

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

EXPLANATORY NOTES

COMMENTARY ON SECTIONS

Part 8 – Interpretation and Final Provisions

Schedule 14 – Relief for certain acquisitions of dwellings

Part 3 - Relief for transactions entered into by persons exercising collective rights

341. **Paragraph 10** provides relief from LTT for transactions entered into by persons exercising collective rights. This is where tenants in flats exercise certain statutory rights to acquire an estate or interest (such as the freehold) in the premises containing their flats. The statutory rights relate to a right of first refusal under Part 1 of the Landlord and Tenant Act 1987; and a right to collective enfranchisement under Chapter 1 of Part 1 of the Leasehold Reform, Housing and Urban Development Act 1993. The acquisitions referred to in this paragraph are undertaken by nominees or appointees on behalf of the participating tenants. The relief is provided so that the amount of tax payable will be the averaged amount due from each participating leaseholder had it been possible for that leaseholder to purchase their (averaged) interest in the estate or interest in question separately from the other tenants.
342. Sub-paragraph (2) sets out the calculation for determining the amount of LTT chargeable. This amount is to be determined by dividing the consideration given for the estate or interest in question (for example, the freehold) by the number of qualifying flats, then calculating the amount of tax due on that sum and multiplying the result by the number of qualifying flats contained in the premises.
343. A “qualifying flat” is that held by a tenant who is participating in the exercise of the collective right.