These notes refer to the Land Transaction Tax and Anti-avoidance of Devolved Taxes (Wales) Act 2017 (c.1) which received Royal Assent on 24 May 2017

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

EXPLANATORY NOTES

COMMENTARY ON SECTIONS

Part 8 – Interpretation and Final Provisions

Schedule 17 - Reconstruction and acquisition reliefs

Part 2 - Reconstruction relief

376. Part 2 of the Schedule provides for "reconstruction relief" so that, where the specified conditions are met, a scheme for reconstruction of a company (the "target company") does not attract a charge to LTT. Reconstruction relief is provided for land transactions connected to the transfer of the whole or part of an undertaking from a target company ("T") to an acquiring company ("A"), which form part of a scheme for the reconstruction of T. The consideration for the acquisition must be wholly or partly non-redeemable shares issued in A to T's shareholders, and where the consideration is only partly non-redeemable shares, the rest of the consideration must only consist of the assumption or discharge by A of T's liabilities. 'Non-redeemable shares' are shares that are not redeemable; they may be traded or held to maturity but cannot be bought back by the issuing company at a future date. A key condition of reconstruction relief is that, following the acquisition, a shareholder of T must also be a shareholder of A, and vice versa. Further, any shareholder must hold the same proportion of shares in T and A (or as close as possible). As with group relief, the reconstruction must be for genuine commercial reasons and must not form part of any arrangement to avoid the payment of LTT.