

Status: Point in time view as at 01/10/1996.

Changes to legislation: Leasehold Reform, Housing and Urban Development Act 1993, Part V is up to date with all changes known to be in force on or before 26 July 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details)

SCHEDULES

SCHEDULE 6

PURCHASE PRICE PAYABLE BY NOMINEE PURCHASER

Commencement Information

II Sch. 6 wholly in force at 1.11.1993 see s. 188(2) and S.I. 1993/2134, art. 5

PART V

VALUATION ETC. OF INTERESTS IN SPECIFIED PREMISES WITH NEGATIVE VALUES

Valuation of freehold and intermediate leasehold interests

- 14 (1) Where—
- (a) the value of [^{F1}a] freeholder's interest in the specified premises (as determined [^{F1}for the relevant purposes]), or
 - (b) the value of any intermediate leasehold interest (as determined [^{F2}for the relevant purposes]),
- is a negative amount, the value of the interest for [^{F3}those] purposes shall be nil.
- (2) Where sub-paragraph (1) applies to any intermediate leasehold interest whose value is a negative amount (“the negative interest”), then for the relevant purposes any interests in the specified premises superior to the negative interest and having a positive value shall be reduced in value—
- (a) beginning with the interest which is immediately superior to the negative interest and continuing (if necessary) with any such other superior interests in order of proximity to the negative interest;
 - (b) until the aggregate amount of the reduction is equal to the negative amount in question; and
 - (c) without reducing the value of any interest to less than nil.
- (3) In a case where sub-paragraph (1) applies to two or more intermediate leasehold interests whose values are negative amounts, sub-paragraph (2) shall apply separately in relation to each of those interests—
- (a) beginning with the interest which is inferior to every other of those interests and then in order of proximity to that interest; and
 - (b) with any reduction in the value of any interest for the relevant purposes by virtue of any prior application of sub-paragraph (2) being taken into account.
- [^{F4}(3A) Where sub-paragraph (2) applies—
- (a) for the purposes of paragraph 5A(2)(a), and

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- (b) in relation to an intermediate leasehold interest in relation to which there is more than one immediately superior interest,
any reduction in value made under that sub-paragraph shall be apportioned between the immediately superior interests.]
- (4) For the purposes of sub-paragraph (2) an interest has a positive value if (apart from that sub-paragraph) its value for the relevant purposes is a positive amount.
- (5) In this Part of this Schedule “the relevant purposes”—
- (a) as respects [^{F5}a] freeholder’s interest in the specified premises, means the purposes of paragraph 2(1)(a) [^{F6}or, as the case may be, 5A(2)(a)]; and
- (b) as respects any intermediate leasehold interest, means the purposes of paragraph 6(1)(b)(i).

Textual Amendments

- F1** Words in Sch. 6 para. 14(1)(a) substituted (1.10.1996) by 1996 c. 52, s. 107, **Sch. 10 para. 18(10)(a)**; S.I. 1996/2212, **art. 2(2)** (with saving in Sch.)
- F2** Words in Sch. 6 para. 14(1)(b) substituted (1.10.1996) by 1996 c. 52, s. 107, **Sch. 10 para. 18(10)(b)**; S.I. 1996/2212, **art. 2(2)** (with saving in Sch.)
- F3** Words in Sch. 6 para. 14(1) substituted (1.10.1996) by 1996 c. 52, s. 107, **Sch. 10 para. 18(10)(c)**; S.I. 1996/2212, **art. 2(2)** (with saving in Sch.)
- F4** Sch. 6 para. 14(3A) inserted (1.10.1996) by 1996 c. 52, s. 107, **Sch. 10 para. 18(11)**; S.I. 1996/2212, **art. 2(2)** (with saving in Sch.)
- F5** Words in Sch. 6 para. 14(5)(a) substituted (1.10.1996) by 1996 c. 52, s. 107, **Sch. 10 para. 18(12)(a)**; S.I. 1996/2212, **art. 2(2)** (with saving in Sch.)
- F6** Words in Sch. 6 para. 14(5)(a) inserted (1.10.1996) by 1996 c. 52, s. 107, **Sch. 10 para. 18(12)(b)**; S.I. 1996/2212, **art. 2(2)** (with saving in Sch.)

Calculation of marriage value

- 15 (1) Where (as determined in accordance with paragraph 4(3) and (4)) the value of any interest—
- (a) when held by the person from whom it is to be acquired by the nominee purchaser, or
- (b) when acquired by the nominee purchaser,
- is a negative amount, then for the purposes of paragraph 4(2) the value of the interest when so held or acquired shall be nil.
- (2) Where sub-paragraph (1) above applies to any intermediate leasehold interest whose value when held or acquired as mentioned in paragraph (a) or (b) of that sub-paragraph is a negative amount, paragraph 14(2) to (4) shall apply for determining for the purposes of paragraph 4(2) the value when so held or acquired of other interests in the specified premises, as if—
- (a) any reference to paragraph 14(1) were a reference to sub-paragraph (1) above; and
- (b) any reference to the relevant purposes were, as respects any interest, a reference to the purposes of paragraph 4(2) as it applies to the interest when so held or acquired.

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- (3) References in paragraph 16 or 17 to paragraph 14(2) or (3) do not extend to that provision as it applies in accordance with sub-paragraph (2) above.
- [^{F7}(4) References in this paragraph to paragraph 4(2), (3) or (4) extend to that provision as it applies in accordance with paragraph 5A(2)(b).]

Textual Amendments

- F7** Sch. 6 para. 15(4) inserted (1.10.1996) by 1996 c. 52, s. 107, Sch. 10 para. 18(13); S.I. 1996/2212, art. 2(2) (with saving in Sch.)

Apportionment of marriage value

- 16 (1) Where paragraph 14(1) applies to an interest, the value of the interest for the purposes of paragraph 9(2) shall be nil, unless sub-paragraph (2) below applies.
- (2) In a case where paragraph 14(1) applies to [^{F8}a] freeholder's interest in the specified premises and to every intermediate leasehold interest—
- (a) sub-paragraph (1) above shall not apply for the purposes of paragraph 9(2); and
- (b) any division falling to be made on the proportional basis referred to in paragraph 9(2) shall be so made in such a way as to secure that the greater the negativity of an interest's value the smaller the share in respect of the interest.
- (3) In a case where—
- (a) paragraph 14(2) operates to reduce the value of any such superior interest as is there mentioned (“the superior interest”), and
- (b) after the operation of that provision there remains any interest whose value for the relevant purposes is a positive amount,
- the value of the superior interest for the purposes of paragraph 9(2) shall be the value which (in accordance with paragraph 14(2)) it has for the relevant purposes.
- (4) In a case where—
- (a) paragraph 14(2) operates to reduce the value of any such superior interest as is there mentioned (“the superior interest”), but
- (b) after the operation of that provision there remains no such interest as is mentioned in sub-paragraph (3)(b) above,
- the value of the superior interest for the purposes of paragraph 9(2) shall be the value which it has for the relevant purposes apart from paragraph 14(2).

Textual Amendments

- F8** Word in Sch. 6 para. 16(2) substituted (1.10.1996) by 1996 c. 52, s. 107, Sch. 10 para. 18(14); S.I. 1996/2212, art. 2(2) (with savings in Sch.)

Adjustment of compensation

- 17 (1) Where—

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- (a) paragraph 14(2) operates to reduce the value of any such superior interest as is there mentioned (“the superior interest”), and
- (b) apart from this paragraph any amount of compensation is payable under paragraph 8 to the owner of any relevant inferior interest in respect of that interest,

there shall be payable to the owner of the superior interest so much of the amount of compensation as is equal to the amount of the reduction or, if less than that amount, the whole of the amount of compensation.

(2) Where—

- (a) paragraph 14(2) operates to reduce the value of two or more such superior interests as are there mentioned (“the superior interests”), and
- (b) apart from this paragraph any amount of compensation is payable under paragraph 8 to the owner of any relevant inferior interest in respect of that interest,

sub-paragraph (1) shall apply in the first instance as if the reference to the owner of the superior interest were to the owner of such of the superior interests as is furthest from the negative interest, and then, as respects any remaining amount of compensation, as if that reference were to the owner of such of the superior interests as is next furthest from the negative interest, and so on.

(3) In sub-paragraph (1) or (2) “relevant inferior interest”, in relation to any interest whose value is reduced as mentioned in that sub-paragraph (“the superior interest”), means—

- (a) the negative interest on account of which any such reduction is made, or
- (b) any other interest intermediate between that negative interest and the superior interest;

but sub-paragraph (1) shall apply in the first instance in relation to any amount of compensation payable to the owner of that negative interest, and then, for the purpose of offsetting (so far as possible) any reduction remaining to be offset in accordance with sub-paragraph (1) or (2), in relation to any amount of compensation payable to the owner of the interest immediately superior to that negative interest, and so on in order of proximity to it.

(4) To the extent that an amount of compensation is payable to the owner of any interest by virtue of this paragraph—

- (a) paragraph 2(1)(c) [F9, 5A(2)(c)] or 6(1)(b)(ii) shall have effect as if it were an amount of compensation payable to him, as owner of that interest, in accordance with paragraph 5 or 8, as the case may be; and
- (b) the person who would otherwise have been entitled to it in accordance with paragraph 8 shall accordingly not be so entitled.

(5) In a case where paragraph 14(2) applies separately in relation to two or more negative interests in accordance with paragraph 14(3), the preceding provisions of this paragraph shall similarly apply separately in relation to the reductions made on account of each of those interests, and shall so apply—

- (a) according to the order determined by paragraph 14(3)(a); and
- (b) with there being taken into account any reduction in the amount of compensation payable to any person under paragraph 8 which results from the prior application of the preceding provisions of this paragraph.

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[^{F10}(6) Where any reduction in value under sub-paragraph (2) of paragraph 14 is apportioned in accordance with sub-paragraph (3A) of that paragraph, any amount of compensation payable by virtue of this paragraph shall be similarly apportioned.]

Textual Amendments

F9 Words in [Sch. 6 para. 17\(4\)\(a\)](#) inserted (1.10.1996) by [1996 c. 52, s. 107, Sch. 10 para. 18\(15\)](#); S.I. [1996/2212, art. 2\(2\)](#) (with savings in [Sch.](#))

F10 [Sch. 6 para. 17\(6\)](#) inserted (1.10.1996) by [1996 c. 52, s. 107, Sch. 10 para. 18\(16\)](#); S.I. [1996/2212, art. 2\(2\)](#) (with savings in [Sch.](#))

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