

# Land Transaction Tax and Anti-avoidance of Devolved Taxes (Wales) Act 2017

2017 anaw 1

## PART 2

### THE TAX AND KEY CONCEPTS

#### CHAPTER 4

##### CHARGEABLE TRANSACTIONS AND CHARGEABLE CONSIDERATION

###### *Chargeable transactions*

#### 17 Chargeable transaction

A land transaction is a chargeable transaction unless—

- (a) it is a transaction that is exempt from charge as provided for in Schedule 3, or
- (b) it is a transaction that is relieved from tax by virtue of a provision listed in section 30(2) and in respect of which relief from tax is claimed.

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#### Commencement Information

II S. 17 in force at 1.4.2018 by S.I. 2018/34, art. 3

###### *Chargeable consideration*

#### 18 Chargeable consideration

- (1) Schedule 4 makes provision as to the chargeable consideration for a transaction.

*Changes to legislation: Land Transaction Tax and Anti-avoidance of Devolved Taxes (Wales) Act 2017, CHAPTER 4 is up to date with all changes known to be in force on or before 24 August 2020. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details) View outstanding changes*

- (2) The Welsh Ministers may by regulations amend or repeal the provisions of this Act relating to—
- (a) what is to count as chargeable consideration, or
  - (b) the determination of the amount of chargeable consideration.

**Commencement Information**

**I2** S. 18 in force at 1.4.2018 by S.I. 2018/34, art. 3

**19 Contingent consideration**

- (1) Where the whole or part of the chargeable consideration for a transaction is contingent, the amount or value of the consideration is to be determined for the purposes of this Act on the assumption that the outcome of the contingency will be such that the consideration is payable or, as the case may be, does not cease to be payable.
- (2) In this Act, “contingent”, in relation to consideration, means—
- (a) that it is to be paid or provided only if some uncertain future event occurs, or
  - (b) that it is to cease to be paid or provided if some uncertain future event occurs.

**Commencement Information**

**I3** S. 19 in force at 1.4.2018 by S.I. 2018/34, art. 3

**20 Uncertain or unascertained consideration**

- (1) Where the whole or part of the chargeable consideration for a transaction is uncertain or unascertained, its amount or value is to be determined for the purposes of this Act on the basis of a reasonable estimate.
- (2) In this Act, “uncertain”, in relation to consideration, means that its amount or value depends on uncertain future events.

**Commencement Information**

**I4** S. 20 in force at 1.4.2018 by S.I. 2018/34, art. 3

**21 Annuities**

- (1) This section applies to so much of the chargeable consideration for a land transaction as consists of an annuity payable—
- (a) for life,
  - (b) in perpetuity,
  - (c) for an indefinite period, or
  - (d) for a definite period exceeding 12 years.
- (2) The consideration to be taken into account is limited to 12 years' annual payments.

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- (3) Where the amount payable varies, or may vary, from year to year, the 12 highest annual payments are to be taken into account.
- (4) No account is to be taken of any provision for adjustment of the amount payable in line with the retail prices index, the consumer prices index or any other similar index used to express a rate of inflation.
- (5) References in this section to annual payments are to payments in respect of each successive period of 12 months beginning with the effective date of the transaction.
- (6) For the purposes of this section, the amount or value of any payment is to be determined (if necessary) in accordance with section 19 (contingent consideration) or 20 (uncertain or unascertained consideration).
- (7) References in this section to an annuity include any consideration (other than rent) that falls to be paid or provided periodically; and references to payment are to be read accordingly.

#### Commencement Information

**I5** S. 21 in force at 1.4.2018 by S.I. 2018/34, art. 3

## 22 Deemed market value

- (1) This section applies where the buyer is a company and—
  - (a) the seller is connected with the buyer, or
  - (b) some or all of the consideration for the transaction consists of the issue or transfer of shares in a company with which the seller is connected.
- (2) The chargeable consideration for the transaction is to be taken to be—
  - (a) the amount determined under subsection (3) in respect of the transaction, or
  - (b) if greater, the amount which would be the chargeable consideration for the transaction ignoring this section.
- (3) The amount mentioned in subsection (2)(a) is—
  - (a) the market value of the subject-matter of the transaction as at the effective date of the transaction, and
  - (b) if the acquisition is the grant of a lease at a rent, that rent.
- (4) In this section—
  - “company” (“cwmni”) means any body corporate;
  - “shares” (“cyfranddaliadau”) includes stock and the reference to shares in a company includes a reference to securities issued by a company.
- (5) Where this section applies paragraph 1 of Schedule 3 (exemption of transactions for which there is no chargeable consideration) does not apply.
- (6) This section has effect subject to—
  - (a) the exceptions provided for in section 23, and
  - (b) any other provision affording exemption or relief from tax.

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**Commencement Information**

**I6** S. 22 in force at 1.4.2018 by S.I. 2018/34, art. 3

**23 Exceptions**

- (1) Section 22 (deemed market value) does not apply in the following cases.
- (2) Case 1 is where immediately after the transaction the company holds the property as trustee in the course of a business carried on by it that consists of or includes the management of trusts.
- (3) Case 2 is where—
  - (a) immediately after the transaction the company holds the property as trustee, and
  - (b) the seller is connected with the company only because of section 1122(6) of the Corporation Tax Act 2010 (c. 4).
- (4) Case 3 is where—
  - (a) the seller is a company and the transaction is, or is part of, a distribution of the assets of that company (whether or not in connection with its winding up), and
  - (b) it is not the case that—
    - (i) the subject-matter of the transaction, or
    - (ii) an interest from which that interest is derived,
 has, within the period of 3 years immediately preceding the effective date of the transaction, been the subject of a transaction in respect of which group relief under Schedule 16 was claimed by the seller.
- (5) In this section, “the company” means the company that is the buyer in relation to the transaction in question.

**Commencement Information**

**I7** S. 23 in force at 1.4.2018 by S.I. 2018/34, art. 3

**Changes to legislation:**

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**Changes and effects yet to be applied to the whole Act associated Parts and Chapters:**

Whole provisions yet to be inserted into this Act (including any effects on those provisions):

- Sch. 18 para. 1(aa) inserted by [S.I. 2019/833 reg. 3\(2\)](#)
- Sch. 18 para. 2A-2D inserted by [S.I. 2019/833 reg. 3\(4\)](#)