

LAND AND BUILDINGS TRANSACTION TAX (SCOTLAND) ACT 2013

EXPLANATORY NOTES

THE ACT

Schedule 10 - Group relief

231. The schedule is introduced by section 27. Part 2 provides for relief from LBTT for the intra-group transfer of property held by companies if the relevant conditions are met. Part 3 provides for when relief is wholly or partially withdrawn and Part 4 contains interpretation provisions.
232. [Paragraph 2](#) provides the relief from LBTT for acquisitions of property by companies within groups.
233. Companies are defined as members of a group if one is the 75% subsidiary of the other or both are 75% subsidiaries of a third company (paragraph 43). Company means a body corporate and therefore as such includes a limited liability partnership. Such a member of a group having no share capital cannot be a subsidiary, only a parent company. Paragraphs 44 and 45 further elaborate that ownership means beneficial ownership of the share capital and can include indirect ownership through another company or companies. The amount of ordinary share capital owned is to be determined in accordance with sections 1155 to 1157 of the Corporation Tax Act 2010.
234. The schedule sets out in paragraphs 3 to 8 specific anti-avoidance rules (with exceptions in paragraphs 9 and 10) which restrict the availability of group relief. Availability is restricted where different types of arrangements are entered into relating to control of the companies, the provision of consideration from outside the group, or where the seller and buyer are to cease being members of the same group. Where such arrangements exist at the effective date of the transaction, group relief is not available. Finally, in terms of paragraph 8, relief is unavailable if the transaction itself is not for genuine commercial reasons, or forms part of arrangements the main purpose, or one of the main purposes, of which is the avoidance of liability to LBTT.
235. [Paragraphs 13 to 19](#) cover the situation where group relief is withdrawn. It is withdrawn if, following a successful claim for group relief, the buyer ceases to be a member of the same group as the seller within three years of the date of the transaction (or under arrangements made during the three-year period).
236. [Paragraphs 20 to 31](#) provide exceptions from the withdrawal of group relief in certain cases where companies leave groups, and related anti-avoidance provisions. These are:
- where the de-grouping arises because of anything done in the course of winding up the seller,
 - where there is an acquisition of shares in the buyer by another company to which section 75 of [Finance Act 1986 \(c.41\)](#) applies (subject to exceptions) and the buyer leaves the group as a result,

*These notes relate to the Land and Buildings Transaction Tax (Scotland)
Act 2013 (asp 11) which received Royal Assent on 31 July 2013*

- the buyer ceases to be a member of the same group as the seller in the context of the demutualisation of an insurance company, or
- where the seller leaves the group.

237. Paragraphs 32 to 40 provide for withdrawal of relief in certain cases involving successive transactions. See also section 33 which requires there to be a further return to the Tax Authority where relief is withdrawn. Schedule 10 is modified by paragraphs 38 and 39 of schedule 17 in the case of partnerships.