

## SCHEDULE 19 LEASES

### PART 6

#### OTHER PROVISION ABOUT LEASES

##### *Treatment of leases for indefinite term*

- 22 (1) For the purposes of this Act (except section 30 (notifiable transactions))—
- (a) a lease for an indefinite term is treated in the first instance as if it were a lease for a fixed term of 1 year,
  - (b) if the lease continues after the end of the term resulting from the application of paragraph (a), it is treated as if it were a lease for a fixed term of 2 years,
  - (c) if the lease continues after the end of the term resulting from the application of paragraph (b), it is treated as if it were a lease for a fixed term of 3 years,
- and so on.
- (2) In a case where no land transaction return or any other return has been made in relation to the transaction, where the effect of sub-paragraph (1) in relation to the continuation of the lease after the end of a deemed fixed term is that the transaction becomes notifiable—
- (a) the buyer must make a return in respect of that transaction before the end of the period of 30 days after the end of that term,
  - (b) the return must include an assessment of the tax that, on the basis of the information contained in the return, is chargeable in respect of the transaction, and
  - (c) the tax so chargeable is to be calculated by reference to the tax rates and tax bands in force at the effective date of the transaction.
- (3) For the purposes of section 30 (notifiable transactions) a lease for an indefinite term is a lease for a term of less than 7 years.
- (4) References in this paragraph to a lease for an indefinite term include an interest or right terminable by a period of notice or by notice at any time.