

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

EXPLANATORY NOTES

COMMENTARY ON SECTIONS

Part 8 – Interpretation and Final Provisions

Schedule 4 – Chargeable consideration

Exchanges

175. **Paragraph 5** provides that in cases where consideration in a land transaction is partly or entirely in the form of another land transaction (e.g. part-exchange of properties), each transaction is treated separately. This paragraph determines how the consideration is to be valued.
176. When the interest is a major interest in land (as defined in section 68), such as a freehold, the value of the consideration is the market value of the interest acquired (including rent, where the interest is a lease) and any VAT actually chargeable in respect of the acquisition. No regard is to be had to any reduction in market value resulting from anything done, the main purpose (or one of the main purposes) of which is to avoid LTT. This targeted anti-avoidance rule is to stop buyers manipulating the market value of the land to be exchanged so as to pay no, or a lower amount of, LTT.
177. Where the interest is not a major interest in land (such as an easement), it is only the actual consideration given that is relevant (and not the market value of the interest). Where there are two or more relevant acquisitions in one transaction, the chargeable consideration is to be apportioned appropriately to each transaction, by reference to the market value of each interest.
178. These provisions are subject to the rules on partition and do not apply to cases to which paragraph 18 applies (arrangements involving public or educational bodies).