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HMRC internal manual

Corporate Intangibles Research and Development Manual

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[Back to contents](#) > [CIRD60000](#) > [CIRD60050](#) > [CIRD60100](#) > [CIRD60120](#)

CIRD60155 - Land Remediation Relief: Exclusions: Polluter Pays: Polluter - "slice of the action" contracts - 1 April 2009 onwards CTA09/S1150 (3)(b)

‘Slice of the action’ contracts are so called because they confer upon a landowner (who sells the land to say, a developer) the right to share in the proceeds of any subsequent development by the purchaser. In these cases the contract for sale

of the land to a builder or developer provides for consideration that is, in whole or in part, contingent upon the successful development and sale of the land.

A common arrangement is for the landowner to receive a fixed sum at the time of the disposal, plus a percentage of the sale proceeds of each building subsequently constructed by the purchaser / developer on the land.

If the polluter (or a party connected to the polluter) enters into a slice of the action contract, then the builder or developer is not entitled to Land Remediation Relief.

Example:

“A Ltd was responsible for an area of land being polluted. It sells the land to an unconnected third party, B Ltd, which decontaminates the site. Under the sale agreement, the final sale price payable to A Ltd depends on the sale proceeds received by B Ltd.”

“Although B Ltd has a major interest in the land (see [CIRD69015 \(https://www.gov.uk/hmrc-internal-manuals/corporate-intangibles-research-and-development-manual/cird69015\)](https://www.gov.uk/hmrc-internal-manuals/corporate-intangibles-research-and-development-manual/cird69015)) it cannot claim Land Remediation Relief as A Ltd was responsible for the pollution and the agreement is a slice of the action contract.”

← Previous page

(/hmrc-internal-manuals/corporate-intangibles-research-and-development-manual/cird60150)

→ Next page

(/hmrc-internal-manuals/corporate-intangibles-research-and-development-manual/cird60160)



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