

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

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## EXPLANATORY NOTES

### COMMENTARY ON SECTIONS

#### **Part 8 – Interpretation and Final Provisions**

##### *Schedule 12 - Relief for incorporation of limited liability partnership*

319. The introduction of limited liability partnerships (LLPs) under the Limited Liability Partnerships Act 2000 created a new business vehicle into the UK providing partners in a LLP with limited liability. Relief, subject to the conditions specified, is provided to enable existing partnerships to incorporate as an LLP without incurring LTT charges on land transactions effected as part of that incorporation.
320. This Schedule sets out the three conditions which must be satisfied for land transferred in connection with the incorporation of an LLP to be relived from LTT. The conditions to be satisfied are:
- the effective date of the transaction cannot be more than one year after the date of the incorporation of the LLP;
  - at the relevant time (which is defined by paragraph 5(1)) the transferor:
    - is a partner in a partnership comprised of all the persons who are (or who are to be) members of the LLP (and no other person); or
    - holds the interest on bare trust for one or more of the partners; and
  - the proportions of the interests held by the partners are the same before and after the transaction or, where they are different, the differences are not as a result of entering a tax avoidance arrangement to avoid LTT or other tax.