) For the purposes of this Act, each of the following is an acquisition and a disposal of a chargeable interest—
 - (a) the creation of the interest;
 - (b) the surrender or release of the interest;
 - (c) the variation of the interest.
- (2) But the variation of a lease is an acquisition and disposal of a chargeable interest only where—
 - (a) it takes effect, or is treated for the purposes of this Act, as the grant of a new lease, or
 - (b) paragraph 24 of Schedule 6 (reduction of rent or term or other variation of lease) applies.

- (3) A person acquires a chargeable interest where—
 - (a) the person becomes entitled to the interest on its creation,
 - (b) the person’s interest or right is benefited or enlarged by the surrender or release of the interest, or
 - (c) the person benefits from the variation of the interest.
- (4) A person disposes of a chargeable interest where—
 - (a) the person’s interest or right becomes subject to the interest on its creation,
 - (b) the person ceases to be entitled to the interest on its being surrendered or released, or
 - (c) the person’s interest or right is subject to or limited by the variation of the interest.
- (5) This section has effect subject to section 10(4) (substantial performance without completion), section 11(3) (substantial performance of contract providing for transfer to third party) and paragraphs 20 and 24 of Schedule 6 (agreement for lease and reduction of rent or term or other variation of lease).

7 Buyer and seller

- (1) The buyer in a land transaction is the person acquiring the subject-matter of the transaction.
- (2) The seller in a land transaction is the person disposing of the subject-matter of the transaction.
- (3) These expressions apply even if there is no consideration given for the transaction.

8 Linked transactions

- (1) For the purposes of this Act, a land transaction is a linked transaction if it is one of a number of land transactions forming part of a single scheme, arrangement or series of transactions between the same seller and buyer or, in either case, persons connected with them.
- (2) This section is subject to section 16 (exchanges; in particular see subsection (1) of that section which provides for transactions forming an exchange not to be treated as linked transactions).

9 Land partly in Wales and partly in England

- (1) This section sets out how this Act applies to a transaction which is the acquisition of—
 - (a) an estate, interest, right or power in or over land, or
 - (b) the benefit of an obligation, restriction or condition affecting the value of any such estate, interest, right or power,
 where the land is partly in Wales and partly in England.
- (2) The transaction is to be treated as if it were two transactions, one relating to the land in Wales (“the Welsh transaction”) and the other relating to the land in England (“the English transaction”).

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- (3) The consideration for the transaction is to be apportioned between those two transactions on a just and reasonable basis.
- (4) Accordingly, the Welsh transaction is to be treated as a land transaction within the meaning of this Act (being the acquisition of a chargeable interest relating to the land in Wales).
- (5) But subsection (4) does not apply in the case of an exempt interest.
- (6) WRA must publish guidance about transactions to which subsection (1) applies, including guidance about identifying the location of the border between Wales and England.
- (7) WRA may revise guidance published under subsection (6) and must publish the revised guidance.
- (8) See section 48A of the [Finance Act 2003 \(c. 14\)](#) as to the application of Part 4 of that Act (stamp duty land tax) to the English transaction.
- (9) In section 48A of the [Finance Act 2003 \(c. 14\)](#), after subsection (5) insert—
 - “(6) See section 9 of the [Land Transaction Tax and Anti-avoidance of Devolved Taxes \(Wales\) Act 2017 \(anaw 0\)](#) as to the application of that Act to the transaction relating to the land in Wales.”

CHAPTER 3

PARTICULAR TRANSACTIONS

Contracts and transfers: general provision

10 Contract and transfer

- (1) This section applies where a contract for a land transaction is entered into under which the transaction is to be completed by a transfer.
- (2) A person is not regarded as entering into a land transaction by reason of entering into the contract (but see subsection (4)).
- (3) If the transaction is completed without previously having been substantially performed—
 - (a) the contract and the transaction effected on completion are treated as parts of a single land transaction, and
 - (b) the effective date of the transaction is the date of completion.
- (4) But if the contract is substantially performed without having been completed—
 - (a) the contract is treated as if it were itself the transaction provided for in the contract, and
 - (b) the effective date of that transaction is when the contract is substantially performed.
- (5) Where subsection (4) applies and the contract is subsequently completed by a transfer—

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- (a) both the contract and the transaction effected on completion are notifiable transactions for the purposes of this Act, and
 - (b) tax is chargeable on the latter transaction to the extent (if any) that the amount mentioned in subsection (6) is greater than the amount of tax chargeable on the contract.
- (6) The amount is the tax that would have been chargeable on the latter transaction if it had been completed without previously having been substantially performed.
- (7) Where subsection (4) applies and the contract is (to any extent) afterwards rescinded or annulled, or is for any other reason not carried into effect, the tax paid by virtue of that subsection must (to that extent) be repaid by WRA.
- (8) But repayment of tax is due only if a claim for it is made by amendment, in accordance with section 41 of TCMA, of the return made in respect of the contract.
- (9) Where paragraph 20 of Schedule 6 applies (agreement for lease), it applies in place of subsections (4) to (8).
- (10) In this section—
- (a) references to completion are to completion of the land transaction proposed, between the same parties, in substantial conformity with the contract;
 - (b) “contract” includes any agreement and “transfer” includes any instrument.

Contracts and transfers: particular cases

11 Contract providing for transfer to third party

- (1) This section applies where a contract is entered into under which a chargeable interest is to be transferred by one party to the contract (“P1”) at the direction or request of the other (“P2”)—
- (a) to a person (“P3”) who is not a party to the contract, or
 - (b) either to such a person or to P2.
- (2) P2 is not regarded as entering into a land transaction by reason of entering into the contract.
- (3) But if the contract is substantially performed without having been completed—
- (a) P2 is treated for the purposes of this Act as acquiring a chargeable interest, and accordingly as entering into a land transaction, and
 - (b) the effective date of that transaction is when the contract is substantially performed.
- (4) Where subsection (3) applies and the contract is (to any extent) afterwards rescinded or annulled, or is for any other reason not carried into effect, the tax paid by virtue of that subsection must (to that extent) be repaid by WRA.
- (5) But repayment of tax is due only if a claim for it is made by amendment, in accordance with section 41 of TCMA, of the return made in respect of the contract.
- (6) Subject to subsection (7), section 10 (contract and transfer) does not apply in relation to the contract.
- (7) Where—

- (a) this section applies by virtue of subsection (1)(b), and
 - (b) by reason of P2's direction or request, P1 becomes obliged to transfer a chargeable interest to P2,
- section 10 applies to that obligation as it applies to a contract for a land transaction that is to be completed by a transfer.
- (8) Section 10 applies in relation to any contract between P2 and P3, in respect of the chargeable interest referred to in subsection (1), that is to be completed by a transfer.
 - (9) References to completion in that section, as it so applies, include references to transfer by P1 to P3 of the subject-matter of the contract between P2 and P3.
 - (10) In this section, "contract" includes any agreement and "transfer" includes any instrument.

12 Contract providing for transfer to third party: effect of transfer of rights

- (1) This section applies where—
 - (a) a contract ("the original contract") is entered into under which a chargeable interest is to be transferred by one party to the contract ("P1") at the direction or request of the other ("P2")—
 - (i) to a person ("P3") who is not a party to the contract, or
 - (ii) either to such a person or to P2, and
 - (b) there is an assignment or other transaction (relating to the whole or part of the subject-matter of the original contract) as a result of which a person ("P4") becomes entitled to exercise any of P2's rights under the original contract in place of P2.
- (2) References in the following provisions of this section to a transfer of rights are to any such assignment or other transaction.
- (3) P4 is not regarded as entering into a land transaction by reason of the transfer of rights, but section 11 (contract providing for transfer to third party) has effect in accordance with the following provisions.
- (4) That section applies as if—
 - (a) P4 had entered into a contract (a "secondary contract") in the same terms as the original contract except with P4 as a party instead of P2, and
 - (b) the consideration due from P4 under the secondary contract were—
 - (i) so much of the consideration under the original contract as is referable to the subject-matter of the transfer of rights and is to be given (directly or indirectly) by P4 or a person connected with P4, and
 - (ii) the consideration given for the transfer of rights.
- (5) The substantial performance of the original contract is to be disregarded if it occurs—
 - (a) at the same time as, and in connection with, the substantial performance of the secondary contract, or
 - (b) after the transfer of rights.
- (6) Where there are successive transfers of rights, subsection (4) has effect in relation to each of them.

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- (7) The substantial performance of the secondary contract arising from an earlier transfer of rights is to be disregarded if it occurs—
 - (a) at the same time as, and in connection with, the substantial performance of the secondary contract arising from a subsequent transfer of rights, or
 - (b) after that subsequent transfer.
- (8) Where a transfer of rights relates to only part of the subject-matter of the original contract, or to only some of the rights under that contract—
 - (a) a reference in subsection (4)(a) or (5) to the original contract, or a reference in subsection (7) to the secondary contract arising from an earlier transfer, is to that contract so far as relating to that part or those rights, and
 - (b) that contract so far as not relating to that part or those rights is to be treated as a separate contract.
- (9) The effective date of a land transaction treated as entered into by virtue of subsection (4) is not earlier than the date of the transfer of rights.
- (10) In relation to a such a transaction—
 - (a) references in Schedule 16 (group relief) to the seller are to be read as references to P1;
 - (b) other references in this Act to the seller are to be read, where the context permits, as referring to either P1 or P2.
- (11) In this section, “contract” includes any agreement.

13 Pre-completion transactions

Schedule 2 makes—

- (a) provision about the application of section 10 (contract and transfer) in certain cases where an assignment of rights, subsale or other transaction is entered into without the contract having been completed, and
- (b) other provision about such cases.

Substantial performance

14 Meaning of substantial performance

- (1) A contract is substantially performed for the purposes of this Act when—
 - (a) the buyer, or a person connected with the buyer, takes possession of the whole, or substantially the whole, of the subject-matter of the contract, or
 - (b) a substantial amount of the consideration is paid or provided.
- (2) For the purposes of subsection (1)(a)—
 - (a) possession includes receipt of rents and profits or the right to receive them, and
 - (b) it is immaterial whether possession is taken under the contract or under a licence or lease of a temporary character or a tenancy at will.
- (3) For the purposes of subsection (1)(b), a substantial amount of the consideration is paid or provided—
 - (a) if none of the consideration is rent, when the whole or substantially the whole of the consideration is paid or provided;

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- (b) if the only consideration is rent, when the first payment of rent is made;
- (c) if the consideration includes both rent and other consideration, when the first of the following events occurs—
 - (i) the whole or substantially the whole of the consideration other than rent is paid or provided, or
 - (ii) the first payment of rent is made.

Options etc.

15 Options and rights of pre-emption

- (1) The acquisition of—
 - (a) an option binding the grantor to enter into a land transaction, or
 - (b) a right of pre-emption preventing the grantor from entering into, or restricting the right of the grantor to enter into, a land transaction,is a land transaction distinct from any land transaction resulting from the exercise of the option or right.
- (2) They may be “linked transactions” (see section 8).
- (3) The reference in subsection (1)(a) to an option binding the grantor to enter into a land transaction includes an option requiring the grantor either to enter into a land transaction or to discharge the grantor’s obligations under the option in some other way.
- (4) The effective date of the transaction in the case of the acquisition of an option or right such as is mentioned in subsection (1) is when the option or right is acquired (as opposed to when it becomes exercisable).
- (5) Nothing in this section applies to so much of an option or right of pre-emption as constitutes or forms part of a land transaction apart from this section.

Exchanges

16 Exchanges

- (1) This Act applies in a case within subsection (2) in relation to each transaction described in that subsection as if each were distinct and separate from the other (and they are not linked transactions within the meaning of section 8).
- (2) A case is within this subsection where a land transaction is entered into by a person (alone or jointly) as buyer wholly or partly in consideration of another land transaction being entered into by that person (alone or jointly) as seller.
- (3) A transaction is treated for the purposes of this Act as entered into by a person as buyer wholly or partly in consideration of another land transaction being entered into by that person as seller in a case within subsection (4).
- (4) A case is within this subsection where an obligation to give consideration for a land transaction that a person enters into as buyer is met wholly or partly by way of that person entering into another transaction as seller.

- (5) As to the amount of the chargeable consideration in the case of exchanges and similar transactions, see—
- (a) paragraphs 5 and 6 of Schedule 4 (exchanges, partition etc.);
 - (b) paragraph 18 of that Schedule (arrangements involving public or educational bodies).

CHAPTER 4

CHARGEABLE TRANSACTIONS AND CHARGEABLE CONSIDERATION

Chargeable transactions

17 Chargeable transaction

A land transaction is a chargeable transaction unless—

- (a) it is a transaction that is exempt from charge as provided for in Schedule 3, or
- (b) it is a transaction that is relieved from tax by virtue of a provision listed in section 30(2) and in respect of which relief from tax is claimed.

Chargeable consideration

18 Chargeable consideration

- (1) Schedule 4 makes provision as to the chargeable consideration for a transaction.
- (2) The Welsh Ministers may by regulations amend or repeal the provisions of this Act relating to—
 - (a) what is to count as chargeable consideration, or
 - (b) the determination of the amount of chargeable consideration.

19 Contingent consideration

- (1) Where the whole or part of the chargeable consideration for a transaction is contingent, the amount or value of the consideration is to be determined for the purposes of this Act on the assumption that the outcome of the contingency will be such that the consideration is payable or, as the case may be, does not cease to be payable.
- (2) In this Act, “contingent”, in relation to consideration, means—
 - (a) that it is to be paid or provided only if some uncertain future event occurs, or
 - (b) that it is to cease to be paid or provided if some uncertain future event occurs.

20 Uncertain or unascertained consideration

- (1) Where the whole or part of the chargeable consideration for a transaction is uncertain or unascertained, its amount or value is to be determined for the purposes of this Act on the basis of a reasonable estimate.
- (2) In this Act, “uncertain”, in relation to consideration, means that its amount or value depends on uncertain future events.

21 Annuities

- (1) This section applies to so much of the chargeable consideration for a land transaction as consists of an annuity payable—
 - (a) for life,
 - (b) in perpetuity,
 - (c) for an indefinite period, or
 - (d) for a definite period exceeding 12 years.
- (2) The consideration to be taken into account is limited to 12 years' annual payments.
- (3) Where the amount payable varies, or may vary, from year to year, the 12 highest annual payments are to be taken into account.
- (4) No account is to be taken of any provision for adjustment of the amount payable in line with the retail prices index, the consumer prices index or any other similar index used to express a rate of inflation.
- (5) References in this section to annual payments are to payments in respect of each successive period of 12 months beginning with the effective date of the transaction.
- (6) For the purposes of this section, the amount or value of any payment is to be determined (if necessary) in accordance with section 19 (contingent consideration) or 20 (uncertain or unascertained consideration).
- (7) References in this section to an annuity include any consideration (other than rent) that falls to be paid or provided periodically; and references to payment are to be read accordingly.

22 Deemed market value

- (1) This section applies where the buyer is a company and—
 - (a) the seller is connected with the buyer, or
 - (b) some or all of the consideration for the transaction consists of the issue or transfer of shares in a company with which the seller is connected.
- (2) The chargeable consideration for the transaction is to be taken to be—
 - (a) the amount determined under subsection (3) in respect of the transaction, or
 - (b) if greater, the amount which would be the chargeable consideration for the transaction ignoring this section.
- (3) The amount mentioned in subsection (2)(a) is—
 - (a) the market value of the subject-matter of the transaction as at the effective date of the transaction, and
 - (b) if the acquisition is the grant of a lease at a rent, that rent.
- (4) In this section—
 - “company” (“*cwmni*”) means any body corporate;
 - “shares” (“*cyfranddaliadau*”) includes stock and the reference to shares in a company includes a reference to securities issued by a company.
- (5) Where this section applies paragraph 1 of Schedule 3 (exemption of transactions for which there is no chargeable consideration) does not apply.
- (6) This section has effect subject to—

- (a) the exceptions provided for in section 23, and
- (b) any other provision affording exemption or relief from tax.

23 Exceptions

- (1) Section 22 (deemed market value) does not apply in the following cases.
- (2) Case 1 is where immediately after the transaction the company holds the property as trustee in the course of a business carried on by it that consists of or includes the management of trusts.
- (3) Case 2 is where—
 - (a) immediately after the transaction the company holds the property as trustee, and
 - (b) the seller is connected with the company only because of section 1122(6) of the [Corporation Tax Act 2010](#) (c. 4).
- (4) Case 3 is where—
 - (a) the seller is a company and the transaction is, or is part of, a distribution of the assets of that company (whether or not in connection with its winding up), and
 - (b) it is not the case that—
 - (i) the subject-matter of the transaction, or
 - (ii) an interest from which that interest is derived,
 has, within the period of 3 years immediately preceding the effective date of the transaction, been the subject of a transaction in respect of which group relief under Schedule 16 was claimed by the seller.
- (5) In this section, “the company” means the company that is the buyer in relation to the transaction in question.

PART 3

CALCULATION OF TAX AND RELIEFS

Calculation of tax

24 Regulations specifying tax bands and tax rates

- (1) The Welsh Ministers must by regulations specify the tax bands and percentage tax rates for each band applicable in the case of the following types of chargeable transactions—
 - (a) residential property transactions,
 - (b) higher rates residential property transactions, and
 - (c) non-residential property transactions.
- (2) In this Act, “tax band” means a lower and, if specified, upper amount of money from or, as the case may be, between which a specified percentage tax rate applies.
- (3) Regulations under subsection (1)(a) and (c) must specify, in the case of each type of transaction—
 - (a) a tax band for which the applicable tax rate is 0% (“the zero rate band”),
 - (b) two or more tax bands above the zero rate band,

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- (c) the tax rate for each band above the zero rate band so that the rate for each band is higher than the rate for the band below it, and
 - (d) a date on which the tax bands and tax rates apply in relation to transactions with an effective date on or after that date.
- (4) Regulations under subsection (1)(b) must specify—
 - (a) three or more tax bands,
 - (b) an applicable tax rate for each band which—
 - (i) must, in respect of any higher rates residential property transaction, be higher than the highest rate that would be applicable to any amount within that band were that transaction a residential property transaction, and
 - (ii) except in the case of the lowest band, is higher than the rate applicable to the band below it, and
 - (c) a date on which the tax bands and tax rates apply in relation to transactions with an effective date on or after that date.
- (5) Regulations under subsection (1) may specify—
 - (a) different tax bands and tax rates in respect of different categories of each type of chargeable transaction (including by reference to different descriptions of buyer);
 - (b) different dates under subsection (3)(d) or (4)(c) in respect of each specified tax band or tax rate.
- (6) A chargeable transaction is a residential property transaction if—
 - (a) the main subject-matter of the transaction consists entirely of an interest in land that is residential property, or
 - (b) where the transaction is one of a number of linked transactions, the main subject-matter of each transaction consists entirely of such an interest.
- (7) But if Schedule 5 applies to a chargeable transaction it is a higher rates residential property transaction.
- (8) A chargeable transaction is a non-residential property transaction if—
 - (a) the main subject-matter of the transaction consists of or includes an interest in land that is not residential property, or
 - (b) where the transaction is one of a number of linked transactions, the main subject-matter of any of the transactions consists of or includes such an interest.
- (9) Tax bands and tax rates specified in regulations under subsection (1) do not apply in relation to a chargeable transaction in so far as the chargeable consideration for the transaction is rent (for provision about the tax bands and tax rates applicable to chargeable consideration which is rent see paragraphs 27 and 28 of Schedule 6).
- (10) Schedule 5 makes provision about higher rates residential property transactions.
- (11) The Welsh Ministers may by regulations amend Schedule 5.

25 Procedure for regulations specifying tax bands and tax rates

- (1) A statutory instrument containing—
 - (a) the first regulations made under section 24(1),

- (b) the first regulations made under paragraph 27(4) of Schedule 6 (tax bands and rates: rent element of residential leases), or
- (c) the first regulations made under paragraph 28(1) of that Schedule (tax bands and rates: rent element of non-residential and mixed leases),

may not be made unless a draft of the instrument has been laid before and approved by a resolution of the National Assembly for Wales.

(2) A statutory instrument containing—

- (a) the second or subsequent regulations made under section 24(1),
- (b) the second or subsequent regulations made under paragraph 27(4) of Schedule 6, or
- (c) the second or subsequent regulations made under paragraph 28(1) of that Schedule,

must be laid before the National Assembly for Wales and ceases to have effect on the expiry of 28 days beginning with the day it is made unless, before the expiry of that period, it is approved by a resolution of the National Assembly.

(3) But if—

- (a) the National Assembly votes on a motion for a resolution to approve a statutory instrument laid under subsection (2) before the expiry of the period of 28 days mentioned in that subsection, and
- (b) the motion is not passed,

the instrument ceases to have effect at the end of the day on which the vote takes place.

(4) In calculating any period of 28 days for the purposes of subsection (2), no account is to be taken of any period during which the National Assembly is—

- (a) dissolved, or
- (b) in recess for more than 4 days.

26 Tax bands and tax rates applicable when regulations cease to have effect

(1) In this section—

- (a) “rejected regulations” means regulations which cease to have effect by virtue of subsection (2) or (3) of section 25;
- (b) “the interim period” means the period—
 - (i) beginning with the date specified by rejected regulations as the date on which specified tax bands and tax rates apply in relation to a chargeable transaction, and
 - (ii) ending when those regulations cease to have effect by virtue of subsection (2) or (3) of section 25.

(2) Subject to subsection (3), if the effective date of a chargeable transaction falls within the interim period the tax bands and tax rates applicable to the transaction are the bands and rates specified by the rejected regulations as applying to the transaction.

(3) If—

- (a) the effective date of a chargeable transaction falls within the interim period, and
- (b) subsection (4), (5) or (6) applies,

the tax bands and tax rates applicable to the transaction are the bands and rates which would have been applicable had the rejected regulations not been made.

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- (4) This subsection applies where the buyer—
- (a) is required by virtue of section 44 to make a return relating to the transaction on or before the filing date and fails to do so, and
 - (b) also fails to make the return on or before the date on which the interim period ends.
- (5) This subsection applies where the first return required in relation to the chargeable transaction is required under one of the following provisions—
- (a) section 47 (duty to make return where contingency ceases or consideration is ascertained);
 - (b) section 51 (return as a result of later linked transaction);
 - (c) paragraph 3(4) or 5(5) of Schedule 6 (return as a result of lease continuing);
 - (d) paragraph 13(1) of that Schedule (return where tax underpaid where rent determined on reconsideration).
- (6) This subsection applies where—
- (a) the buyer in the transaction makes a claim under section 63A of TCMA,
 - (b) by virtue of subsection (5) of that section, the assessment of tax chargeable contained in a tax return made in relation to the transaction is treated as having been amended, and
 - (c) a further return is required in relation to the transaction under—
 - (i) a provision mentioned in subsection (5) of this section,
 - (ii) section 49 (further return where relief is withdrawn), or
 - (iii) paragraph 24 of Schedule 5 (return where transaction treated as higher rates residential property transaction).
- (7) But subsection (6) does not affect a return made before the claim is made under section 63A TCMA.
- (8) Section 63A of TCMA makes provision for relief to be claimed in cases where subsection (2) applies if the amount of tax chargeable is greater than the amount which would have been chargeable had the rejected regulations not been made.

27 Amount of tax chargeable: transactions which are not linked

- (1) The amount of tax chargeable in respect of a chargeable transaction which is not one of a number of linked transactions (for which see section 28) is to be calculated as follows.
- Step 1*
- For each tax band applicable to the transaction, multiply so much of the chargeable consideration for the transaction as falls within the band by the percentage tax rate for that band.
- Step 2*
- Calculate the sum of the amounts reached under Step 1.
- The result is the amount of tax chargeable.
- (2) But this section does not apply for the purposes of calculating the amount of any tax chargeable in respect of rent where the whole or part of the chargeable consideration for a chargeable transaction is rent; instead see—

- (a) in the case of a residential property transaction, paragraph 27 of Schedule 6 and any regulations made under that paragraph which make provision about the tax chargeable in respect of rent in the case of residential leases;
- (b) in the case of a non-residential property transaction, paragraph 29 of that Schedule which provides for the calculation of tax chargeable in respect of rent in the case of non-residential and mixed leases.

28 Amount of tax chargeable: linked transactions

- (1) Where a chargeable transaction is one of a number of linked transactions, the amount of tax chargeable in respect of the transaction is to be determined as follows.

Step 1

Calculate the tax which would be chargeable in accordance with section 27(1), if the chargeable consideration for the transaction were the total consideration.

Step 2

Divide the chargeable consideration for the transaction by the total consideration.

Step 3

Multiply the amount arrived at under Step 1 by the fraction arrived at under Step 2.

The result is the amount of tax chargeable.

- (2) In subsection (1), the “total consideration” is the total of the chargeable consideration for all the linked transactions (not including any chargeable consideration which is rent).
- (3) Where the whole or part of the chargeable consideration for a linked transaction is rent this section does not apply for the purposes of calculating the amount of any tax chargeable in respect of the rent; instead see—
- (a) in the case of a residential property transaction, paragraph 27 of Schedule 6 and any regulations made under that paragraph, and
 - (b) in the case of a non-residential property transaction, paragraph 30 of that Schedule (calculation of tax chargeable in respect of rent: linked transactions).

29 Calculation provisions subject to certain provisions about reliefs

Sections 27 and 28 are subject to—

- (a) Schedule 13 (relief for acquisitions involving multiple dwellings);
- (b) paragraph 10 of Schedule 14 (relief for transactions entered into by persons exercising collective rights);
- (c) Part 3 of Schedule 17 (acquisition relief);
- (d) paragraphs 6 and 8 of Schedule 18 (partial charities relief in certain circumstances).

Reliefs

30 Reliefs

- (1) The following Schedules make provision about reliefs and other provision connected to those reliefs—

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

Schedule 9 (sale and leaseback relief);
Schedule 10 (alternative property finance relief);
Schedule 11 (relief for alternative finance investment bonds);
Schedule 12 (relief for incorporation of limited liability partnership);
Schedule 13 (relief for acquisitions involving multiple dwellings);
Schedule 14 (relief for certain acquisitions of dwellings);
Schedule 15 (relief for certain transactions relating to social housing);
Schedule 16 (group relief);
Schedule 17 (reconstruction and acquisition reliefs);
Schedule 18 (charities relief);
Schedule 19 (open-ended investment company reliefs);
Schedule 20 (relief for acquisitions by public bodies and health bodies);
Schedule 21 (compulsory purchase relief and planning obligation relief);
Schedule 22 (miscellaneous reliefs).

(2) The following provisions of this Act provide relief from tax for certain land transactions (and accordingly if relief is claimed such transactions are not chargeable transactions)—

paragraphs 18(2) and 19(2) of Schedule 2 (relief for notional transactions associated with assignments of rights and relief for certain subsales);
paragraph 1 of Schedule 9 (sale and leaseback relief);
paragraphs 2 and 3 of Schedule 10 (relief for certain alternative property finance transactions);
paragraphs 13(1) and 15(1) of Schedule 11 (relief for certain transactions relating to alternative finance investment bonds);
paragraph 1 of Schedule 12 (relief for incorporation of limited liability partnership);
paragraphs 2(1), 3(1), 4(1), 5(1), 6(1) and 7(1) of Schedule 14 (relief for certain acquisitions of dwellings);
paragraph 4 of Schedule 15 (shared ownership leases: relief for certain reversions);
paragraph 6(2) of that Schedule (shared ownership leases: relief for certain staircasing transactions);
paragraph 13 of that Schedule (shared ownership trust relief: transfer upon termination);
paragraph 14 of that Schedule (shared ownership trusts: relief for certain staircasing transactions);
paragraph 19(1) of that Schedule (relief for certain acquisitions by social housing providers);
paragraph 2(1) of Schedule 16 (group relief);
paragraph 2(1) of Schedule 17 (reconstruction relief);
paragraphs 3(1) and 5 of Schedule 18 (charities relief);
paragraphs 1(1) and 2(1) of Schedule 19 (open-ended investment companies relief);
paragraphs 1(1) and 2 of Schedule 20 (relief for acquisitions by public bodies and health bodies);
paragraphs 1(1) and 2(1) of Schedule 21 (compulsory purchase relief and planning obligation relief);

Schedule 22 (miscellaneous reliefs).

- (3) The following provisions of this Act provide relief for certain chargeable transactions in the manner specified in the respective provision—
- paragraph 19(3) of Schedule 2 (partial relief for certain subsales);
 - Schedule 13 (relief for acquisitions involving multiple dwellings);
 - paragraphs 2(3), 3(4), 4(4), 5(3), 6(4) and 7(3) of Schedule 14 (partial relief for certain acquisitions of dwellings which exceed the permitted area);
 - paragraph 10 of that Schedule (relief for transactions entered into by persons exercising collective rights);
 - paragraph 2 of Schedule 15 (relief relating to contingent consideration in the case of a right to buy transaction);
 - paragraph 3 of that Schedule (shared ownership leases: election for consideration to be taken to be market value);
 - paragraph 5 of that Schedule (shared ownership leases where staircasing allowed: election for consideration to be based on open market value);
 - paragraph 12 of that Schedule (shared ownership trusts: election for consideration to be taken to be market value);
 - Part 3 of Schedule 17 (acquisition relief);
 - paragraphs 6 and 8 of Schedule 18 (partial charities relief in certain circumstances).
- (4) Any relief under the any of the provisions mentioned in subsections (2) and (3) (other than relief under paragraph 3 of Schedule 22 (visiting forces and international military headquarters reliefs)) must be claimed in the first return made in relation to the land transaction, or in an amendment of that return.
- (5) Relief under paragraph 3 of Schedule 22—
- (a) may be claimed in the return for the land transaction, or in an amendment of that return, or
 - (b) if not claimed in the return or amended return and the period allowed for amendment of the return has ended, may be claimed by making a claim for repayment of any amount of tax overpaid (see Chapter 7 of Part 3 of TCMA), and section 78 of TCMA (time limit for making claims) does not apply to a claim for relief under paragraph 3 of Schedule 22.
- (6) The Welsh Ministers may by regulations amend this Act so as to—
- (a) add a relief;
 - (b) modify a relief;
 - (c) remove a relief;
 - (d) modify section 31.

31 Reliefs: anti-avoidance

- (1) Relief is not available under any of the provisions mentioned in subsection (2) or (3) of section 30 in respect of a land transaction—
- (a) which is a tax avoidance arrangement, or
 - (b) which forms part of arrangements which are tax avoidance arrangements.
- (2) An arrangement is a “tax avoidance arrangement” if—

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

- (a) the obtaining of a tax advantage for any person is the main purpose, or one of the main purposes, of the buyer in the land transaction entering into the arrangement, and
 - (b) the arrangement lacks genuine economic or commercial substance other than the obtaining of a tax advantage.
- (3) In this section—
- “arrangement” (“*trefniant*”) includes any transaction, scheme, agreement, grant, understanding, promise, undertaking or series of any of those things (whether or not legally enforceable);
 - “tax” (“*treth*”) means land transaction tax, income tax, corporation tax, capital gains tax, stamp duty land tax, stamp duty reserve tax or stamp duty;
 - “tax advantage” (“*mantais drethiannol*”) means—
 - (a) relief or increased relief from tax,
 - (b) repayment or increased repayment of tax,
 - (c) avoidance or reduction of a charge to tax, or
 - (d) deferral of a payment of tax or advancement of a repayment of tax.

PART 4

LEASES

32 Leases

- (1) In this Act, “lease” means—
- (a) an interest or right in or over land for a term of years (whether fixed or periodic), or
 - (b) any other interest or right in or over land terminable by a period of notice or by notice at any time (other than a tenancy at will, being an exempt interest by virtue of section 5(1)(c)).
- (2) Schedule 6 makes further provision about leases.

PART 5

APPLICATION OF ACT AND TCMA TO CERTAIN PERSONS AND BODIES

33 Companies

- (1) In this Act, “company”, except as otherwise provided, means any body corporate or unincorporated association, but does not include a partnership.
- (2) Everything to be done by a company under this Act, or under TCMA as it applies in relation to land transaction tax, is to be done by the company acting through—
- (a) the proper officer of the company, or
 - (b) another person having for the time being the express, implied or apparent authority of the company to act on its behalf for the purpose.
- (3) Subsection (2)(b) does not apply where a liquidator has been appointed for the company.

- (4) For the purposes of this Act, and TCMA as it applies in relation to land transaction tax—
- (a) the proper officer of a body corporate is the secretary, or person acting as secretary, of the body, and
 - (b) the proper officer of an unincorporated association, or of a body corporate that does not have a proper officer within paragraph (a), is the treasurer, or person acting as treasurer, of the association or body.
- (5) Subsection (4) does not apply if a liquidator or administrator has been appointed for the company.
- (6) If a liquidator or administrator has been appointed for the company, then—
- (a) the liquidator or the administrator is the proper officer, and
 - (b) if two or more persons are appointed to act jointly or concurrently as the administrator of the company, the proper officer is—
 - (i) such one of them as is specified in a notice given to WRA by those persons for the purposes of this section, or
 - (ii) where WRA is not so notified, such one or more of those persons as WRA may designate as the proper officer for those purposes.
- (7) The Welsh Ministers may by regulations make further provision about the application of this Act, and TCMA as it applies in relation to land transaction tax, to companies or a description of company specified in the regulations.
- (8) Regulations under subsection (7) may (among other things) amend or repeal any provision of this Act or TCMA.

34 Unit trust schemes

- (1) This Act (with the exception of the provisions mentioned in subsection (8)), and TCMA as it applies in relation to land transaction tax, apply in relation to a unit trust scheme as if—
- (a) the trustees were a company, and
 - (b) the rights of the unit holders were shares in the company.
- (2) Each of the parts of an umbrella scheme is to be regarded as a separate unit trust scheme and the scheme as a whole is not so regarded.
- (3) In this section and section 35, an “umbrella scheme” means a unit trust scheme—
- (a) that provides arrangements for separate pooling of the contributions of participants and the profits or income out of which payments are to be made for them, and
 - (b) under which the participants are entitled to exchange rights in one pool for rights in another.
- (4) A “part” of an umbrella scheme means such of the arrangements as relate to a separate pool.
- (5) In this Act, subject to any regulations under subsection (6)—
- “unit trust scheme” (“*cynllun ymddiriedolaeth unedau*”) has the same meaning as in the [Financial Services and Markets Act 2000 \(c. 8\)](#) (see section 237 of that Act), and
- “unit holder” (“*deiliad unedau*”) means a participant in a unit trust scheme.

- (6) The Welsh Ministers may by regulations provide that a scheme of a description specified in the regulations is to be treated as not being a unit trust scheme for the purposes of this Act, and TCMA as it applies in relation to land transaction tax.
- (7) Section 620 of the [Corporation Tax Act 2010 \(c. 4\)](#) (court investment funds treated as authorised unit trusts) applies for the purposes of this Act as it applies for the purposes of that Act, but as if references to an authorised unit trust were references to a unit trust scheme.
- (8) A unit trust scheme is not to be treated as a company for the purposes of Schedules 16 (group relief) and 17 (reconstruction relief or acquisition relief).

35 Open-ended investment companies

- (1) The Welsh Ministers may by regulations make such provision as they consider appropriate for securing that the provisions of this Act and TCMA have effect in relation to—
 - (a) open-ended investment companies of such description as may be specified in the regulations, and
 - (b) transactions involving such companies,in a manner corresponding, subject to such modifications as the Welsh Ministers consider appropriate, to the manner in which they have effect in relation to unit trust schemes and transactions involving such unit trust schemes.
- (2) Regulations under subsection (1) may in particular make provision—
 - (a) modifying the operation of any provision specified in the regulations in relation to open-ended investment companies so as to secure that arrangements for treating the assets of such a company as assets comprised in separate pools are given an effect corresponding to that of equivalent arrangements constituting the separate parts of an umbrella scheme;
 - (b) treating the separate parts of the undertaking of an open-ended investment company in relation to which such provision is made as distinct companies for the purposes of this Act, and TCMA as it applies in relation to land transaction tax.
- (3) In this section, “open-ended investment company” has the meaning given by section 236 of the [Financial Services and Markets Act 2000 \(c. 8\)](#).

36 Co-ownership authorised contractual schemes

- (1) This Act (with the exception of the provisions mentioned in subsection (9)), and TCMA as it applies in relation to land transaction tax, apply in relation to a co-ownership authorised contractual scheme as if—
 - (a) the scheme were a company, and
 - (b) the rights of the participants were shares in the company.
- (2) An “umbrella COACS” means a co-ownership authorised contractual scheme—
 - (a) whose arrangements provide for separate pooling of the contributions of the participants and the profits or income out of which payments are made to them (“pooling arrangements”), and
 - (b) under which the participants are entitled to exchange rights in one pool for rights in another.

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- (3) A “sub-scheme”, in relation to an umbrella COACS, means such of the pooling arrangements as relate to a separate pool.
- (4) Each of the sub-schemes of an umbrella COACS is to be regarded as a separate co-ownership authorised contractual scheme, and the umbrella COACS as a whole is not so regarded.
- (5) In relation to a sub-scheme of an umbrella COACS—
- (a) references to chargeable interests are references to such of the chargeable interests as, under the pooling arrangements, form part of the separate pool to which the sub-scheme relates, and
 - (b) references to the scheme documents are references to such parts of the documents as apply to the sub-scheme.
- (6) References to a co-ownership authorised contractual scheme are treated as including a collective investment scheme which—
- (a) is constituted under the law of an EEA State other than the United Kingdom by a contract,
 - (b) is managed by a body corporate incorporated under the law of an EEA State, and
 - (c) is authorised under the law of the EEA State mentioned in paragraph (a) in a way which makes it, under that law, the equivalent of a co-ownership authorised contractual scheme as defined in subsection (7),
- provided that, apart from this section, no charge to tax is capable of arising to the scheme under this Act.
- (7) Subject to any regulations under subsection (8)—
- “co-ownership authorised contractual scheme” (*“cynllun contractiol awdurdodedig cyfberchnogaeth”*) means a co-ownership scheme which is authorised for the purposes of the [Financial Services and Markets Act 2000 \(c. 8\)](#) by an authorisation order in force under section 261D(1) of that Act;
- “co-ownership scheme” (*“cynllun cyfberchnogaeth”*) has the same meaning as in the [Financial Services and Markets Act 2000 \(c. 8\)](#) (see section 235A of that Act).
- (8) The Welsh Ministers may by regulations provide that a scheme of a description specified in the regulations is to be treated as not being a co-ownership authorised contractual scheme for the purposes of this Act, and TCMA as it applies in relation to land transaction tax.
- (9) A co-ownership authorised contractual scheme is not to be treated as a company for the purposes of Schedules 16 (group relief) and 17 (reconstruction relief or acquisition relief).
- (10) Anything required or authorised to be done under this Act or TCMA by or in relation to the buyer in a land transaction is to be done by or in relation to the operator of a co-ownership authorised contractual scheme; and accordingly section 33(2) to (6) does not apply in relation to a scheme to which this section applies.
- (11) But where the operator of the scheme is a body corporate, section 33(2) to (6) applies in relation to the operator, with the references to a company in those subsections having effect as though they were references to the operator.
- (12) In this section—

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“collective investment scheme” (“*cynllun buddsoddi torfol*”) has the meaning given by section 235 of the [Financial Services and Markets Act 2000 \(c. 8\)](#);

“operator” (“*gweithredwr*”)—

- (a) in relation to a co-ownership authorised contractual scheme constituted under the law of the United Kingdom, has the meaning given by section 237(2) of the [Financial Services and Markets Act 2000 \(c. 8\)](#), and
- (b) in relation to a collective investment scheme treated as a co-ownership authorised contractual scheme by virtue of subsection (6) (equivalent EEA schemes), means the corporate body responsible for the management of the scheme (however described);

“participant” (“*cyfranogwr*”) is to be read in accordance with section 235 of the [Financial Services and Markets Act 2000 \(c. 8\)](#).

37 Joint buyers: general rules

- (1) This section and sections 38 to 40 apply to a land transaction where there are two or more buyers who are or will be jointly entitled to the interest acquired.
- (2) The general rules are that—
 - (a) any obligation of the buyer under this Act or TCMA in relation to the transaction is an obligation of the buyers jointly but may be discharged by any of them,
 - (b) anything required or authorised by this Act or TCMA to be done in relation to the buyer must be done in relation to all of them,
 - (c) anything authorised by this Act or TCMA to be done by the buyer must be done by all of them, and
 - (d) any liability of the buyer under this Act or TCMA in relation to the transaction (in particular, any liability arising by virtue of the failure to fulfil an obligation within paragraph (a)) is a joint and several liability of the buyers.
- (3) These general rules are subject to provision made in sections 38 to 40.
- (4) This section and sections 38 to 40 have effect subject to—
 - (a) the provisions of Schedule 7 relating to partnerships, and
 - (b) the provisions of Schedule 8 relating to trustees.

38 Joint buyers: returns and declarations

- (1) If the transaction is a notifiable transaction, a single return is required.
- (2) The declaration required by section 53 (declaration that return is complete and correct) must be made by all the buyers.

39 Joint buyers: enquiries and assessments

- (1) If WRA issues a notice of enquiry under section 43 of TCMA into a return—
 - (a) the notice must be issued to each of the buyers whose identity is known to WRA;

- (b) the powers of WRA under Part 4 of TCMA to require information and documents for the purposes of the enquiry are exercisable separately (and differently) in relation to each of the buyers;
 - (c) any closure notice under section 50 of TCMA must be issued to each of the buyers whose identity is known to WRA;
 - (d) any of the buyers may apply under section 51 of TCMA for a direction that a closure notice be issued (and all of them are entitled to be parties to the application).
- (2) A WRA determination under section 52 of TCMA relating to the transaction must be made against all the buyers and is not effective against any of them unless notice of it is issued under that section to each of them whose identity is known to WRA.
- (3) A WRA assessment under section 54 or 55 of TCMA relating to the transaction must be made in respect of all the buyers and is not effective in respect of any of them unless notice of it is issued under section 61 of TCMA to each of them whose identity is known to WRA.

40 Joint buyers: appeals and reviews

- (1) The agreement of all the buyers is required if a settlement agreement relating to the transaction is to be entered into under section 184 of TCMA.
- (2) A notice of request under section 173 of TCMA may be given by any of the buyers.
- (3) Where WRA undertakes a review of an appealable decision relating to the transaction following such a request made by some (but not all) of the buyers—
- (a) notice of the review must be issued by WRA to each of the other buyers whose identity is known to WRA;
 - (b) any of the other buyers may be a party to the review if they notify WRA in writing;
 - (c) notice of WRA's conclusions under section 176(5), (6) or (7) of TCMA must be issued to each of the buyers whose identity is known to WRA;
 - (d) section 177 of TCMA (effect of conclusions of review) applies in relation to all of the buyers.
- (4) In the case of an appeal under Part 8 of TCMA relating to the transaction—
- (a) the appeal may be brought by any of the buyers;
 - (b) notice of the appeal must be issued by WRA to each of the buyers who are not bringing the appeal and whose identity is known to WRA;
 - (c) any of the buyers are entitled to be parties to the appeal;
 - (d) the tribunal's determination under section 181 of TCMA binds all the buyers.

41 Partnerships

- (1) Schedule 7 makes provision about the application of this Act and TCMA in relation to partnerships.
- (2) The Welsh Ministers may by regulations amend Schedule 7.

42 Trusts

- (1) Schedule 8 makes provision about the application of this Act and TCMA in relation to trusts.
- (2) The Welsh Ministers may by regulations amend Schedule 8.

43 Persons acting in a representative capacity

- (1) The personal representatives of a person who is the buyer in a land transaction—
 - (a) are responsible for discharging any obligation of the buyer under this Act or TCMA in relation to the transaction, and
 - (b) may deduct any payment made by them under this Act or TCMA out of the assets and effects of the deceased person.
- (2) A receiver appointed by a court in the United Kingdom having the direction and control of any property is responsible for discharging any obligations under this Act or TCMA in relation to a transaction affecting that property as if the property were not under the direction and control of the court.

PART 6

RETURNS AND PAYMENTS

CHAPTER 1

RETURNS

Duty to make return

44 Duty to make a return

- (1) The buyer in a notifiable land transaction must make a return to WRA.
- (2) A return made under this section must—
 - (a) be made before the end of the period of 30 days beginning with the day after the effective date of the transaction, and
 - (b) if the transaction is a chargeable transaction, include a self-assessment.
- (3) In this Act, “self-assessment” in relation to a return, means an assessment of the amount of tax that, on the basis of the information contained in that return, is chargeable in respect of the transaction.

Notifiable transactions

45 Notifiable transactions

- (1) For the purposes of this Act, a land transaction is notifiable if it is—
 - (a) an acquisition of a major interest in land (see section 68) that does not fall within one of the exceptions listed in section 46,

- (b) an acquisition of a chargeable interest, other than a major interest in land, if—
 - (i) it is not exempt from charge as provided for in Schedule 3, and
 - (ii) tax is chargeable at a rate of more than 0%, or would be so chargeable but for a relief listed in section 30, in respect of any part of the chargeable consideration for the transaction,
 - (c) a land transaction that a person is treated as entering into by virtue of section 11(3)(contract providing for transfer to third party), or
 - (d) a notional or additional notional land transaction within the meaning given in paragraph 8(1) and (3) of Schedule 2.
- (2) This section has effect subject to—
- (a) section 10(5) (contract and transfer),
 - (b) paragraph 18(5) of Schedule 4 (arrangements involving public or educational bodies),
 - (c) paragraph 44(1) of Schedule 7 (transfer of partnership interest), and
 - (d) paragraph 2(6) of Schedule 10 (alternative property finance).

46 Exceptions for certain acquisitions of major interests in land

- (1) The exceptions referred to in section 45 are as follows.
- (2) A transaction which is exempt from charge as provided for in Schedule 3.
- (3) An acquisition other than the grant, assignment or surrender of a lease where the chargeable consideration, together with the chargeable consideration for any linked transactions, is less than £40,000.
- (4) The grant of a lease for a term of less than 7 years, where the chargeable consideration does not exceed the zero rate threshold.
- (5) The assignment or surrender of a lease where—
 - (a) the lease was originally granted for a term of less than 7 years, and
 - (b) the chargeable consideration for the assignment or surrender does not exceed the zero rate threshold.
- (6) The grant of a lease for a term of 7 years or more where—
 - (a) the chargeable consideration other than rent is less than £40,000, and
 - (b) the relevant rent is less than £1,000.
- (7) The assignment or surrender of a lease where—
 - (a) the lease was originally granted for a term of 7 years or more, and
 - (b) the chargeable consideration for the assignment or surrender is less than £40,000.
- (8) Chargeable consideration for an acquisition exceeds the zero rate threshold if it includes —
 - (a) any amount in respect of which tax is chargeable at a rate of more than 0%, or
 - (b) any amount in respect of which tax would be so chargeable but for a relief listed in section 30(2) or (3).
- (9) In subsection (6), “relevant rent” means—
 - (a) the annual rent (as defined in paragraph 36(2) of Schedule 6), or

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- (b) in the case of the grant of a lease to which paragraph 31 of Schedule 7 applies, the relevant chargeable proportion of the annual rent (as calculated in accordance with that paragraph).
- (10) The Welsh Ministers may by regulations amend subsection (3), (6) or (7) so as to substitute for an amount for the time being specified there a different amount.

Adjustments

47 Contingency ceases or consideration is ascertained: duty to make return

- (1) The buyer in a land transaction must make a return to WRA if—
- (a) section 19 or 20 (contingent, uncertain or unascertained consideration) applies in relation to the transaction, or to any transaction in relation to which the transaction is a linked transaction,
 - (b) an event mentioned in subsection (2) occurs, and
 - (c) the effect of the event is that—
 - (i) the transaction becomes notifiable,
 - (ii) additional tax is payable in respect of the transaction, or
 - (iii) tax is payable in respect of the transaction where none was payable.
- (2) The events are—
- (a) in the case of contingent consideration, the contingency occurs or it becomes clear that it will not occur, or
 - (b) in the case of uncertain or unascertained consideration, an amount relevant to the calculation of the consideration, or any instalment of consideration, becomes ascertained.
- (3) A return made under this section must—
- (a) be made before the end of the period of 30 days beginning with the day after the day on which the event mentioned in subsection (2) occurred, and
 - (b) include a self-assessment.
- (4) Despite section 157(3) of TCMA (late payment interest), the late payment interest start date in relation to an amount—
- (a) stated in a return made under this section as the tax payable,
 - (b) payable as a result of an amendment or correction to such a return,
 - (c) payable as a result of an assessment made in addition to such a return, or
 - (d) payable as a result of a determination or an assessment made in place of such a return,
- is the day after the end of the period of 30 days beginning with the day after the effective date of the transaction (and Chapter 1 of Part 6 of that Act is to be read accordingly).
- (5) The Welsh Ministers may by regulations amend subsection (4) so as to substitute for the period for the time being specified there, a different period.
- (6) This section does not apply in so far as the chargeable consideration consists of—
- (a) rent (see Schedule 6);
 - (b) an annuity to which section 21 applies.

48 Contingency ceases or consideration ascertained: repayment of tax

- (1) Subsection (2) applies in relation to a land transaction if—
- (a) section 19 or 20 (contingent, uncertain or unascertained consideration) applies in relation to the transaction, or to any transaction in relation to which the transaction is a linked transaction,
 - (b) an event mentioned in section 47(2) occurs (“the relevant event”), and
 - (c) the effect of the relevant event is that there is less tax payable in respect of the transaction than the buyer has already paid in accordance with the return made for the transaction (“the land transaction return”).
- (2) In order to obtain a repayment of the amount of tax overpaid, the buyer in the land transaction may—
- (a) within the period allowed for amendment of the land transaction return, amend the return accordingly (see section 41 of TCMA);
 - (b) after the end of that period (if the return is not so amended), make a claim for repayment of the amount overpaid in accordance with Chapter 7 of Part 3 of TCMA as modified by subsection (3).
- (3) In its application to a claim to which subsection (2)(b) applies, Chapter 7 of Part 3 of TCMA applies as if for section 78 there were substituted—

“78 Time limit for making claims

A claim under section 63 to which section 48(2)(b) of LTTA applies must be made before the later of the end of—

- (a) the period of 4 years beginning with the day after the filing date for the tax return to which the land transaction tax already paid relates, or
 - (b) the period of 12 months beginning with the relevant event (within the meaning given in section 48(1)(b) of LTTA).”
- (4) But where the transaction (“the relevant transaction”) is the grant or assignment of a lease, no claim may be made under subsection (2)—
- (a) in respect of the repayment (in whole or in part) of any loan or deposit that is treated by virtue of paragraph 19 of Schedule 6 as being consideration given for the relevant transaction, or
 - (b) in respect of the refund of any of the consideration given for the relevant transaction, in a case where the refund—
 - (i) is made under arrangements that were made in connection with the relevant transaction, and
 - (ii) is contingent on the termination or assignment of the lease or on the grant of a chargeable interest out of the lease.
- (5) This section does not apply—
- (a) so far as the consideration consists of rent (see Schedule 6);
 - (b) where section 21 (annuities) applies.

49 Further return where relief is withdrawn

- (1) The buyer in a land transaction must make a further return to WRA if relief is withdrawn to any extent under—
- (a) Schedule 11 (alternative finance investment bonds);

- (b) Schedule 14 (relief for certain acquisitions of residential property);
 - (c) Schedule 16 (group relief);
 - (d) Schedule 17 (reconstruction or acquisition relief);
 - (e) Schedule 18 (charities relief).
- (2) A return made under this section must—
- (a) be made before the end of the period of 30 days beginning with the day after the day on which the disqualifying event occurred, and
 - (b) include a self-assessment.
- (3) The disqualifying event is—
- (a) in relation to the withdrawal of relief under Schedule 11, an event mentioned in paragraph 14 of that Schedule;
 - (b) in relation to the withdrawal of relief for certain acquisitions of residential property under Schedule 14, an event mentioned in paragraph 8(1), (3) or (4) of that Schedule;
 - (c) in relation to the withdrawal of group relief under Schedule 16, the buyer ceasing to be a member of the same group as the seller within the meaning of that Schedule;
 - (d) in relation to the withdrawal of reconstruction relief or acquisition relief under Schedule 17, an event mentioned in paragraph 5(2) or 7(2) or (3) of that Schedule;
 - (e) in relation to the withdrawal of charities relief under Schedule 18, a disqualifying event as defined in paragraph 2(4), 5(2) or 8(2) of that Schedule.
- (4) Despite section 157(3) of TCMA (late payment interest), the late payment interest start date in relation to an amount—
- (a) stated in a return made under subsection (1)(a) as the tax payable,
 - (b) payable as a result of an amendment or correction to such a return,
 - (c) payable as a result of an assessment made in addition to such a return, or
 - (d) payable as a result of a determination or an assessment made in place of such a return,
- is the day after the end of the period of 30 days beginning with the day after the effective date of the first transaction (and Chapter 1 of Part 6 of that Act is to be read accordingly).
- (5) The Welsh Ministers may by regulations amend subsection (4) so as to substitute for the period for the time being specified there, a different period.

50 Single return in respect of linked transactions with same effective date

- (1) Where there are two or more linked transactions with the same effective date the buyer, or all of the buyers if there is more than one, may make a single return as if all of those transactions were a single notifiable transaction.
- (2) Where two or more buyers make a single return in respect of linked transactions, sections 37 to 40 apply as if—
 - (a) the transactions in question were a single transaction, and
 - (b) those buyers were buyers acting jointly.

51 Return as a result of later linked transaction

- (1) This section applies where the effect of a transaction (“the later transaction”) that is linked to an earlier transaction is that—
 - (a) the earlier transaction becomes notifiable,
 - (b) additional tax is chargeable in respect of the earlier transaction, or
 - (c) tax is chargeable in respect of the earlier transaction where none was chargeable before.
- (2) The buyer in the earlier transaction must make a return in respect of that transaction.
- (3) A return made under this section must—
 - (a) be made before the end of the period of 30 days beginning with the day after the effective date of the later transaction, and
 - (b) include a self-assessment.
- (4) This section does not affect any requirement to make a return in respect of the later transaction.

52 Power to amend period in which returns must be made

- (1) The Welsh Ministers may by regulations amend a provision listed in subsection (2) so as to substitute for the period for the time being specified there, a different period.
- (2) The provisions are—
 - (a) section 44(2)(a);
 - (b) section 47(3)(a);
 - (c) section 49(2)(a);
 - (d) section 51(3)(a);
 - (e) paragraph 24(4)(a) of Schedule 5;
 - (f) paragraph 3(4) of Schedule 6;
 - (g) paragraph 5(5) of that Schedule;
 - (h) paragraph 13(1) of that Schedule.

Declarations

53 Declaration

- (1) A return under this Act must include a declaration by the buyer that the return is, to the best of the buyer’s knowledge, correct and complete.
- (2) But where—
 - (a) the buyer authorises an agent to complete the return,
 - (b) the buyer makes a declaration that, with the exception of the relevant date, the information provided in the return is to the best of the buyer’s knowledge, correct and complete, and
 - (c) the return includes a declaration by the agent that the relevant date provided in the return is to the best of the agent’s knowledge correct,the requirement in subsection (1) is deemed to be met.
- (3) The relevant date is—

- (a) in relation to a return under section 47, the date of the event as a result of which the return is required,
 - (b) in relation to a return under section 49, the date on which the disqualifying event occurred,
 - (c) in relation to a return under section 51, the effective date of the later transaction,
 - (d) in relation to a return under paragraph 24 of Schedule 5, the date on which the interim period that applies in accordance with paragraph 9(5) or 18(5) of that Schedule ended, and
 - (e) in relation to a return made under any other provision of this Act, the effective date of the transaction.
- (4) Nothing in subsection (2) affects the liability of the buyer under this Act or TCMA.

54 Buyer with a disability: declaration by the Official Solicitor

- (1) Where—
- (a) a buyer in a land transaction is disabled,
 - (b) the Official Solicitor is acting for that buyer, and
 - (c) the return includes a declaration by the Official Solicitor that the return is to best of the Official Solicitor’s knowledge correct and complete,
- the requirement in section 53 is deemed to be met.
- (2) Nothing in this section affects the liability of the buyer under this Act or TCMA.
- (3) For the purposes of this section, a person is disabled if they have a disability for the purposes of the [Equality Act 2010 \(c. 15\)](#).
- (4) In this section, the “Official Solicitor” means the Official Solicitor to the Senior Courts.

55 Declaration by person authorised to act on behalf of individual

- (1) This section applies to a declaration mentioned in section 53 that a return is correct and complete.
- (2) Where the buyer is an individual, the requirement that the buyer make such a declaration (alone or jointly with others) is treated as met if a declaration to that effect is made by a person authorised to act on behalf of that individual in relation to the matters to which the return or certificate relates.
- (3) For the purposes of this section a person (“P”) is not regarded as authorised to act on behalf of an individual unless P is so authorised by a power of attorney in writing, signed by that individual.
- (4) This section does not apply where an individual is acting in accordance with section 33 (persons through whom a company acts)—
- (a) as the proper officer of a company, or
 - (b) otherwise on behalf of a company.

CHAPTER 2

LIABILITY FOR AND PAYMENT OF TAX

Liability for tax

56 Liability for tax

- (1) The buyer in a chargeable transaction must pay the tax in respect of that transaction and accordingly the buyer is chargeable to the tax for the purposes of TCMA.
- (2) As to the liability of buyers acting jointly, see—
 - (a) sections 37 to 40 (joint buyers),
 - (b) Schedule 7 (partnerships), and
 - (c) Schedule 8 (trusts).

Payment of tax

57 Payment of tax

- (1) Where a buyer in a land transaction makes a return, the buyer must pay any amount, or any additional amount, of tax payable not later than the filing date for the return.
- (2) Where a buyer in a land transaction amends a return in respect of that transaction, the buyer must pay any amount, or any additional amount, of tax payable as a result of that amendment—
 - (a) if the amendment is made by the filing date for that return, not later than that date, and
 - (b) if the amendment is made after the filing date for the return, when the buyer gives notice of the amendment to WRA.
- (3) But see Chapter 3 (deferral of tax).

CHAPTER 3

DEFERRAL OF TAX

58 Deferral requests in cases of contingent or uncertain consideration

- (1) A buyer in a land transaction where the whole or part of the chargeable consideration is contingent or uncertain (see sections 19 and 20) may give notice to WRA (“a deferral request”) requesting that payment of an amount of tax payable stated in the first return relating to the transaction (“the requested amount”) be deferred.
- (2) But the requested amount may not exceed the deferrable amount (see section 59).
- (3) WRA must agree to a deferral request if—
 - (a) the return and the deferral request are made on or before the filing date for that return,
 - (b) the request—
 - (i) specifies the requested amount to be deferred,

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- (ii) sets out the calculation of the requested amount carried out in accordance with section 59 (including the amount of consideration falling within step 2 of that calculation (“the deferred consideration”)),
 - (iii) sets out the reasons why the deferred consideration is contingent or uncertain and the reasons why it falls to be paid or provided on one or more future dates of which at least one will or may fall more than 6 months after the effective date of the transaction,
 - (iv) proposes an expected end date of the deferral period (see subsection (8)), and
 - (v) contains any other information as may be required by virtue of section 191 of TCMA (giving notices to WRA),
 - (c) WRA is satisfied that the requested amount does not exceed the deferrable amount calculated in accordance with section 59, and
 - (d) the land transaction is not a tax avoidance arrangement nor forms part of arrangements which are tax avoidance arrangements.
- (4) Otherwise WRA must refuse a deferral request (but see subsections (5) and (6)).
- (5) But if WRA thinks that the requested amount exceeds the deferrable amount it may nevertheless grant the deferral request in relation to so much of the requested amount as does not exceed the deferrable amount.
- (6) When agreeing to a deferral request WRA—
 - (a) must determine the amount of tax it agrees to defer (the “deferred amount”);
 - (b) must determine the expected end date of the deferral period (that may be different to the expected end date proposed by the buyer) (see subsection (8));
 - (c) may impose such conditions (including conditions requiring the buyer to make payments of part of the deferred amount at specified times during the deferral period) as WRA thinks appropriate.
- (7) In this section, “tax avoidance arrangement” has the same meaning as in section 31.
- (8) In this Chapter—
 - (a) “deferral period” means the period beginning with the filing date for the return referred to in subsection (1) and ending on the earlier of—
 - (i) the expected end date, or
 - (ii) the date on which an event mentioned in subsection (9) occurs in relation to the deferred consideration;
 - (b) “expected end date” means—
 - (i) the date on which an event mentioned in subsection (9) is expected to occur in relation to the deferred consideration, or
 - (ii) if that date cannot be predicted, the fifth anniversary of the effective date of the transaction (or, where the expected end date is changed under section 62, the fifth anniversary of the previous expected end date).
- (9) The events are—
 - (a) where the deferred consideration is contingent, the date on which contingency occurs or it becomes clear that it will not occur;
 - (b) where the deferred consideration is uncertain, the date on which the consideration becomes ascertained.

59 Calculation of deferrable amount

The deferrable amount in respect of a land transaction to which section 58(1) applies is to be calculated as follows.

Step 1

Calculate the amount of tax chargeable in respect of the land transaction in accordance with section 27 or 28.

Step 2

Determine the amount or value of chargeable consideration for the land transaction that—

- (a) has not already been paid or provided,
- (b) is contingent or uncertain (see sections 19 and 20),
- (c) does not consist of—
 - (i) rent (within the meaning given in Schedule 6), or
 - (ii) an annuity to which section 21 applies, and
- (d) falls to be paid or provided on one or more future dates of which at least one will or may fall more than 6 months after the effective date of the transaction.

That amount or value of consideration is the deferred consideration.

Step 3

Calculate (in accordance with section 27 or 28) the amount of tax that would have been chargeable in respect of the land transaction had the chargeable consideration for the transaction been reduced by the amount or value of the deferred consideration.

Step 4

Deduct the amount of tax calculated under step 3 from the amount calculated under step 1.

The remaining amount of tax is the deferrable amount.

60 Deferral requests: notices of WRA decisions

- (1) Where WRA agrees to a deferral request, it must issue a notice to the buyer specifying—
 - (a) the deferred amount and, if any, the refused amount,
 - (b) the expected end date of the deferral period,
 - (c) any condition WRA has imposed under section 58(6)(c), and
 - (d) if the deferred amount is lower than the proposed deferred amount, the reasons for that decision.
- (2) Where WRA refuses a deferral request, it must issue a notice to the buyer specifying the reasons for the refusal.

61 Deferral requests: effect of WRA's decision

- (1) Where WRA agrees to a deferral request—
 - (a) the buyer must pay the deferred amount before the end of the day following the date on which the deferral period ends (despite section 57), and
 - (b) despite section 157(3) of TCMA, the late payment interest start date in relation to the deferred amount is the date following the date on which the deferred

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amount is required to be paid (and Chapter 1 of Part 6 of TCMA is to be read accordingly).

- (2) Where WRA refuses a deferral request (or agrees to a request but agrees a deferred amount which is lower than the requested amount)—
 - (a) the amount of tax which WRA has refused to defer (“the refused amount”) is required to be paid by the end of the later of—
 - (i) the date on which the buyer receives notice of WRA’s decision, or
 - (ii) the date on which the amount would otherwise be required to be paid in accordance with section 57, and
 - (b) the late payment interest start date for the refused amount is the later of—
 - (i) the day after the date on which the refused amount is required to be paid, or
 - (ii) the date which would otherwise be specified under section 157(3) of TCMA as the late payment interest start date in relation to that amount.
- (3) See sections 47 and 48 for provision about cases where the amount of tax payable changes as a result of—
 - (a) a contingency occurring or not occurring, or
 - (b) uncertain consideration becoming ascertained.

62 Variation of deferral requests

- (1) Where WRA has agreed to a deferral request, the buyer may give notice to WRA requesting—
 - (a) a change to the expected end date;
 - (b) variation or removal of a condition imposed under section 58(6)(c).
- (2) A request under subsection (1) must specify the change in circumstances which the buyer thinks justifies the change, variation or removal.
- (3) If WRA thinks it appropriate to do so, it may—
 - (a) agree to the request made under subsection (1), or
 - (b) agree to—
 - (i) a different expected end date than that requested under subsection (1)(a);
 - (ii) a different variation of a condition than that requested under subsection (1)(b).
- (4) Where WRA makes a decision under this section it must issue a notice to the buyer setting out the decision and the reasons for it.

63 Failure to comply with WRA’s agreement to defer

- (1) If WRA thinks that the buyer—
 - (a) has failed to comply with a condition imposed under section 58(6)(c) or varied under section 62, or
 - (b) has, in relation to the deferral request or a request made under section 62(1)—
 - (i) provided false or misleading information, or
 - (ii) withheld information,

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the deferral request is to be treated as if it had never been made (and section 57 of this Act and section 157 of TCMA apply accordingly).

- (2) In such a case WRA must issue a notice to the buyer stating that deferral request is to be treated as if it had never been made and setting out the consequences of that.

64 Regulations about deferral of tax

- (1) The Welsh Ministers may by regulations—
- (a) make provision for the deferral of tax in cases where the deferred consideration consists of rent (within the meaning given in Schedule 6);
 - (b) make provision applying this Chapter (with such modifications as may be specified in the regulations) to cases where the consideration to which a deferral request relates, or any element of that consideration, consists of—
 - (i) the carrying out of works of construction, improvement or repair of a building or other works to enhance the value of land, or
 - (ii) the provision of services (other than the carrying out of such works);
 - (c) make provision for WRA to make variations under section 62 without the buyer giving notice of a request under subsection (1) of that section (whether by agreement with the buyer or by imposition).
- (2) Regulations under subsection (1) may make such modifications of this Act as the Welsh Ministers consider necessary or expedient.

CHAPTER 4

REGISTRATION OF LAND TRANSACTIONS

65 Registration of land transactions

- (1) The Chief Land Registrar (“the Registrar”) may not register, record or otherwise reflect in an entry made in the register of title maintained by the Registrar a notifiable land transaction or a document effecting or evidencing such a transaction unless a WRA certificate is produced with the application to register, record or otherwise reflect the transaction.
- (2) A “WRA certificate” is a certificate issued by WRA stating that a return has been made in respect of the transaction.
- (3) But subsection (1) does not apply in so far as—
- (a) the notifiable land transaction or a document effecting or evidencing that transaction is required to be registered, recorded or otherwise reflected in an entry made in the register of title without any application to register;
 - (b) the entry registers, records or otherwise reflects an interest or right other than the chargeable interest acquired by the buyer in the land transaction.
- (4) This section does not apply to—
- (a) a contract which is to be treated as a land transaction by virtue of—
 - (i) section 10(4) (contract and transfer), or
 - (ii) section 11(3) (contract providing for transfer to third party);

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- (b) a notional or additional notional transaction within the meaning given in Schedule 2;
 - (c) an agreement for a lease which is to be treated as a land transaction by virtue of paragraph 20(1) of Schedule 6;
 - (d) a variation of a lease which is to be treated as a land transaction by virtue of paragraph 24(1) or 25(1) of that Schedule.
- (5) The Welsh Ministers may by regulations make provision about WRA certificates.
- (6) Regulations made under subsection (5) may in particular—
- (a) make provision as to the conditions that must be met before a certificate is issued;
 - (b) make provision about the issue of duplicate certificates;
 - (c) provide for the issue of multiple certificates where a return is made relating to more than one transaction.
- (7) The Registrar—
- (a) must allow WRA to inspect any certificates produced under this section, and
 - (b) may enter into arrangements for affording WRA other information and facilities for verifying that the requirements of this Act have been complied with.

PART 7

GENERAL ANTI-AVOIDANCE RULE

66 General anti-avoidance rule

After section 81 of TCMA (contract settlements), insert—

“PART 3A

GENERAL ANTI-AVOIDANCE RULE

Overview

81A Meaning of “general anti-avoidance rule” and overview

- (1) This Part makes provision for counteracting tax advantages arising from artificial tax avoidance arrangements, including provision—
- (a) about the meaning of “tax avoidance arrangement”, “artificial” and “tax advantage” (sections 81B to 81D);
 - (b) about WRA’s power to make adjustments to counteract tax advantages and the steps to be taken by WRA in connection with such adjustments (sections 81E to 81G).
- (2) The rules in this Part are collectively to be known as “the general anti-avoidance rule”.

Artificial tax avoidance arrangements

81B Tax avoidance arrangements

- (1) For the purposes of this Part, an arrangement is a “tax avoidance arrangement” if the obtaining of a tax advantage for any person is the main purpose, or one of the main purposes, of a taxpayer entering into the arrangement.
- (2) In determining whether the main purpose, or one of the main purposes, of an arrangement is the obtaining of a tax advantage regard may in particular be had to the amount of devolved tax that would have been chargeable in the absence of the arrangement.
- (3) In this Part—
 - (a) an “arrangement” includes any transaction, scheme, action, operation, agreement, grant, understanding, promise, undertaking, event or any series of any of those things (whether legally enforceable or not);
 - (b) references to an arrangement are to be read as including—
 - (i) a series of arrangements, and
 - (ii) any part or stage of an arrangement comprised of more than one part or stage;
 - (c) “taxpayer” means a person liable to devolved tax or who would be liable but for the tax avoidance arrangement in question.

81C Artificial tax avoidance arrangements

- (1) For the purposes of this Part, a tax avoidance arrangement is “artificial” if the entering into or carrying out of it is not a reasonable course of action in relation to the provisions of Welsh tax legislation applying to the arrangements.
- (2) In determining whether the tax avoidance arrangement is artificial, regard may in particular be had—
 - (a) to any genuine economic or commercial substance to the arrangement (other than the obtaining of a tax advantage);
 - (b) as to whether the arrangement results in an amount of tax chargeable that it is reasonable to assume was not the anticipated result when the relevant provision of Welsh tax legislation was enacted.
- (3) But an arrangement is not artificial if, at the time it was entered into or carried out—
 - (a) the arrangement was consistent with generally prevailing practice, and
 - (b) WRA had indicated its acceptance of that practice.
- (4) Where a tax avoidance arrangement forms part of any other arrangements, regard must also be had to those other arrangements in determining whether the tax avoidance arrangement is artificial.
- (5) In this section, “Welsh tax legislation” means—
 - (a) the Welsh Tax Acts, and
 - (b) any subordinate legislation (within the meaning of section 21 of the [Interpretation Act 1978 \(c. 30\)](#)) made under those Acts.

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81D Meaning of “tax” and “tax advantage

For the purposes of this Part—

“tax” (“*treth*”) means any devolved tax;

“tax advantage” (“*mantais drethiannol*”) means—

- (a) relief or increased relief from tax,
- (b) repayment or increased repayment of tax,
- (c) avoidance or reduction of a charge to tax,
- (d) deferral of a payment of tax or advancement of a repayment of tax,
and
- (e) avoidance of an obligation to deduct or account for tax.

Counteracting tax advantages

81E Adjustments to counteract tax advantages

- (1) WRA may make such adjustments as it considers just and reasonable to counteract a tax advantage that would (ignoring this Part) arise from an artificial tax avoidance arrangement.
- (2) An adjustment may be made in respect of the devolved tax in question or any other devolved tax.
- (3) An adjustment must be made—
 - (a) where the adjustment relates to a tax return in respect of which an enquiry is in progress, by amending the return in a closure notice issued under section 50;
 - (b) otherwise by means of a WRA assessment.
- (4) WRA may not make an adjustment unless it has complied with the requirements of sections 81F and 81G.

81F Notice of proposed counteraction

- (1) WRA may issue a notice (a “proposed counteraction notice”) to a taxpayer if WRA considers—
 - (a) that a tax advantage has arisen to a person from an artificial tax avoidance arrangement, and
 - (b) that the tax advantage should be counteracted by means of an adjustment under section 81E.
- (2) A proposed counteraction notice must—
 - (a) specify the tax avoidance arrangement and the tax advantage,
 - (b) explain why WRA considers that a tax advantage has arisen from an artificial tax avoidance arrangement,
 - (c) set out the adjustment that WRA proposes to make in order to counteract the tax advantage,
 - (d) specify any amount that the taxpayer will be required to pay in accordance with the proposed WRA assessment, and

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- (e) inform the taxpayer—
 - (i) that a final counteraction notice is to be issued after the expiry of the period of 45 days beginning with the day on which the proposed counteraction notice is issued,
 - (ii) that the taxpayer may request that WRA extend that 45 day period, and
 - (iii) that the taxpayer may make written representations to WRA at any time before the final counteraction notice is issued.

81G Final counteraction notice

- (1) WRA must, after the expiry of the 45 day period mentioned in section 81F(2)(e)(i) or such longer period as WRA has agreed to, issue a notice (a “final counteraction notice”) to the taxpayer.
- (2) A final counteraction notice must state whether the tax advantage arising from the tax avoidance arrangement is to be counteracted by means of an adjustment under section 81E.
- (3) In determining whether the tax advantage is to be counteracted WRA must have regard to any written representations made by the taxpayer.
- (4) If a final counteraction notice states that a tax advantage is to be counteracted by means of an adjustment the notice must also—
 - (a) specify the adjustment required to give effect to the counteraction,
 - (b) where the adjustment relates to a tax return in respect of which an enquiry is in progress, specify the amendment of the return which is to be included in the closure notice issued under section 50 when WRA reaches its conclusions in the enquiry,
 - (c) where paragraph (b) does not apply—
 - (i) be accompanied by the WRA assessment which gives effect to the adjustment, or
 - (ii) where a WRA assessment giving effect to the adjustment has been made, specify that assessment, and
 - (d) specify any amount that the taxpayer—
 - (i) will be required to pay as a result of the amendment specified under paragraph (b), or
 - (ii) is required to pay in accordance with the WRA assessment mentioned in paragraph (c).
- (5) If a final counteraction notice states that a tax advantage is not to be counteracted it must state the reasons for WRA’s decision.

Proceedings before a court or tribunal

81H Proceedings in connection with the general anti-avoidance rule

In proceedings before a court or the tribunal in connection with the general anti-avoidance rule, it is for WRA to show—

- (a) that there is an artificial tax avoidance arrangement, and

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- (b) that the adjustments made (or to be made) to counteract the tax advantage arising from the arrangement are just and reasonable.

Commencement and transitional provision

81I General anti-avoidance rule: commencement and transitional provision

- (1) The general anti-avoidance rule has effect in relation to any tax avoidance arrangement entered into on or after the date on which this Part comes into force.
- (2) Where a tax avoidance arrangement forms part of any other arrangements entered into before that day, those other arrangements are to be ignored for the purposes of section 81C(4) unless the result of having regard to those other arrangements would be to determine that the tax avoidance arrangement was not artificial.”

PART 8

INTERPRETATION AND FINAL PROVISIONS

Interpretation

67 Meaning of tax

Except as otherwise provided, in this Act, “tax” means land transaction tax.

68 Meaning of major interest in land

References in this Act to a “major interest” in land are to—

- (a) an estate in fee simple absolute, or
(b) a term of years absolute,

whether subsisting at law or in equity.

69 Meaning of subject-matter and main subject-matter

Except as otherwise provided, references in this Act to the subject-matter of a land transaction are to the chargeable interest acquired (the “main subject-matter”), together with any interest or right appurtenant or pertaining to it that is acquired with it.

70 Meaning of market value

For the purposes of this Act, “market value” is to be determined as for the purposes of the [Taxation of Chargeable Gains Act 1992 \(c. 12\)](#) (see sections 272 to 274 of that Act).

71 Meaning of effective date of transaction

Except as otherwise provided, the effective date of a land transaction for the purposes of this Act is the date of completion.

72 Meaning of residential property

- (1) In this Act, “residential property” means—
 - (a) a building that is used or suitable for use as one or more dwellings, or is in the process of being constructed or adapted for such use;
 - (b) land that is or forms part of the garden or grounds of a building within paragraph (a) (including any building or structure on such land);
 - (c) an interest in or right over land that subsists for the benefit of a building within paragraph (a) or of land within paragraph (b).
- (2) Accordingly, “non-residential property” means any property that is not residential property.
- (3) But see the rule in subsection (9) in the case of a transaction involving 6 or more dwellings.
- (4) For the purposes of subsection (1), a building used for any of the following purposes is used as a dwelling—
 - (a) residential accommodation for school pupils;
 - (b) residential accommodation for students, other than accommodation falling within subsection (5)(b);
 - (c) residential accommodation for members of the armed forces;
 - (d) an institution that is the sole or main residence of at least 90% of its residents and does not fall within any of paragraphs (a) to (f) of subsection (5).
- (5) For the purposes of subsection (1), a building used for any of the following purposes is not used as a dwelling—
 - (a) a home or other institution providing residential accommodation for children;
 - (b) a hall of residence for students in further or higher education;
 - (c) a home or other institution providing residential accommodation with personal care for persons in need of personal care by reason of old age, disability, past or present dependence on alcohol or drugs or past or present mental disorder;
 - (d) a hospital or hospice;
 - (e) a prison or similar establishment;
 - (f) a hotel or similar establishment.
- (6) Where a building is used for a purpose specified in subsection (5), no account is to be taken for the purposes of subsection (1)(a) of its suitability for any other use.
- (7) Where a building that is not in use is suitable for use for at least one of the purposes specified in subsection (4) and at least one of those specified in subsection (5)—
 - (a) if there is one such use for which it is most suitable, or if the uses for which it is most suitable are all specified in the same subsection, no account is to be taken for the purposes of subsection (1)(a) of its suitability for any other use,
 - (b) otherwise, the building is to be treated for those purposes as suitable for use as a dwelling.

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

- (8) In this section, “building” includes part of a building.
- (9) Where 6 or more dwellings are the subject of a single transaction involving the transfer of a major interest in, or the grant of a lease over, them, then, for the purposes of this Act as it applies in relation to that transaction, those dwellings are treated as being non-residential property.
- (10) The Welsh Ministers may by regulations amend this section.

73 Meaning of dwelling

References in this Act to a “dwelling” are to residential property comprising a single dwelling.

74 References to connected persons

- (1) Section 1122 of the [Corporation Tax Act 2010 \(c. 4\)](#) (connected persons) applies for the purposes of any reference in this Act to a person being connected with another person.
- (2) But see the particular provision made in the following provisions—
 - (a) section 23(3)(b) (exceptions to deemed market value rule in transactions with connected companies);
 - (b) paragraphs 16(2)(b) and 24(2)(b) of Schedule 7 (partnership transactions: determining the corresponding partners);
 - (c) paragraph 51 of that Schedule (partnerships: application of section 1122 of the [Corporation Tax Act 2010 \(c. 4\)](#) to Schedule 7 generally);
 - (d) paragraph 5(5) of Schedule 16 (group relief: joint venture companies);
 - (e) paragraph 6(3) of that Schedule (group relief: mortgage arrangements).

75 Other definitions

In this Act—

“child” (“*plentyn*”) means a person under the age of 18;

“consumer prices index” (“*mynegai prisiau defnyddwyr*”) means the all items consumer prices index published by the Statistics Board;

“enactment” (“*deddfiad*”) means an enactment (whenever enacted or made) which is, or is contained in—

- (a) an Act of Parliament,
- (b) an Act or a Measure of the National Assembly for Wales, or
- (c) subordinate legislation (within the meaning of the [Interpretation Act 1978 \(c. 30\)](#)) made under—
 - (i) an Act of Parliament, or
 - (ii) an Act or a Measure of the National Assembly for Wales;

“land” (“*tir*”) includes—

- (a) buildings and structures;
- (b) land covered by water;

“registered social landlord” (“*landlord cymdeithasol cofrestredig*”) means a body registered as a social landlord in a register maintained under section 1(1) of the [Housing Act 1996 \(c. 52\)](#);

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“retail prices index” (“*mynegai prisiau manwerthu*”) means the United Kingdom General Index of Retail Prices published by the Statistics Board under section 21 of the [Statistics and Registration Service Act 2007 \(c. 18\)](#);

“TCMA” (“*DCRht*”) means the [Tax Collection and Management \(Wales\) Act 2016 \(anaw 6\)](#);

“Wales” (“*Cymru*”) has the meaning given by section 158(1) of the [Government of Wales Act 2006 \(c. 32\)](#).

Amendments to the Tax Collection and Management (Wales) Act 2016

76 Amendments to TCMA

Schedule 23 makes amendments to TCMA.

Independent review

77 Independent review of land transaction tax

- (1) The Welsh Ministers must make arrangements for an independent review of land transaction tax to be completed before the expiry of the period of 6 years beginning with the day on which this subsection comes into force.
- (2) Following the completion of the review, the Welsh Ministers must publish a report of it.
- (3) The arrangements mentioned in subsection (1) may include—
 - (a) payment of expenses incurred by a person in carrying out (or assisting in carrying out) the review;
 - (b) provision of assistance (including financial assistance) to such a person;
 - (c) directing WRA to assist in carrying out the review.

Final provisions

78 Power to make consequential etc. provision

- (1) The Welsh Ministers may by regulations make such incidental, consequential, supplemental, transitional, transitory or saving provision as they think appropriate for the purposes of, or in connection with, or for giving full effect to, any provision made by or under this Act.
- (2) Regulations under this section may amend, revoke or repeal any enactment (including any provision made by or under this Act).
- (3) If a statutory instrument contains regulations under this section which the Welsh Ministers consider makes provision which may have the effect mentioned in subsection (4), the instrument may not be made unless a draft has been laid before, and approved by a resolution of, the National Assembly for Wales.
- (4) The effect is that, in respect of a land transaction—
 - (a) the amount of tax chargeable is more than the amount which would be chargeable if the regulations are not made, or

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- (b) tax is chargeable where none would be chargeable if the regulations are not made.

79 Regulations

- (1) Any power to make regulations under this Act—
 - (a) must be exercised by statutory instrument, and
 - (b) includes power to make different provision for different purposes.
- (2) A statutory instrument containing regulations made under any of the following provisions may not be made unless a draft of the instrument has been laid before, and approved by a resolution of, the National Assembly for Wales—
 - (a) section 5(4) (exempt interests);
 - (b) section 18(2) (chargeable consideration);
 - (c) section 24(11) (higher rates residential property transactions);
 - (d) section 30(6) (reliefs);
 - (e) section 33(7) (companies);
 - (f) section 34(6) (unit trusts);
 - (g) section 35(1) (open-ended investment companies);
 - (h) section 36(8) (co-ownership authorised contractual schemes);
 - (i) section 41(2) (partnerships);
 - (j) section 42(2) (trusts);
 - (k) section 46(10) (thresholds for notifiable transactions);
 - (l) section 47(5) (late payment interest start date);
 - (m) section 49(5) (late payment interest start date);
 - (n) section 52(1) (period within which returns must be made);
 - (o) section 64(1) (regulations about deferral of tax);
 - (p) section 72(10) (residential property);
 - (q) paragraph 7 of Schedule 3 (exempt transactions);
 - (r) paragraph 27(2) of Schedule 6 (charging tax on rent element of residential leases);
 - (s) paragraph 32 of that Schedule (temporal discount rate for leases);
 - (t) paragraph 36(1)(b) of that Schedule (specified amount of relevant rent);
 - (u) paragraph 37 of that Schedule (power to amend or repeal paragraphs 34 to 36);
 - (v) paragraph 6(7) of Schedule 13 (multiple dwellings relief: minimum percentage of tax attributable to dwellings);
 - (w) paragraph 3 of Schedule 17 (acquisition relief: proportion of tax relieved).
- (3) Any other statutory instrument containing regulations made under this Act (except an instrument mentioned in subsection (4)) is subject to annulment in pursuance of a resolution of the National Assembly for Wales.
- (4) Subsection (3) does not apply to a statutory instrument containing any of the following—
 - (a) regulations made under section 24(1) or paragraph 27(4) or 28(1) of Schedule 6 (regulations about tax rates and bands);
 - (b) regulations made under section 78 to which subsection (3) of that section applies.

80 Crown application

- (1) This Act binds the Crown.
- (2) But see paragraph 2 of Schedule 3 (which exempts land transactions from charge where the buyer is a specified Crown body).
- (3) And nothing in Chapter 2 of Part 6 (liability for and payment of tax) affects the operation of sections 8 and 9 of the [Crown Private Estates Act 1862 \(c. 37\)](#).
- (4) Subsection (1) does not make the Crown liable to prosecution for an offence.

81 Coming into force

- (1) This Part (except section 76 and Schedule 23) comes into force on the day after the day on which this Act receives Royal Assent.
- (2) The remaining provisions of this Act come into force on such day as the Welsh Ministers may appoint by order made by statutory instrument.
- (3) An order under subsection (2) may appoint different days for different purposes.

82 Short title

The short title of this Act is the Land Transaction Tax and Anti-avoidance of Devolved Taxes (Wales) Act 2017.