

LAND TRANSACTION TAX AND ANTI-AVOIDANCE OF DEVOLVED TAXES (WALES) ACT 2017

EXPLANATORY NOTES

GENERAL OVERVIEW OF THE ACT

8. The Act comprises 82 sections and 23 Schedules and is divided into eight Parts as follows:

Part 1 – Overview

This Part sets out how the Act is structured.

Part 2 – The Tax and Key Concepts

Part 2 establishes LTT and sets out the fundamental concepts that underpin the operation of the tax. This Part also introduces the schedules on pre-completion transactions, transactions exempt from charge and chargeable consideration.

Part 3 – Calculation of Tax and Reliefs

This Part makes provision for how the tax is to be calculated and provides that the Welsh Ministers can by regulations set and subsequently change the tax rates and tax bands for LTT. In addition, this Part introduces the majority of the schedules which govern the operation of the reliefs available, and the schedule on higher rates residential property transactions. It also establishes the anti-avoidance provisions related to the reliefs to ensure reliefs cannot be claimed where they form or contribute to “tax avoidance arrangements”.

Part 4 – Leases

This Part introduces the Schedule on leases, which makes provision for the application of this Act to leases.

Part 5 – Application of Act and TCMA to Certain Persons and Bodies

Part 5 contains provision about the application of the Act in relation to certain types of buyer, including partnerships, companies and trusts and introduces the relevant schedules.

Part 6 – Returns and Payments

Part 6 sets out the framework for making land transaction returns and for the payment of the tax.

Part 7 – General Anti-avoidance Rule

Part 7 amends TCMA to make provision for a general anti-avoidance rule (GAAR) to apply to devolved taxes in Wales. The GAAR introduces certain tests by virtue of which WRA is able to intervene to counteract any “tax advantages” arising from artificial “tax avoidance arrangements”.

These notes refer to the Land Transaction Tax and Anti-avoidance of Devolved Taxes (Wales) Act 2017 (c.1) which received Royal Assent on 24 May 2017

Part 8 – Interpretation and Final Provisions

This Part contains provisions on subordinate legislation powers and commencement as well as other final and ancillary provisions. It also introduces Schedule 23 which sets out amendments that this Act makes to TCMA.