

ATODLEN

Rheoliad 2

“SCHEDULE 5A

Section 131

LIMITS ON AMOUNT OF DISCOUNT RELEVANT COSTS

Introductory

1. In this Schedule —

“cost floor” means the amount mentioned in section 131(1)(a) (limits on amount of discount), and

“relevant costs” means the costs to be taken into account for the purposes of section 131(1)(a).

Relevant costs

2.—(1) Except where a case falls within paragraph 3 and subject to paragraph 4, the costs which may be treated as relevant costs are the following costs (including value added tax) incurred by the landlord —

- (a) the costs of construction of the dwelling-house (including site development works and the acquisition of land);
- (b) the costs of acquisition of the dwelling-house;
- (c) the costs of works initially required following the acquisition of the dwelling-house by the landlord to put it in good repair or to deal with any defect affecting it;
- (d) where the aggregate of the costs of works of repair or maintenance or works to deal with any defect affecting the dwelling-house (except works within paragraph (c) above) exceeds the sum of £5,500, the costs in excess of that amount; and
- (e) the costs of other works to the dwelling-house, except costs of the kind mentioned in paragraph (d).

(2) The following costs shall not be treated as relevant costs for the purposes of subparagraph (1) —

- (a) any administrative costs;
- (b) interest; and
- (c) any costs which are recoverable by the landlord as a service charge or an improvement contribution.

3.—(1) Subject to paragraph 4, where the Secretary of State or the National Assembly for Wales consented to the disposal of a qualifying dwelling-house under section 32 or 43 and the sale price attributed to the dwelling-house on that disposal was nil, the costs which may be treated as relevant costs are the following costs (including value added tax) incurred by the landlord —

- (a) the costs of works initially required following the acquisition of the dwelling-house by the landlord to put it in good repair or to deal with any defect affecting it;
- (b) the costs of works of repair or maintenance or works to deal with any defect affecting the dwelling-house;
- (c) the costs of improvement or other works to the dwelling-house;
- (d) the costs of works to any garage or parking area where the facility benefits the dwelling-house;
- (e) the costs of works to provide or improve any communal facility provided in particular for the benefit of the dwelling-house;

Statws This is the original version (as it was originally made). Dim ond ar ei ffurf wreiddiol y mae'r eitem hon o ddeddfwriaeth ar gael ar hyn o bryd.

- (f) professional fees and consultancy fees; and
 - (g) administrative costs not exceeding the sum of £2,000.
- (2) The following costs shall not be treated as relevant costs for the purposes of sub-paragraph (1) —
- (a) interest; and
 - (b) any costs which are recoverable by the landlord as a service charge or an improvement contribution.
4. Costs incurred on any relevant works shall not be treated as relevant costs if payment for them was made—
- (a) in a period of account ending more than fifteen years before the date of service of the qualifying person's notice under section 122; or
 - (b) on or after the date of service of the qualifying person's notice under section 122 unless:—
 - (i) the landlord has before that date entered into a written contract for the carrying out of works; or
 - (ii) the qualifying person has agreed in writing to the carrying out of works and the works have been carried out not later than the date of service of the landlord's notice under section 125 (notice of purchase price) or the works will be carried out under the proposed terms of the conveyance or grant; or
 - (iii) the qualifying person was served a notice in writing under paragraph 3(2) of Schedule 3A (consultation on transfer) and the costs come within paragraphs 2(1)(c) or 3(1)(a) above.

Ascertainment of cost floor

5. The cost floor is an amount equal to the aggregate of the costs which may be treated as relevant costs under the provisions of paragraph 2 or, as the case may be, paragraph 3, and of paragraph 4.

Estimates

6. An estimate may be made for the purposes of arriving at the cost floor for a qualifying dwelling-house where the amount of any relevant costs or payments for them cannot readily be ascertained.

Companies

7.—(1) In a case where a landlord is a company, references to the landlord in paragraphs 2, 3 and 4 include references to a connected company.

(2) For this purpose “connected company” means a subsidiary or holding company within the meaning of section 736 of the Companies Act 1985(1).”

(1) 1986 p.6; amnewidiwyd adran 736 gan adran 144(1) o Ddeddf Cwmnïau 1989 (p.40).