

SCHEDULE

Regulation 2(3)(c)

Excluded Arrangements

Arrangements are excluded from being prescribed arrangements for the purposes of these Regulations if they —

- (a) comprise one or more of steps A to F listed below (subject to Rules 1 and 2 which specify arrangements involving combinations of those steps which are not excluded arrangements); but
- (b) do not include any step, which is necessary for the purpose of securing a tax advantage, other than one listed below.

Rule 1

Arrangements involving Steps B, D, E and F are excluded arrangements unless rule 2 applies.

Rule 2

Arrangements are not excluded arrangements if they—

- (a) include all, or at least two of, steps A, C and D; or
- (b) involve more than one instance of step A, C or D.

The steps are as follows.

Step A: Acquisition of a chargeable interest by special purpose vehicle

The acquisition of a chargeable interest in land by a company created for that purpose (“a special purpose vehicle”).

Step B: Claims to relief

Making—

- (a) a single claim to relief under any of the following provisions of the Finance Act 2003—
 - (i) section 57A **(1)**, (sale and leaseback arrangements);
 - (ii) section 60 (compulsory purchase facilitating development);
 - (iii) section 61 (compliance with planning obligation);
 - (iv) section 64 (demutualisation of building society);
 - (v) section 64A **(2)** (initial transfer of assets to trustees of unit trust scheme);
 - (vi) section 65 (incorporation of limited liability partnership);
 - (vii) section 66 (transfers involving public bodies);
 - (viii) section 67 (transfer in consequence of reorganisation of parliamentary constituencies);
 - (ix) section 69 (acquisition by bodies established for national purposes);
 - (x) section 71 (certain acquisitions by registered social landlords);
 - (xi) section 74 (collective enfranchisement by leaseholders);
 - (xii) section 75 (crofting community right to buy);
 - (xiii) Schedule 6 (disadvantaged areas relief);
 - (xiv) Schedule 6A **(3)** (relief for certain acquisitions of residential property);
 - (xv) Schedule 7 (group relief and reconstruction acquisition reliefs);

(1) Section 57A was inserted by paragraph 16 of Part 2 of Schedule 39 to the Finance Act 2004.

(2) Section 64A was inserted by paragraph 18 of Part 2 of Schedule 39 to the Finance Act 2004.

(3) Schedule 6A was inserted by paragraph 17(2) of Part 2 of Schedule 39 to the Finance Act 2004.

Status: This is the original version (as it was originally made). This item of legislation is currently only available in its original format.

- (xvi) Schedule 8 (charities relief); or
- (xvii) Schedule 9 (right to buy, shared ownership leases etc.);
- (b) one or more claims to relief under any one of the following provisions of the Finance Act 2003—
 - (i) section 71A **(4)** (alternative property finance: land sold to financial institution and leased to individual);
 - (ii) section 72 **(5)** (alternative property finance in Scotland: land sold to financial institution and leased to individual);
 - (iii) section 72A**(6)** (alternative property finance in Scotland: land sold to financial institution and individual in common); or
 - (iv) section 73 (alternative property finance: land sold to financial institution and resold to individual)**(7)**.

Step C: Sale of shares in special purpose vehicle

The sale of shares in a special purpose vehicle, which holds a chargeable interest in land, to a person with whom neither the special purpose vehicle, nor the vendor, is connected.

Step D: Not exercising election to waive exemption from VAT

No election is made to waive exemption from value added tax contained in paragraph 2 of Schedule 10 to the Value Added Tax Act 1994**(8)** (treatment of buildings and land for value added tax purposes).

Step E: Transfer of a business as a going concern

Arranging the transfer of a business, connected with the land which is the subject of the arrangements, in such a way that it is treated for the purposes of value added tax as the transfer of a going concern.

Step F: Undertaking a joint venture

The creation of a partnership (within the meaning of paragraph 1 of Schedule 15 to the Finance Act 2003) to which the property subject to a land transaction is to be transferred.

(4) Section 71A was inserted by paragraph 2 of Schedule 8 to the Finance Act 2005 (c. 7).
(5) Section 72 was amended by paragraph 3(1) and (6) of Schedule 8 to the Finance Act 2005.
(6) Section 72A was inserted by paragraph 4 of Schedule 8 to the Finance Act 2005.
(7) Section 73 was amended by paragraph 5(2) of of Schedule 8 to the Finance Act 2005.
(8) 1994 c. 16. Paragraph 2 has been amended by sections 36 and 37 of, and Part IV(2) of Schedule 18 to, the Finance Act 1997 (c. 16), article 2(a) of S.I.1994/3013, article 3 of S.I. 1995/279, article 2(a) of S.I. 1997/51, articles 2 and 4 of S.I. 1999/593 and articles 2 and 4 of S.I. 2004/778.