

SCHEDULES

SCHEDULE 18

ALLOWABLE PREMIUMS

PART I

PREMIUM ALLOWED ON ASSIGNMENT OF TENANCY WHERE PREMIUM LAWFULLY PAID ON GRANT

- 1 (1) This Part of this Schedule applies where—
- (a) a premium was lawfully required and paid, or lawfully received, in respect of the grant, renewal or continuance of a protected tenancy of a dwelling-house which is a regulated tenancy; and
 - (b) since that grant, renewal or continuance the landlord has not granted a tenancy of the dwelling-house under which, as against the landlord, a person became entitled to possession, other than the person who was so entitled to possession of the dwelling-house immediately before that tenancy began ; and
 - (c) a rent for the dwelling-house is registered under Part IV of this Act and the rent so registered is higher than the rent payable under the tenancy.
- (2) Any reference in this Part of this Schedule to a premium does not include a premium which consisted only of any such outgoings, sum or amount as fall within section 120(3) of this Act and, in the case of a premium which included any such outgoings, sum or amount, so much only of the premium as does not consist of those outgoings, sum or amount shall be treated as the premium for the purposes of this Part of this Schedule.

- 2 In a case where this Part of this Schedule applies, nothing in section 120 of this Act shall prevent any person from requiring or receiving, on an assignment of the protected tenancy referred to in paragraph 1(1)(a) above or any subsequent protected tenancy of the same dwelling-house, a premium which does not exceed an amount calculated (subject to paragraph 4 below) in accordance with the formula—

$$\frac{P \times A}{G}$$

where

P is the premium referred to in paragraph 1(1)(a) above ;

A is the length of the period beginning on the date on which the assignment in question takes effect and ending on the relevant date; and

G is the length of the period beginning on the date of the grant, renewal or continuance in respect of which the premium was paid and ending on the relevant date.

Status: This is the original version (as it was originally enacted).

- 3 (1) If, although the registered rent is higher than the rent payable under the tenancy, the lump sum equivalent of the difference is less than the premium, paragraph 2 above shall have effect as if P were the lump sum equivalent.
- (2) For the purposes of this Part of this Schedule, the lump sum equivalent of the difference between the two rents referred to in sub-paragraph (1) above shall be taken to be that difference multiplied by the number of complete rental periods falling within the period beginning with the grant, renewal or continuance in respect of which the premium was paid and ending on the relevant date.
- 4 Where any rates in respect of the dwelling-house are borne by the landlord or a superior landlord, the amount of the registered rent shall be taken, for the purposes of this Part of this Schedule, to be increased by the amount of the rates so borne in respect of the rental period comprising the date from which the registration took effect.
- 5 (1) Any reference in this Part of this Schedule to the relevant date shall be construed in accordance with this paragraph.
- (2) Where the tenancy referred to in paragraph 1(1)(a) above was granted, renewed or continued for a term of years certain exceeding 7 years and that term has not expired when the assignment takes effect, the relevant date is the date of the expiry of that term.
- (3) In any other case, the relevant date is the date of the expiry of 7 years from the commencement of the term, or, as the case may be, the renewal or continuance of the term in respect of which the premium was paid.
- (4) For the purposes of this paragraph—
- (a) a term of years shall be treated as certain notwithstanding that it is liable to determination by re-entry or on the happening of any event other than the giving of notice by the landlord to determine the term ; and
 - (b) a term of years determinable by the landlord giving notice to determine it shall be treated as a term of years certain expiring on the earliest date on which such a notice given after the date of the assignment would be capable of taking effect.