

LAND TRANSACTION TAX AND ANTI-AVOIDANCE OF DEVOLVED TAXES (WALES) ACT 2017

EXPLANATORY NOTES

COMMENTARY ON SECTIONS

Part 8 – Interpretation and Final Provisions

Schedule 9 - Sale and Leaseback Relief

300. This Schedule sets out the conditions under which the leaseback element of a sale and leaseback transaction may be relieved from LTT. The relief provides that only a single charge to LTT will arise where transactions are effected as part of financing arrangements through a sale and leaseback. The arrangements involve the seller in a land transaction (“A”) transferring or granting a major interest in land to the buyer (“B”) and out of that interest B grants a lease to A. There will be a charge to LTT on the first transaction (A to B). The second transaction (the grant of a lease from B to A) will attract relief if the qualifying conditions are met. Both transactions will be notifiable.
301. The following conditions have to be met in order to qualify for the relief:
- the interest leased back must be an interest out of the original interest;
 - the transaction from A to B must be given wholly or partly in consideration of the leaseback transaction being entered into;
 - the only other consideration for the sale element, other than the leaseback is the payment of money or release from a debt;
 - the sale must not comprise a transfer of rights under section 12 (contract providing for transfer to third party: effect of transfer of rights) or a pre-completion transaction as defined in Schedule 2 on pre-completion transactions; and
 - where the seller and buyer are both companies at the effective date of the leaseback transaction, they are not members of the same group for the purposes of group relief (see Schedule 16).