

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

330. This Schedule is introduced by section 30 and makes provision for a range of reliefs in relation to certain transactions where a housebuilder, property trader, or employer acquires a dwelling, provided certain conditions are met. The relief is provided to the housebuilder, property trader or employer, subject to the relevant conditions, to provide liquidity in the property market in cases where a sale of a dwelling is necessary for individuals to move. The dwelling that is subject to the relief should not be acquired by the housebuilder, property trader, or employer with the intention to hold as an investment.
331. In addition, Part 3 of the Schedule provides relief for transactions entered into by persons exercising collective rights.

Part 2 - Relief for certain acquisitions of dwellings

332. [Paragraph 2](#) makes provision for full and partial relief from LTT for an acquisition by a housebuilder of an individual's old dwelling where the individual is also acquiring a new dwelling from the housebuilder.
333. [Paragraph 3](#) of the Schedule provides for full and partial relief from LTT for the acquisition of an individual's old dwelling by a property trader where that individual acquires a new dwelling from a housebuilder.
334. [Paragraph 4](#) makes provision for full and partial relief from LTT in respect of acquisitions by a property trader (who is in business to make such acquisitions) of an individual's old dwelling where a chain of transactions involving the individual selling their old dwelling and acquiring a new one breaks down.
335. [Paragraph 5](#) makes provision for full and partial relief for the acquisition by a property trader of a dwelling from the personal representatives of a deceased individual.
336. [Paragraph 6](#) sets out the rules for the provision of full and partial relief for the acquisition by a property trader of an individual's dwelling in connection with a change of residence by the individual due to relocating for employment purposes.
337. [Paragraph 7](#) provides for full and partial relief where an acquisition is made by an individual's employer of the individual's dwelling in connection with a change of residence by the individual resulting from their relocation of employment.

338. In each the above cases, to qualify for the relief certain conditions have to be met. Land must be within the “permitted area” to qualify for full relief. Where the area of land acquired exceeds the permitted area, partial relief may be claimed. This is calculated by determining the chargeable consideration relating to the “excessive area”, by deducting the market value of the permitted area from the market value of the dwelling.
339. [Paragraph 8](#) sets out the circumstances under which the reliefs provided for in this Schedule are withdrawn. Broadly, these are where the conditions for claiming the relief are no longer satisfied. Where relief is withdrawn, the amount of LTT chargeable is the amount that would have been chargeable in the absence of the relief.
340. [Paragraph 9](#) defines the key terms used in this Schedule. In particular, a “property trader” must be a company or limited liability partnership (“LLP”) or a partnership all of whose members are companies or LLPs that carries on the business of buying and selling 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.