

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

EXPLANATORY NOTES

COMMENTARY ON SECTIONS

Part 8 – Interpretation and Final Provisions

Schedule 13 - Relief for acquisitions involving multiple dwellings

321. This Schedule makes provision for relief from LTT for single transactions involving multiple dwellings and multiple linked transactions, which, taken together, involve multiple dwellings. The provisions in this Schedule provide that the total amount of tax chargeable in respect of a particular transaction or transactions involving a number of dwellings reflects more closely the tax that would have been chargeable had each dwelling been purchased through single (unrelated) transactions.

Transactions to which this Schedule applies

322. [Paragraph 3](#) sets out the transactions to which this Schedule applies, which are defined as “relevant transactions”. Sub-paragraph (3) provides that a transaction is a “relevant transaction” if the subject-matter consists of interests in more than one dwelling or interests in more than one dwelling and other property. Sub-paragraph (4) also provides that a “relevant transaction” is a transaction whose the main subject-matter is a single dwelling which is linked to at least one other transaction, where the main subject-matter of the other transaction consists of an interest in some other dwelling. Sub-paragraph (5) excludes certain transactions where other reliefs apply. Where the interest in the dwelling is a lease granted initially for more than 21 years, sub-paragraph (7) excludes any superior interest in that lease in determining whether a transaction is a “relevant transaction”, but this is subject to the circumstances provided for at sub-paragraph (8).
323. Key terms used in the Schedule are defined in paragraph 4.

Determining the amount of tax chargeable

324. [Paragraphs 5, 6 and 7](#) set out how the amount of tax chargeable is to be calculated. Paragraph 5 requires the amount of tax chargeable to be determined by calculating the sum of the tax related to the consideration attributable to dwellings, and the tax related to the remaining consideration. The appropriate rates and bands should be used to establish the charge to tax, including, where relevant, those that relate to higher rates residential property transactions.
325. The calculation of the tax related to the consideration attributable to dwellings is provided for by paragraph 6. This involves calculating an average price for each dwelling and determining the amount of tax that would be charged on that average

price. This amount of tax is then multiplied by the number of dwellings included in the relevant transaction to give the tax related to the consideration attributable to dwellings. For linked transactions, the amount of tax is then apportioned to each transaction in proportion to its share of the total dwellings consideration.

326. Sub-paragraph (2) introduces a “tax floor” to ensure that the amount of tax determined as a result of the above calculation leads to a figure of at least 1% of the total consideration attributable to dwellings. This might occur where the average price for the dwellings falls in the zero rate tax band, leading to the buyer in the relevant transaction being fully relieved from LTT.
327. Sub-paragraph (7) provides that Welsh Ministers may by regulations substitute the current minimum 1% for a different percentage.
328. [Paragraph 7\(1\)](#) provides that the tax related to the remaining consideration is the appropriate fraction of the amount of tax that would be due if this Schedule did not apply. Sub-paragraph (2) sets out the calculation for determining the “appropriate fraction” of the relevant transaction and sub-paragraph (3) defines what is meant by “the total remaining consideration” for the purposes of this Schedule.

Certain buildings not yet constructed or adapted to count as dwelling

329. [Paragraph 8](#) extends the meaning of a “dwelling” to include cases where a contract being substantially performed constitutes the effective date of the transaction, the contract includes an interest in a building or part of a building which is to be constructed or adapted for use as a single dwelling, and where construction or adaptation has not yet commenced.