

RENUNCIATION

Guidance Notes



Introduction

This Renunciation is used when a lease (or sub-lease) is to be surrendered before its natural expiry.

1 Preamble

If there are no guarantors delete the definition of Guarantors, paragraph (C) in the preamble and any other consequential references.

2 Clause 1 Definitions

Although the PSG do not consider it necessary, you can if you wish refer to all the letting documentation, in which case the definition of "Lease" should be amended accordingly and the letting documentation listed in a schedule.

If the party entitled to receive the Price has waived its exemption to VAT, VAT will be chargeable on the Price and the definition of Price should be amended accordingly. VAT is not, however, payable on any element of the Price which specifically relates to dilapidations and to any payment made in lieu carrying out the necessary works. If this applies, the Price will need to be split so that the correct VAT treatment can apply to the relevant elements.

3 Clause 2 Renunciation

If the Landlords are paying the Tenants a reverse premium for the renunciation, then the wording in square brackets in the first lines of Clause 2.1 should be retained and the wording in square brackets in the first lines of Clause 2.2 should be deleted.

If the opposite is the case (i.e. the Tenants are paying a premium to the Landlords for the renunciation) then the wording in square brackets in the first/second lines of Clause 2.2 should be retained and the wording in square brackets in the first/second lines of Clause 2.1 should be deleted.

If there is no premium payable for the renunciation, the definition of Price in Clause 1 should be deleted and the wording in square brackets in line 2 of Clause 2.1 should be retained.

The Renunciation includes a discharge of the Tenants/Guarantors by the Landlords releasing them from all of their respective obligations under the Lease/Guarantee.

If at the time the Renunciation is completed the apportionment of the service charge and/or settlement of the any dilapidations claim is/are outstanding retain the appropriate wording in Clauses 2.2 and 2.3, otherwise delete it.



4 **Clause 3 Costs**

Where the Tenants are paying the Price, no SDLT will be payable and Clause 3.2 should be deleted. However, if the Landlords are paying the Price, SDLT will be payable by them and this wording should therefore be retained.

5 **Warrant for registration**

If the Renunciation is to be recorded in the General Register of Sasines before 28 November 2004 insert a warrant for registration (warrants for registration will be abolished after that date).