

SCHEDULE 10

ALTERNATIVE PROPERTY FINANCE RELIEFS

PART 2

THE RELIEFS

Land sold to financial institution and leased to a person

- 2 (1) This paragraph applies where arrangements are entered into between a person (“P”) and a financial institution under which—
- (a) the institution purchases a major interest in land or an undivided share of a major interest in land (“the first transaction”),
 - (b) where the interest purchased is an undivided share, the major interest is held on trust for the institution and P as beneficial tenants in common,
 - (c) the institution (or the person holding the land on trust as mentioned in paragraph (b)) grants to P out of the major interest a lease (if the major interest is freehold) or a sub-lease (if the major interest is leasehold) (“the second transaction”), and
 - (d) the institution and P enter into an agreement under which P has a right to require the institution or its successor in title to transfer to P (in one transaction or a series of transactions) the whole interest purchased by the institution under the first transaction.
- (2) The first transaction is relieved from tax if the seller is—
- (a) P, or
 - (b) another financial institution by whom the interest was acquired under arrangements of the kind mentioned in sub-paragraph (1) entered into between it and P.
- (3) The second transaction is relieved from tax if the provisions of this Act and TCMA relating to the first transaction are complied with (including any requirement to pay tax chargeable on the first transaction).
- (4) A transfer to P that results from the exercise of the right mentioned in sub-paragraph (1)(d) (“a further transaction”) is relieved from tax if—
- (a) the provisions of this Act and TCMA relating to the first and second transactions are complied with, and
 - (b) at all times between the second transaction and the further transaction—
 - (i) the interest purchased under the first transaction is held by a financial institution so far as not transferred by a previous further transaction, and
 - (ii) the lease or sub-lease granted under the second transaction is held by P.
- (5) The agreement mentioned in sub-paragraph (1)(d) is not to be treated—
- (a) as substantially performed unless and until the whole interest purchased by the institution under the first transaction has been transferred to P (and accordingly section 14(1) does not apply), nor

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- (b) as a distinct land transaction by virtue of section 15 (options and rights of pre-emption).
- (6) A further transaction that is relieved from tax by virtue of sub-paragraph (4) is not a notifiable transaction unless it involves the transfer to P of the whole interest purchased by the institution under the first transaction, so far as not transferred by a previous further transaction.

Land sold to financial institution and re-sold to a person

- 3 (1) This paragraph applies where arrangements are entered into between a person (“P”) and a financial institution under which—
 - (a) the institution—
 - (i) purchases a major interest in land (“the first transaction”), and
 - (ii) sells that interest to P (“the second transaction”), and
 - (b) P grants the institution a legal mortgage (as defined in section 205(1)(xvi) of the [Law of Property Act 1925 \(c. 20\)](#)) over that interest.
- (2) The first transaction is relieved from tax if the seller is—
 - (a) P, or
 - (b) another financial institution by whom the interest was acquired under other arrangements of the kind mentioned in paragraph 2(1) entered into between it and P.
- (3) The second transaction is relieved from tax if the financial institution complies with the provisions of this Act and TCMA relating to the first transaction and, where that includes a requirement to pay tax chargeable on the first transaction, the tax so chargeable must be based on chargeable consideration that is not less than the market value of the interest and, in the case of the grant of a lease at a rent, the market rent.
- (4) For the purposes of sub-paragraph (3), the market rent of a lease at any time is the rent which the lease might reasonably be expected to fetch at that time in the open market.

References to P where P is an individual who has died

- 4 References in paragraphs 2 and 3 to P are to be read, in relation to times after P has died, as references to P’s personal representatives.