

Transfers of interests in land between certain associated persons. F(MP)A68 s19 642.—(1) Where an interest in land is disposed of by any person (in this subsection referred to as “the disposer”) to a person connected with the disposer (in this subsection referred to as “the transferee”) and—

(a) the interest is disposed of at a price greater than its market value, and

(b) the price—

(i) is not to be taken into account in relation to the disposer in computing for tax purposes the profits or gains of a trade which is or includes a business of dealing in or developing land, but

(ii) is to be so taken into account in relation to the transferee,

the transferee shall for tax purposes be deemed to have acquired the interest at a price equal to the market value of the interest at the time of its acquisition by the transferee.

(2) (a) Where an interest in land is disposed of by any person (in this subsection referred to as “the disposer”) to a person connected with the disposer (in this subsection referred to as “the transferee”) and—

(i) the interest is disposed of at a price less than its market value, and

(ii) the price—

(I) is not to be taken into account in relation to the transferee in computing for tax purposes the profits or gains of a trade which is or includes a business of dealing in or developing land, but

(II) is to be so taken into account in relation to the disposer,

the disposer shall for tax purposes be deemed to have disposed of the interest at a price equal to the market value of the interest at the time of the disposal by the disposer.

(b) A disposal by means of gift shall be regarded for the purposes of this subsection as being a disposal at a nominal price.

(3) In the application of this section to a case in which a lease is granted, any reference to price shall be construed as a reference to the fine, premium or like sum payable for the grant of the lease.