

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

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## EXPLANATORY NOTES

### COMMENTARY ON SECTIONS

#### **Part 8 – Interpretation and Final Provisions**

#### *Schedule 2 - Pre-completion transactions*

#### **Part 5 - Reliefs**

#### **Relief for transferor: assignment of rights**

157. **Paragraph 18** sets out the conditions for full relief (sub-paragraph 2) from LTT where there is an assignment of rights. Relief is available if:
- there is an assignment of rights and a person is liable to LTT in respect of the notional land transaction (see paragraph 8(1)) or any additional land transaction (see paragraph 8(3)); and
  - the original contract had not been substantially performed when the assignment of rights (paragraph 7(1)) was entered into.
158. However, relief is not available if the land transaction under paragraph 7(4) is relieved from LTT by virtue of Schedule 10 (alternative property finance reliefs).

#### **Relief for original buyer: qualifying subsales**

159. **Paragraph 19** sets out the conditions for relief from LTT where there is a qualifying subsale (as defined at sub-paragraph (6)). This provides that relief is available where the pre-completion transaction is:
- a qualifying subsale;
  - the original buyer would (apart from this paragraph) be liable to LTT on the land transaction effected by completion or substantial performance of the original contract;
  - the qualifying subsale is performed at the same time as and in connection with the original contract; and
  - relief is claimed in a land transaction return for the land transaction provided for at (the second bullet point above).
160. Where the qualifying subsale is for the whole of the subject-matter of the original contract, the transaction is relieved from LTT.

*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*

161. Sub-paragraph (3) sets out how to determine the amount of consideration where the qualifying subsale relates to part of the subject-matter of the original contract. In this situation full relief is not available but the amount of the consideration is reduced accordingly. More than one qualifying subsale may result in more than one reduction in LTT.
162. Relief is not available if the original contract was substantially performed before the qualifying subsale was entered into; or the transaction effected by the qualifying subsale is relieved by virtue of Schedule 10 (alternative property finance reliefs).
163. Where there are successive subsales, the conditions for relief set out in this paragraph apply separately to each successive subsale.