

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

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## **EXPLANATORY NOTES**

### **COMMENTARY ON SECTIONS**

#### **Part 2 – the Tax and Key Concepts**

##### ***Sections 3–5 - Land transaction, chargeable interest and exempt interest***

11. A “land transaction” is defined as an acquisition of a chargeable interest (section 3). A “chargeable interest” is any estate, interest, right or power in or over land in Wales or the benefit of an obligation under any restriction that affects such an estate, interest, right or power in or over land in Wales (section 4). Land in Wales does not include land below mean water mark.
12. **Section 5** provides that chargeable interests do not include exempt interests. For the purposes of LTT exempt interests include (amongst others):
  - a security interest (e.g. a mortgage);
  - a licence to use or occupy land;
  - a tenancy at will; a franchise or a manor. The term “manor” relates only to a Lordship of the manor or seignory. A seignory may be accompanied by chargeable interests such as profits à prendre which will not be exempt interests.
13. Further provision for exempt interests in relation to alternative financial arrangements is made in paragraph 7 of Schedule 10.
14. The Welsh Ministers may vary by regulations the interests in land that are exempt interests. Such regulations will be subject to the affirmative procedure.