

SCHEDULE 13
(introduced by section 27)
CHARITIES RELIEF

The relief

- 1 A land transaction is exempt from charge if the buyer is a charity and the qualifying conditions are met.

Qualifying conditions

- 2 The qualifying conditions are—
- (a) that the buyer intends to hold—
 - (i) the subject-matter of the transaction, or
 - (ii) the greater part of that subject-matter,for qualifying charitable purposes, and
 - (b) that the transaction has not been entered into for the purpose of avoiding the tax (whether by the buyer or any other person).

Qualifying charitable purposes

- 3 A buyer holds the subject-matter of a transaction for qualifying charitable purposes if the buyer holds it—
- (a) for use in the furtherance of the charitable purposes of the buyer or of another charity, or
 - (b) as an investment from which the profits are applied to the charitable purposes of the buyer.

Withdrawal of relief

- 4 Relief under this schedule is withdrawn, or partially withdrawn, if—
- (a) a disqualifying event occurs—
 - (i) before the end of the period of 3 years beginning with the effective date of the transaction which was exempt from charge under this schedule (“the relevant transaction”), or
 - (ii) in pursuance of, or in connection with, arrangements made before the end of that period, and
 - (b) at the time of the disqualifying event the buyer holds a chargeable interest—
 - (i) that was acquired by the buyer under the relevant transaction, or
 - (ii) that is derived from an interest so acquired.
- 5 A “disqualifying event” means—
- (a) the buyer ceasing to be established for charitable purposes only, or
 - (b) the subject-matter of the relevant transaction, or any interest or right derived from it, being held or used by the buyer otherwise than for qualifying charitable purposes.
- 6 Where the relevant transaction is exempt from charge by virtue of qualifying condition (a)(ii), the following are also disqualifying events—
- (a) any transfer by the buyer of a major interest in the whole or any part of the subject-matter of the relevant transaction, or

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(b) any grant by the buyer at a premium of a low-rental lease of the whole or any part of that subject-matter,
that is not made for the charitable purposes of the buyer.

7 A lease—

- (a) is granted “at a premium” if there is consideration other than rent, and
- (b) is a “low-rental” lease if the annual rent (if any) is less than £1,000 a year.

8 Where relief is withdrawn, the amount of tax chargeable is the amount that would have been chargeable in respect of the relevant transaction but for the relief.

9 Where relief is partially withdrawn, the amount of tax chargeable is an appropriate proportion of the tax that would have been chargeable but for the relief.

10 An “appropriate proportion” means an appropriate proportion having regard to—

- (a) what was acquired by the buyer under the relevant transaction and what is held by the buyer at the time of the disqualifying event, and
- (b) the extent to which what is held by the buyer at that time becomes used or held for purposes other than qualifying charitable purposes.

11 In relation to a transfer or grant that is, by virtue of paragraph 6, a disqualifying event—

- (a) the date of the event for the purposes of paragraph 4 is the effective date of the transfer or grant,
- (b) paragraph 4(b) has effect as if, for “at the time” there were substituted “immediately before”,
- (c) paragraph 10 has effect as if—
 - (i) in paragraph (a), for “at the time of” there were substituted “immediately before and immediately after”,
 - (ii) paragraph (b) were omitted.

Charitable trusts

12 This schedule applies in relation to a charitable trust as it applies to a charity.

13 “Charitable trust” means—

- (a) a trust of which all the beneficiaries are charities, or
- (b) a unit trust scheme in which all the unit holders are charities.

14 In this schedule as it applies in relation to a charitable trust—

- (a) references to the buyer in paragraph 3(a) and (b) are to the beneficiaries or unit holders, or any of them,
- (b) the reference to the buyer in paragraph 5(a) is to any of the beneficiaries or unit holders,
- (c) the reference in paragraph 6 to the charitable purposes of the buyer is to those of the beneficiaries or unit holders, or any of them.

Interpretation

15 (1) In this schedule, “charity” means—

- (a) a body registered in the Scottish Charity Register, or
- (b) a body which is—
 - (i) established under the law of a relevant territory,

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- (ii) managed or controlled wholly or mainly outwith Scotland, and
- (iii) meets at least one of the conditions in sub-paragraph (2).

(2) The conditions are—

- (a) the body is registered in a register corresponding to the Scottish Charity Register,
- (b) the body's purposes consist only of one or more of the charitable purposes.

(3) A relevant territory is—

- (a) England and Wales,
- (b) Northern Ireland,
- (c) a member State of the European Union other than the United Kingdom, or
- (d) a territory specified in regulations made by the Scottish Ministers.

16 In this schedule, "charitable purposes" has the meaning given by section 106 of the Charities and Trustee Investments (Scotland) Act 2005 ([asp 10](#)).

17 In this schedule, "annual rent" means the average annual rent over the term of the lease or, if—

- (a) different amounts of rent are payable for different parts of the term, and
- (b) those amounts (or any of them) are ascertainable at the time of the disqualifying event,

the average annual rent over the period for which the highest ascertainable rent is payable.