

---

## EXPLANATORY NOTE

*(This note is not part of the Regulations)*

These Regulations amend the Land Transaction Tax (Transitional Provisions) (Wales) Regulations 2018 to make further transitional provision in respect of a specific case where a fixed term lease continues for a period of more than a year after its contractual termination date (a period known as “holdover”), and is subsequently renewed and backdated to a day during holdover.

Where the conditions in paragraph 8(1) of Schedule 6 to the Land Transaction Tax and Anti-avoidance of Devolved Taxes (Wales) Act 2017 have been met, rent payable under the new lease is reduced for the purposes of land transaction tax by the amount of taxable rent payable in respect of the holdover tenancy.

The amendment made by regulation 2 ensures that the reduction available under paragraph 8(3) of that Schedule applies in respect of leases granted prior to 1 April 2018 but renewed on or after that date, notwithstanding that the rent payable during the holdover was chargeable to stamp duty land tax.

The Welsh Ministers’ Code of Practice on the carrying out of Regulatory Impact Assessments was considered in relation to these Regulations. As a result, a Regulatory Impact Assessment has been prepared as to the likely costs and benefits of complying with these Regulations. A copy can be obtained from the Welsh Government, Cathays Park, Cardiff, CF10 3NQ.