

SCHEDULES

SCHEDULE 26

CAPITAL TRANSFER TAX : CONDITIONAL EXEMPTION

Principal amendments

4 The following shall be inserted after section 32 of that Act—

“32A Associated properties.

- (1) For the purposes of this section the following properties are associated with each other, namely, a building falling within section 31(1)(c) above and (to the extent that any of the following exists) an area or areas of land falling within section 31(1)(d) above in relation to the building and an object or objects falling within section 31(1)(e) above in relation to the building; and this section applies where there are such properties, which are referred to as associated properties.
- (2) Where there has been a conditionally exempt transfer of any property (or part), tax shall be charged under this section in respect of that property (or part) on the first occurrence after the transfer of an event which under this section is a chargeable event with respect to that property (or part).
- (3) If the Treasury are satisfied that at any time an undertaking given under section 30 above or this section for the maintenance, repair, preservation, access or keeping of any of the associated properties has not been observed in a material respect, then (subject to subsection (10) below) the failure to observe the undertaking is a chargeable event with respect to the whole of each of the associated properties of which there has been a conditionally exempt transfer.
- (4) If
 - (a) the person beneficially entitled to property dies, or
 - (b) property (or part of it) is disposed of, whether by sale or gift or otherwise,then, if the property is one of the associated properties and an undertaking for its maintenance, repair, preservation, access or keeping has been given under section 30 above or this section, the death or disposal is (subject to subsections (5) to (10) below) a chargeable event with respect to the whole of each of the associated properties of which there has been a conditionally exempt transfer.
- (5) Subject to subsection (6) below, the death of a person beneficially entitled to property, or the disposal of property (or part), is not a chargeable event if the personal representatives of the deceased (or, in the case of settled property, the trustees or the person next entitled) within three years of the death make or, as the case may be, the disposal is—

Status: This is the original version (as it was originally enacted).

- (a) a disposal of the property (or part) concerned by sale by private treaty to a body mentioned in Schedule 3 to this Act, or to such a body otherwise than by sale, or
 - (b) a disposal of the property (or part) concerned in pursuance of section 230 below.
- (6) Where a disposal mentioned in subsection (5)(a) or (b) above is a part disposal, that subsection does not make the event non-chargeable with respect to property other than that disposed of unless any undertaking previously given under section 30 above or this section for the maintenance, repair, preservation, access or keeping of the property (or part) concerned is replaced by a corresponding undertaking given by such person as the Treasury think appropriate in the circumstances of the case; and in this subsection "part disposal" means a disposal of property which does not consist of or include the whole of each property which is one of the associated properties and of which there has been a conditionally exempt transfer.
- (7) Where, after a relevant disposal (that is, a disposal mentioned in subsection (5)(a) or (b) above made in circumstances where that subsection applies), a person beneficially entitled to the property (or part) concerned dies or the property (or part) concerned is disposed of, the death or disposal is not a chargeable event with respect to the property (or part) concerned unless there has again been a conditionally exempt transfer of the property (or part) concerned after the relevant disposal.
- (8) The death of a person beneficially entitled to property, or the disposal of property (or part) otherwise than by sale, is not a chargeable event if—
- (a) the transfer of value made on the death or the disposal is itself a conditionally exempt transfer of the property (or part) concerned, or
 - (b) any undertaking previously given under section 30 above or this section for the maintenance, repair, preservation, access or keeping of anything falling within the associated properties is replaced by a corresponding undertaking given by such person as the Treasury think appropriate in the circumstances of the case.
- (9) If—
- (a) the whole or part of any property is disposed of by sale, and
 - (b) any undertaking previously given under section 30 above or this section for the maintenance, repair, preservation, access or keeping of the property (or part) concerned is replaced by a corresponding undertaking given by such person as the Treasury think appropriate in the circumstances of the case,
- the disposal is a chargeable event only with respect to the whole or part actually disposed of (if it is a chargeable event with respect to such whole or part apart from this subsection).
- (10) If—
- (a) the Treasury are satisfied that there has been a failure to observe, as to one of the associated properties or part of it, an undertaking for the property's maintenance, repair, preservation, access or keeping, or
 - (b) there is a disposal of one of the associated properties or part of it,

and it appears to the Treasury that the entity consisting of the associated properties has not been materially affected by the failure or disposal, they may direct that it shall be a chargeable event only with respect to the property or part as to which there has been a failure or disposal (if it is a chargeable event with respect to that property or part apart from this subsection).”