



# Finance Act 2003

## 2003 CHAPTER 14

An Act to grant certain duties, to alter other duties, and to amend the law relating to the National Debt and the Public Revenue, and to make further provision in connection with finance. [10th July 2003]

Most Gracious Sovereign,

WE, Your Majesty's most dutiful and loyal subjects, the Commons of the United Kingdom in Parliament assembled, towards raising the necessary supplies to defray Your Majesty's public expenses, and making an addition to the public revenue, have freely and voluntarily resolved to give and to grant unto Your Majesty the several duties hereinafter mentioned; and do therefore most humbly beseech Your Majesty that it may be enacted, and be it enacted by the Queen's most Excellent Majesty, by and with the advice and consent of the Lords Spiritual and Temporal, and Commons, in this present Parliament assembled, and by the authority of the same, as follows:—

### **Modifications etc. (not altering text)**

- C1** Act modified (21.2.2009) by [The Banking Act 2009 \(Parts 2 and 3 Consequential Amendments\) Order 2009 \(S.I. 2009/317\)](#), arts. 1, 3, [Sch.](#)
- C2** Act applied (with modifications) (8.2.2011) by [The Investment Bank Special Administration Regulations 2011 \(S.I. 2011/245\)](#), reg. 1, [Sch. 6 Pt. 1](#) (with reg. 27(a))
- C3** Act applied (with modifications) (8.7.2021) by [The Payment and Electronic Money Institution Insolvency Regulations 2021 \(S.I. 2021/716\)](#), reg. 2, [Sch. 3 paras. 2, 3](#) (with reg. 5) (as amended (4.1.2024) by [The Payment and Electronic Money Institution Insolvency \(Amendment\) Regulations 2023 \(S.I. 2023/1399\)](#), regs. 1(2), 4, 21(4))

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## PART 1

### EXCISE DUTIES

#### *Tobacco products duty*

#### **1 Rates of tobacco products duty**

- (1) For the Table of rates of duty in Schedule 1 to the Tobacco Products Duty Act 1979 (c. 7) substitute—

“TABLE

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1. Cigarettes	An amount equal to 22 per cent of the retail price plus £96.88 per thousand cigarettes.
2. Cigars	£141.10 per kilogram.
3. Hand-rolling tobacco	£101.42 per kilogram.
4. Other smoking tobacco and chewing tobacco	£62.03 per kilogram.”

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- (2) This section shall be deemed to have come into force at 6 o'clock in the evening of 9th April 2003.

#### *Alcoholic liquor duties*

#### **2 Rate of duty on beer**

- (1) In section 36(1AA)(a) of the Alcoholic Liquor Duties Act 1979 (c. 4) (rate of duty on beer), for “£11.89” substitute “ £12.22 ”.
- (2) This section shall be deemed to have come into force at midnight on 13th April 2003.

#### **3 Rates of duty on wine and made-wine**

- (1) For Part 1 of the Table of rates of duty in Schedule 1 to the Alcoholic Liquor Duties Act 1979 (rates of duty on wine and made-wine) substitute—

## “PART 1

### WINE AND MADE-WINE OF A STRENGTH NOT EXCEEDING 22 PER CENT

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<i>Description of wine or made-wine</i>	<i>Rates of duty per hectolitre</i>
	£
Wine or made-wine of a strength not exceeding 4 per cent	48.91

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Wine or made-wine of a strength exceeding 4 per cent but not exceeding 5.5 per cent	67.25
Wine or made-wine of a strength exceeding 5.5 per cent but not exceeding 15 per cent and not sparkling	158.69
Sparkling wine or sparkling made-wine of a strength exceeding 5.5 per cent but less than 8.5 per cent	166.70
Sparkling wine or sparkling made-wine of a strength of 8.5 per cent or of a strength exceeding 8.5 per cent but not exceeding 15 per cent	220.54
Wine or made-wine of a strength exceeding 15 per cent but not exceeding 22 per cent	211.58”

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(2) This section shall be deemed to have come into force at midnight on 13th April 2003.

### *Hydrocarbon oil duties*

#### **4 Rates of hydrocarbon oil duties**

- (1) In section 6(1A) of the Hydrocarbon Oil Duties Act 1979 (c. 5) (rates of duty)—
- (a) in paragraph (a) (ultra low sulphur petrol) for “£0.4582” substitute “ £0.4710 ”,
  - (b) in paragraph (b) (other light oil) for “£0.5468” substitute “ £0.5620 ”,
  - (c) in paragraph (c) (ultra low sulphur diesel) for “£0.4582” substitute “ £0.4710 ”, and
  - (d) in paragraph (d) (other heavy oil) for “£0.5182” substitute “ £0.5327 ”.
- (2) In section 6AA(3) of that Act (biodiesel duty) for “£0.2582” substitute “ £0.2710 ”.
- (3) In section 13A(1) of that Act (rebate on unleaded petrol) for “£0.0586” substitute “ £0.0601 ”.
- (4) This section shall come into force on 1st October 2003.

#### **5 Rebates on hydrocarbon oil duties**

- (1) In section 11(1) of the Hydrocarbon Oil Duties Act 1979 (rebate on heavy oil)—
- (a) in paragraph (a) (fuel oil) for “£0.0274” substitute “ £0.0382 ”,
  - (b) in paragraph (b) (gas oil: general) for “£0.0313” substitute “ £0.0422 ”, and
  - (c) in paragraph (ba) (ultra low sulphur diesel) for “£0.0313” substitute “ £0.0422 ”.
- (2) In section 14(1) of that Act (furnace fuel) for “£0.0274” substitute “ £0.0382 ”.
- (3) This section shall be deemed to have come into force at 6 o'clock in the evening of 9th April 2003.

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### *Betting and gaming duties*

## 6 **General betting duty and pool betting duty: relief for losses**

- (1) Part 1 of the Betting and Gaming Duties Act 1981 (c. 63) (betting duties) is amended as follows.
- (2) In section 5 (net stake receipts) at the end of subsection (3) (negative net stake receipts to be disregarded) insert “ except as provided for by section 5AA ”.
- (3) After that section insert—

### **“5AA Relief for losses**

- (1) This section applies where the amount of a person’s net stake receipts for an accounting period in respect of a class of bets (calculated in accordance with section 5(1)) is a negative amount.
- (2) That amount shall be carried forward to the following accounting period and, to the extent that it does not exceed it, deducted from the amount of the person’s net stake receipts in respect of the same class of bets for that period.
- (3) If the amount of those net stake receipts for that following accounting period—
  - (a) is not a positive amount, or
  - (b) is less than the amount carried forward,
 the amount carried forward or, as the case may be, the balance of it shall be treated for the purposes of this section as if it were a negative amount of net stake receipts for that period in respect of the same class of bets.”.
- (4) Omit section 5A (multiple bets) (which becomes unnecessary as a result of the amendment made by subsection (3) above).
- (5) After section 7 (duty charged on net pool betting receipts) insert—

### **“7ZA Relief for losses**

- (1) This section applies where the amount of a person’s net pool betting receipts for an accounting period is a negative amount.
- (2) That amount shall be carried forward to the following accounting period and, to the extent that it does not exceed it, deducted from the amount of the person’s net pool betting receipts for that period.
- (3) If the amount of the net pool betting receipts for that following accounting period—
  - (a) is not a positive amount, or
  - (b) is less than the amount carried forward,
 the amount carried forward or, as the case may be, the balance of it shall be treated for the purposes of this section as if it were a negative amount of net pool betting receipts for that period.”.
- (6) The amendments made by this section apply in relation to any accounting period beginning on or after 1st September 2003 for which the net stake receipts in respect

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of a particular class of bets, or (as the case may be) the net pool betting receipts, is a negative amount.

## 7 General betting duty: betting exchanges

(1) Part 1 of the Betting and Gaming Duties Act 1981 (c. 63) (betting duties) is amended as follows.

(2) After section 5AA (inserted by section 6 above) insert—

### “5AB Betting exchanges

- (1) This section applies where—
  - (a) one person makes a bet with another person using facilities provided by a third person in the course of a business, and
  - (b) that business is one that does not involve the provision of premises for use by persons making or taking bets.
- (2) General betting duty shall be charged on the amounts (“commission charges”) that the parties to the bet are charged, whether by deduction from winnings or otherwise, for using those facilities.
- (3) No deductions shall be allowed from commission charges.
- (4) The amount of duty charged under this section in respect of bets determined in an accounting period shall be 15 per cent of the commission charges relating to those bets.
- (5) For the purposes of this section, and section 5B(4) so far as relating to this section, a person who arranges for facilities relating to a bet to be provided by another person shall be treated as providing them himself (and the other person shall not).”.

(3) In section 5B (liability to pay)—

(a) for subsection (1) substitute—

“(1) All general betting duty chargeable in respect of—

- (a) bets made in an accounting period, or
  - (b) in the case of duty chargeable under section 5AB, bets determined in an accounting period,
- shall become due at the end of that period.”;

(b) in subsection (4), after “section 4(1) to (3)” insert “ or 5AB ”.

(4) In section 5C (bet-brokers)—

- (a) in paragraph (a) of subsection (1) (application of section) after “in the course of a business” insert “, other than a betting-exchange business,”;
- (b) at the end of that subsection insert— “ In paragraph (a) “betting-exchange business” means a business such as is mentioned in section 5AB(1). ”;
- (c) omit subsections (2) (bet treated as made between bettor and bet-broker) and (3) (subsection (2) not to apply to off-course bets where bet-taker is a bookmaker);
- (d) in subsection (4) omit the words “In the case of a bet which is excluded from subsection (2) by virtue of subsection (3).”.

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- (5) The amendments made by this section apply in relation to any accounting period beginning on or after 1st June 2003.
- (6) Those amendments do not apply in relation to a bet (a “straddling bet”) that is—
  - (a) made, using facilities provided by a person (“the broker”), in an accounting period of the broker beginning before 1st June 2003, but
  - (b) not determined until an accounting period of the broker beginning on or after that date.
- (7) Any winnings paid in respect of a straddling bet to which section 5AB of the Betting and Gaming Duties Act 1981 (c. 63) would apply but for subsection (6) above shall be treated for the purposes of that Act as paid in the broker’s accounting period in which the bet was made (“the earlier accounting period”).
- (8) Subsection (7) shall not have effect to reduce the general betting duty payable by the broker for the earlier accounting period; but the amount of the reduction that would (but for this subsection) have been made for that period shall be set against any liability of the broker to general betting duty for accounting periods in the following three years, taking earlier periods before later ones until the amount is exhausted.

## 8 General betting duty: restriction of exemption for on-course bets

- (1) In section 12(4) of the Betting and Gaming Duties Act 1981 (general betting duty: supplementary provisions), in the definition of “on-course bet” for “a meeting” substitute “ a horse or dog race meeting ”.
- (2) This section applies to bets made on or after 1st September 2003.

## 9 Bingo duty

- (1) For sections 17 to 20 of the Betting and Gaming Duties Act 1981 (bingo duty) substitute—

### “17 Bingo duty

- (1) A duty of excise, to be known as bingo duty, shall be charged—
  - (a) on the playing of bingo in the United Kingdom, and
  - (b) at the rate of 15 per cent of a person’s bingo promotion profits for an accounting period.
- (2) Subsection (1) is subject to the exemptions specified in Part 1 of Schedule 3 to this Act.
- (3) The amount of a person’s bingo promotion profits for an accounting period is—
  - (a) the amount of the person’s bingo receipts for the period (calculated in accordance with section 19), minus
  - (b) the amount of his expenditure on bingo winnings for the period (calculated in accordance with section 20).
- (4) Bingo duty charged in respect of a person’s bingo promotion profits shall be paid by him.

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- (5) Where the amount that would be charged in respect of a person's bingo promotion profits for an accounting period is less than £1, no duty shall be charged.

### **18 Accounting period**

- (1) For the purposes of section 17 an accounting period ends, and another begins, at the end of the last Sunday in each calendar month.
- (2) But regulations under paragraph 9 of Schedule 3 to this Act may make provision in place of subsection (1) for the purposes of the application of section 17 to specified persons or in specified circumstances.
- (3) Regulations made by virtue of subsection (2) may make transitional provision.

### **19 Bingo receipts**

- (1) A person has bingo receipts for an accounting period if payments fall due in the period in respect of entitlement to participate in bingo promoted by him.
- (2) The amount of the person's bingo receipts for the accounting period is the aggregate of those payments.
- (3) For the purposes of subsections (1) and (2)—
  - (a) an amount in respect of entitlement to participate in a game of bingo is to be treated as falling due in the accounting period in which the game is played,
  - (b) where a payment relates to a supply of services on which value added tax is chargeable, the amount of value added tax chargeable shall be disregarded (irrespective of whether or not that amount is paid by way of value added tax),
  - (c) it is immaterial whether an amount falls due to be paid to the promoter or to another person,
  - (d) it is immaterial whether an amount is described as a fee for participation, as a stake, or partly as one and partly as the other, and
  - (e) where a sum is paid partly in respect of entitlement to participate in a game of bingo and partly in respect of another matter—
    - (i) such part of the sum as is applied to, or properly attributable to, entitlement to participate in the game shall be treated as an amount falling due in respect of entitlement to participate in the game, and
    - (ii) the remainder shall be disregarded.

### **20 Expenditure on bingo winnings**

- (1) A person's expenditure on bingo winnings for an accounting period is the aggregate of the values of prizes provided by him in that period by way of winnings at bingo promoted by him.
- (2) Where a prize is obtained by the promoter from a person not connected with him, the cost to the promoter shall be treated as the value of the prize for the purpose of subsection (1).

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- (3) Where a prize is a voucher which—
- (a) may be used in place of money as whole or partial payment for benefits of a specified kind obtained from a specified person,
  - (b) specifies an amount as the sum or maximum sum in place of which the voucher may be used, and
  - (c) does not fall within subsection (2),
- the specified amount is the value of the voucher for the purpose of subsection (1).
- (4) Where a prize is a voucher (whether or not it falls within subsection (2)) it shall be treated as having no value for the purpose of subsection (1) if—
- (a) it does not satisfy subsection (3)(a) and (b), or
  - (b) its use as described in subsection (3)(a) is subject to a specified restriction, condition or limitation which may make the value of the voucher to the recipient significantly less than the amount mentioned in subsection (3)(b).
- (5) In the case of a prize which—
- (a) is neither money nor a voucher, and
  - (b) does not fall within subsection (2),
- the value of the prize for the purpose of subsection (1) is—
- (i) the amount which the prize would cost the promoter if obtained from a person not connected with him, or
  - (ii) where no amount can reasonably be determined in accordance with sub-paragraph (i), nil.
- (6) For the purpose of this section—
- (a) a reference to connection between two persons shall be construed in accordance with section 839 of the Income and Corporation Taxes Act 1988 (connected persons), and
  - (b) an amount paid by way of value added tax on the acquisition of a thing shall be treated as part of its cost (irrespective of whether or not the amount is taken into account for the purpose of a credit or refund).

## **20A Combined bingo**

- (1) A game of bingo is “combined bingo” if—
- (a) it is multiple bingo within the meaning of section 1 of the Gaming (Bingo) Act 1985, or
  - (b) it is played in more than one place and promoted by more than one person.
- (2) Payments made in respect of entitlement to participate in combined bingo shall be treated for the purposes of section 19(1) as bingo receipts only of the first promoter to whom (or at whose direction) they are paid.
- (3) Where money representing stakes hazarded at combined bingo is paid in an accounting period by one promoter of the bingo (“the first promoter”) to another (“the second promoter”)—
- (a) the money shall not be treated as a bingo receipt of the second promoter for the purposes of section 19(1),



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- (b) the payment shall be treated as expenditure of the first promoter on bingo winnings for the accounting period for the purposes of section 20(1), and
  - (c) no subsequent payment of all or part of the money shall be treated as expenditure on bingo winnings for the purposes of section 20(1) (whether paid by the second promoter to another person, by the first promoter having received it from the second promoter, or otherwise).
- (4) Subsections (2) and (3) shall apply only where the combined bingo is played entirely in the United Kingdom.

### **20B Carrying losses forward**

- (1) Where the calculation of a person's bingo promotion profits for an accounting period results in a negative amount ("the loss")—
- (a) no bingo duty shall be chargeable in respect of that accounting period, and
  - (b) for the purpose of section 17(3), the amount of the person's expenditure on bingo winnings for the next accounting period shall be increased by the amount of the loss.
- (2) Subsection (1) applies to an accounting period whether or not the loss results wholly or partly from the previous application of that subsection.

### **20C Supplementary**

- (1) Part 2 of Schedule 3 to this Act (bingo duty: supplementary) shall have effect.
- (2) In sections 17 to 20B above, this section and Schedule 3—
- "bingo" includes any version of that game, whatever name it is called,
  - "licensed bingo" means bingo played at premises licensed under—
    - (a) the Gaming Act 1968, or
    - (b) Chapter II of Part III of the Betting, Gaming, Lotteries and Amusements (Northern Ireland) Order 1985,
  - "prize" means anything won at bingo, and
  - "United Kingdom" includes the territorial sea of the United Kingdom.
- (3) For the purposes of those provisions, except in relation to combined bingo, the promoter of a game of bingo is—
- (a) in the case of licensed bingo, the holder of the licence, and
  - (b) in the case of non-licensed bingo, the person who provides the facilities for the game.
- (4) For the purposes of those provisions in relation to combined bingo a person promotes a game of bingo if he is wholly or partly responsible for organising it or for providing facilities for it.
- (5) In those provisions a reference to entitlement to participate in a game of bingo includes a reference to an opportunity to participate in a game of bingo in

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respect of which a charge is made (whether by way of a fee for participation, a stake, or both).

- (6) In proceedings relating to bingo duty under the customs and excise Acts an averment in any process that a particular game is a version of bingo shall, until the contrary is proved, be sufficient evidence that it is.”
- (2) In paragraph 1 of Schedule 3 to the Betting and Gaming Duties Act 1981 (c. 63) (bingo duty: exemptions: domestic bingo) for “Bingo duty shall not be charged in respect of” substitute “ In calculating liability to bingo duty no account shall be taken of”.
- (3) For paragraph 2 of Schedule 3 to the Betting and Gaming Duties Act 1981 (bingo duty: exemptions: small-scale bingo) substitute—

**“Small-scale bingo**

- 2 (1) This paragraph applies where entitlement to participate in non-licensed bingo depends on a person’s being—
- (a) a member of a group or organisation,
  - (b) a guest of a member of a group or organisation, or
  - (c) a guest of a group or organisation.
- (2) Payments in respect of entitlement to participate in the non-licensed bingo shall not be brought into account in relation to any person for the purpose of section 19.
- (3) Winnings at the non-licensed bingo shall not be brought into account in relation to any person for the purpose of section 20.

**Small-scale bingo**

- 2A (1) In the case of non-licensed bingo to which paragraph 2 does not apply—
- (a) payments in respect of entitlement to participate in the non-licensed bingo shall not be brought into account in relation to any person for the purpose of section 19 (subject to sub-paragraphs (2) to (5) below), and
  - (b) winnings at the non-licensed bingo shall not be brought into account in relation to any person for the purpose of section 20 (subject to sub-paragraphs (2) to (5) below).
- (2) If on a day winnings at non-licensed bingo promoted by a person exceed £500, sub-paragraph (1) shall not apply in relation to the person in respect of the accounting period in which that day falls and the next two accounting periods.
- (3) If stakes exceeding in aggregate £500 are hazarded on a day at non-licensed bingo promoted by a person, sub-paragraph (1) shall not apply in relation to the person in respect of the accounting period in which that day falls and the next two accounting periods.
- (4) If in an accounting period winnings at non-licensed bingo promoted by a person exceed £7,500, sub-paragraph (1) shall not apply in relation to the person in respect of that accounting period and the next two accounting periods.

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- (5) If stakes exceeding in aggregate £7,500 are hazarded in an accounting period at non-licensed bingo promoted by a person, sub-paragraph (1) shall not apply in relation to the person in respect of that accounting period and the next two accounting periods.
- (6) For the purposes of this paragraph winnings at bingo shall be valued in accordance with section 20(2) to (6).”.

<sup>F1</sup>(4) .....

- (5) In paragraph 5(1) of Schedule 3 to the Betting and Gaming Duties Act 1981 (c. 63) (bingo duty: exemptions: commercial amusements) for “Bingo duty shall not be charged in respect of” substitute “ In calculating liability to bingo duty no account shall be taken of ”.
- (6) In paragraph 6 of Schedule 3 to that Act (bingo duty: exemptions: machine bingo) for “Bingo duty shall not be charged in respect of” substitute “ In calculating liability to bingo duty no account shall be taken of ”.
- (7) In paragraph 10(1) of Schedule 3 to that Act (notification and registration of bingo-promoters) for “which will, or may, be chargeable with bingo duty” substitute “ in connection with which bingo duty may be chargeable ”.
- (8) The following paragraphs of Schedule 3 to that Act shall cease to have effect—
  - (a) paragraph 11 (announcement of prizes),
  - (b) paragraph 12 (records), and
  - (c) paragraph 15 (disputes).
- (9) In paragraph 16(2) of Schedule 3 to that Act (enforcement)—
  - (a) for “(being bingo which is or may be chargeable with bingo duty)” substitute “ (being bingo in connection with which bingo duty may be chargeable) ”, and
  - (b) paragraph (b) (and the word “or” immediately before it) shall cease to have effect.
- (10) This section shall have effect in relation to bingo played on or after 27th October 2003 (with which day the first accounting period for the purposes of section 17 of the Betting and Gaming Duties Act 1981 shall begin).

**Textual Amendments**

**F1** S. 9(4) repealed (19.7.2007) by [Finance Act 2007 \(c. 11\)](#), [Sch. 27 Pt. 6\(3\)](#)

**10 Amusement machines not operated by coins or tokens**

- (1) In section 21 of the Betting and Gaming Duties Act 1981 (amusement machine licences), for subsections (3B) to (3D) (meaning of “fifty-penny machine”) substitute—
  - “(3B) For the purposes of this section an amusement machine is a “fifty-penny machine” if, and only if—
    - (a) where it is a machine on which a game can be played solo, the cost for each time the game is played on it solo—
      - (i) does not exceed 50p, or

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- (ii) where the machine provides differing numbers of games in different circumstances, cannot exceed 50p;
- and
- (b) where it is a machine on which a game can be played by more than one person at a time, the cost per player for each time the game is played on it simultaneously by more than one player—
  - (i) does not exceed 50p, or
  - (ii) where the machine provides differing numbers of games in different circumstances, cannot exceed 50p.”.
- (2) In section 25(1) of that Act (definition of “amusement machine”), in paragraph (c) for “coin or token” substitute “ coin, token or other thing ”.
- (3) In section 26(2) of that Act (interpretation), for the definitions of “two-penny machine”, “five-penny machine” and “ten-penny machine” substitute—
  - ““two-penny machine” means an amusement machine in relation to which the cost for each time a game is played on it—
    - (a) does not exceed 2p, or
    - (b) where the machine provides differing numbers of games in different circumstances, cannot exceed 2p,
 and “five-penny machine” and “ten-penny machine” have a corresponding meaning;”.
- (4) In the following provisions of the Value Added Tax Act 1994 (c. 23)—
  - (a) the definition of “gaming machine” in section 23(4), and
  - (b) Note (3) (definition of “gaming machine”) to Group 4 of Schedule 9, for “coin or token” substitute “ coin, token or other thing ”.

## 11 Amusement machines: use of currencies other than sterling

- (1) In section 26 of the Betting and Gaming Duties Act 1981 (c. 63) (interpretation etc), omit the definition of “coin” in subsection (2).
- (2) After that section insert—

### “26A Amounts in currencies other than sterling

- (1) Any reference in this Part of this Act to a amount in sterling, in the context of—
  - (a) the cost of playing a game, or
  - (b) the amount of the prize for a game,
 includes a reference to the equivalent amount in another currency.
- (2) The equivalent amount in another currency, in relation to any day, shall be determined by reference to the London closing exchange rate for the previous day.
- (3) For the purposes of determining what duty is payable on an amusement machine licence in a case where this section applies, the equivalent in another currency of an amount in sterling shall be taken to be its equivalent on the day

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on which the application for the licence is received by the Commissioners, or the due date in the case of a default licence.

(4) In subsection (3) above—

“default licence” means a licence granted under paragraph 3(1) of Schedule 4A to this Act;

“due date” has the meaning given by paragraph 2(4) of that Schedule.”.

(3) This section does not apply in relation to any amusement machine licence granted before the day on which this Act is passed or to anything done under such a licence.

## 12 Responsibility for unlicensed amusement machines

(1) In section 24(5) of the Betting and Gaming Duties Act 1981 (c. 63) (penalty for unlicensed amusement machines), for paragraph (c) (liability of person responsible for, inter alia, issuing or exchanging coins etc for amusement machine) substitute—

“(c) is a person responsible for controlling the use of any amusement machine on the premises, or”.

(2) In Schedule 4A to that Act (unlicensed amusement machines), for paragraph (c) of paragraph 7(3) (which makes similar provision) substitute—

“(c) responsible for controlling the use of any amusement machine on the premises, or”.

## 13 Rates of gaming duty

(1) For the Table in section 11(2) of the Finance Act 1997 (c. 16) (rates of gaming duty) substitute—

“TABLE

<i>Part of gross gaming yield</i>	<i>Rate</i>
The first £502,500	2.5 per cent.
The next £1,115,500	12.5 per cent.
The next £1,115,500	20 per cent.
The next £1,953,000	30 per cent.
The remainder	40 per cent.”

(2) This section has effect in relation to accounting periods beginning on or after 1st April 2003.

## *Vehicle excise duty*

### 14 Vehicle excise duty: rates

(1) In paragraph 1 of Schedule 1 to the Vehicle Excise and Registration Act 1994 (c. 22) (the general rate)—

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- <sup>F2</sup>(a) .....
- (b) in sub-paragraph (2A) (general rate of duty in case of vehicle with engine with cylinder capacity not exceeding 1,549 cubic centimetres) for “£105” substitute “£110”.
- <sup>F3</sup>(2) .....
- (3) In paragraph 1J of that Schedule (rates of duty applicable to light goods vehicles first registered on or after 1st March 2001)—
- (a) in paragraph (a) (vehicle which is not a lower-emission van) for “£160” substitute “£165”;
- (b) in paragraph (b) (vehicle which is a lower-emission van) for “£105” substitute “£110”.
- (4) This section applies to any licence taken out on or after 17th April 2003 for a period beginning on or after 1st May 2003.

#### Textual Amendments

- F2** S. 14(1)(a) repealed (7.4.2005) by [Finance Act 2005 \(c. 7\)](#), [Sch. 11 Pt. 1](#)
- F3** S. 14(2) repealed (7.4.2005) by [Finance Act 2005 \(c. 7\)](#), [Sch. 11 Pt. 1](#)

## 15 Disclosure for exemptions: Northern Ireland

In section 22ZA of the Vehicle Excise and Registration Act 1994 (c. 22) (nil licences for vehicles for disabled persons: disclosure of information) in subsection (1)(a) (which provides that the section applies to certain information held by the Secretary of State or a person providing services to him) in sub-paragraphs (i) and (ii), after “the Secretary of State” insert “ or a Northern Ireland department ”.

## 16 Duty at higher rate: exception for tractive units

- (1) After section 15 of the Vehicle Excise and Registration Act 1994 insert—

### “15A Exception for tractive units from charge at higher rate

- (1) Where—
- (a) a vehicle licence has been taken out for a tractive unit, and
- (b) the licence was taken out at a rate of vehicle excise duty applicable to a tractive unit which is to be used with semi-trailers with a minimum number of axles,
- duty at a higher rate does not become chargeable under section 15 by reason only that while the licence is in force the tractive unit is used with a semi-trailer with fewer axles than that minimum number, if the condition in subsection (2) is satisfied.
- (2) The condition is that the rate of duty at which the licence was taken out is equal to or exceeds the rate which would have been applicable if the revenue weight of the tractive unit had been a weight equal to the actual laden weight, at the time of the use, of the articulated vehicle consisting of the tractive unit and the semi-trailer.”.

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- (2) Section 16 of that Act (which makes provision, in the case of tractive units, for exemptions from the charge to vehicle excise duty at a higher rate on a basis different from that set out in new section 15A) shall cease to have effect.
- (3) This section has effect in relation to the use of a tractive unit on or after 9th April 2003.

## PART 2

### VALUE ADDED TAX

#### 17 Requirement of evidence or security

- (1) The Value Added Tax Act 1994 (c. 23) is amended as follows.
- (2) In section 24(6)(a) (regulations about input tax etc: requirement of documentary evidence) after “documents” insert “ or other information ”.
- (3) In paragraph 4 of Schedule 11 (power to require security and production of documents) for sub-paragraph (1) substitute—
  - “(1) The Commissioners may, as a condition of allowing or repaying input tax to any person, require the production of such evidence relating to VAT as they may specify.
  - (1A) If they think it necessary for the protection of the revenue, the Commissioners may require, as a condition of making any VAT credit, the giving of such security for the amount of the payment as appears to them appropriate.”.
- (4) For sub-paragraph (2) of that paragraph substitute—
  - “(2) If they think it necessary for the protection of the revenue, the Commissioners may require a taxable person, as a condition of his supplying or being supplied with goods or services under a taxable supply, to give security, or further security, for the payment of any VAT that is or may become due from—
    - (a) the taxable person, or
    - (b) any person by or to whom relevant goods or services are supplied.
  - (3) In sub-paragraph (2) above “relevant goods or services” means goods or services supplied by or to the taxable person.
  - (4) Security under sub-paragraph (2) above shall be of such amount, and shall be given in such manner, as the Commissioners may determine.
  - (5) The powers conferred on the Commissioners by sub-paragraph (2) above are without prejudice to their powers under section 48(7).”.
- (5) In section 72(11) (penalty for supplying goods in contravention of paragraph 4(2) of Schedule 11) after “supplies” insert “ or is supplied with ”.
- (6) In section 83(1) (right of appeal against requirement of security under paragraph 4(2) of Schedule 11 etc) for “paragraph 4(2)” substitute “ paragraph 4(1A) or (2) ”.
- (7) In section 84 (further provisions relating to appeals) after subsection (4D) insert—

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“(4E) Where an appeal is brought against a requirement imposed under paragraph 4(2)(b) of Schedule 11 that a person give security, the tribunal shall allow the appeal unless the Commissioners satisfy the tribunal that—

- (a) there has been an evasion of, or an attempt to evade, VAT in relation to goods or services supplied to or by that person, or
- (b) it is likely, or without the requirement for security it is likely, that VAT in relation to such goods or services will be evaded.

(4F) A reference in subsection (4E) above to evading VAT includes a reference to obtaining a VAT credit that is not due or a VAT credit in excess of what is due.”.

(8) This section shall be deemed to have come into force on 10th April 2003.

## **18 Joint and several liability for unpaid VAT of another trader**

(1) In Part 4 of the Value Added Tax Act 1994 (c. 23) (administration, collection and enforcement), after section 77 insert—

*“Liability for unpaid VAT of another*

### **77A Joint and several liability of traders in supply chain where tax unpaid**

(1) This section applies to goods of any of the following descriptions—

- (a) telephones and any other equipment, including parts and accessories, made or adapted for use in connection with telephones or telecommunication;
- (b) computers and any other equipment, including parts, accessories and software, made or adapted for use in connection with computers or computer systems.

(2) Where—

- (a) a taxable supply of goods to which this section applies has been made to a taxable person, and
- (b) at the time of the supply the person knew or had reasonable grounds to suspect that some or all of the VAT payable in respect of that supply, or on any previous or subsequent supply of those goods, would go unpaid,

the Commissioners may serve on him a notice specifying the amount of the VAT so payable that is unpaid, and stating the effect of the notice.

(3) The effect of a notice under this section is that—

- (a) the person served with the notice, and
- (b) the person liable, apart from this section, for the amount specified in the notice,

are jointly and severally liable to the Commissioners for that amount.

(4) For the purposes of subsection (2) above the amount of VAT that is payable in respect of a supply is the lesser of—

- (a) the amount chargeable on the supply, and



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- (b) the amount shown as due on the supplier's return for the prescribed accounting period in question (if he has made one) together with any amount assessed as due from him for that period (subject to any appeal by him).
- (5) The reference in subsection (4)(b) above to assessing an amount as due from a person includes a reference to the case where, because it is impracticable to do so, the amount is not notified to him.
- (6) For the purposes of subsection (2) above, a person shall be presumed to have reasonable grounds for suspecting matters to be as mentioned in paragraph (b) of that subsection if the price payable by him for the goods in question—
  - (a) was less than the lowest price that might reasonably be expected to be payable for them on the open market, or
  - (b) was less than the price payable on any previous supply of those goods.
- (7) The presumption provided for by subsection (6) above is rebuttable on proof that the low price payable for the goods was due to circumstances unconnected with failure to pay VAT.
- (8) Subsection (6) above is without prejudice to any other way of establishing reasonable grounds for suspicion.
- (9) The Treasury may by order amend subsection (1) above; and any such order may make such incidental, supplemental, consequential or transitional provision as the Treasury think fit.
- (10) For the purposes of this section—
  - (a) "goods" includes services;
  - (b) an amount of VAT counts as unpaid only to the extent that it exceeds the amount of any refund due."
- (2) In section 83 of that Act (appeals) after paragraph (r) insert—

“(ra) any liability arising by virtue of section 77A;”.
- (3) In section 84(3) of that Act (appeals not to be entertained unless the VAT has been paid or deposited, except where that would cause hardship) for “or (q)” substitute “, (q) or (ra)”.
- (4) This section shall be deemed to have come into force on 10th April 2003 except subsection (3) which applies in relation to any appeal notice of which is given on or after the day on which this Act is passed.

#### **Commencement Information**

- II** S. 18 wholly in force at Royal Assent; s. 18(1)(2)(4) in force retrospective to 10.4.2003 and s. 18(3) in force at Royal Assent see s. 18(4)

## **19 Face-value vouchers**

Schedule 1 to this Act (VAT: face-value vouchers) has effect.

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## 20 Supplies arising from prior grant of fee simple

- (1) In section 96 of the Value Added Tax Act 1994 (c. 23) (interpretative provisions), after subsection (10A) (time for determining status of supplies arising from prior grant of interest etc) insert—

“(10B) Notwithstanding subsection (10A) above—

- (a) item 1 of Group 1 of Schedule 9 does not make exempt any supply that arises for the purposes of this Act from the prior grant of a fee simple falling within paragraph (a) of that item; and
- (b) that paragraph does not prevent the exemption of a supply that arises for the purposes of this Act from the prior grant of a fee simple not falling within that paragraph.”.

- (2) This section applies in relation to any supply that arises for the purposes of the Value Added Tax Act 1994 (c. 23) from the prior grant of a fee simple made on or after 9th April 2003.

## 21 Business gifts

- (1) In Schedule 4 to the Value Added Tax Act 1994 (matters to be treated as supply of goods or services), paragraph 5 (business gifts etc) is amended as follows.

- (2) In sub-paragraph (2) (cases where sub-paragraph (1) does not apply), for paragraph (a) substitute—

“(a) a business gift the cost of which, together with the cost of any other business gifts made to the same person in the same year, was not more than £50.”.

- (3) After that sub-paragraph insert—

“(2ZA) In sub-paragraph (2) above—

“business gift” means a gift of goods that is made in the course or furtherance of the business in question;

“cost”, in relation to a gift of goods, means the cost to the donor of acquiring or, as the case may be, producing the goods;

“the same year”, in relation to a gift, means any period of twelve months that includes the day on which the gift is made.”.

- (4) This section applies in relation to gifts made on or after 1st October 2003.

## <sup>F4</sup>22 Non-business use of business property

.....

### Textual Amendments

**F4** S. 22 repealed (19.7.2007) by [Finance Act 2007 \(c. 11\)](#), [Sch. 27 Pt. 6\(1\)](#)

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**F<sup>5</sup>23 Supply of electronic services in member States: special accounting scheme**

**Textual Amendments**

- F5** S. 23 repealed (31.12.2020) by [Taxation \(Cross-border Trade\) Act 2018 \(c. 22\), s. 57\(3\), Sch. 8 para. 132\(e\)](#) (with savings and transitional provisions in [S.I. 2019/105](#) (as amended by [S.I. 2020/1495](#), regs. 1(2), [21](#)), [S.I. 2020/1545](#), [Pt. 4](#) and 2020 c. 26, [Sch. 2 para. 7\(7\)-\(9\)](#)); [S.I. 2020/1642](#), [reg. 4\(b\)](#) (with [reg. 7](#))

**PART 3**

TAXES AND DUTIES ON IMPORTATION AND EXPORTATION: PENALTIES

**Modifications etc. (not altering text)**

- C4** Pt. 3 modified (17.12.2020 for specified purposes, 31.12.2020 in so far as not already in force) by [2018 c. 22, Sch. 7 para. 158\(7\)](#) (as inserted by [Taxation \(Post-transition Period\) Act 2020 \(c. 26\), s. 11\(1\)\(e\), Sch. 1 para. 10\(6\)](#) (with [Sch. 2 para. 7\(7\)-\(9\)](#)); [S.I. 2020/1642](#)[reg. 9](#))
- C5** Pt. 3 continued (31.12.2020) by [The Customs \(Transitional\) \(EU Exit\) Regulations 2020 \(S.I. 2020/1449\)](#), regs. 1(2), [3\(1\)\(b\)](#); [S.I. 2020/1643](#), [reg. 2](#), [Sch.](#)

*Preliminary*

**24 Introductory**

- (1) This Part makes provision for and in connection with the imposition of liability to a penalty where a person—
- (a) engages in any conduct for the purpose of evading any relevant tax or duty, or
  - (b) engages in any conduct by which he contravenes a duty, obligation, requirement or condition imposed by or under legislation relating to any relevant tax or duty.

- (2) For the purposes of this Part “relevant tax or duty” means any of the following—
- (a) customs duty;
  - F<sup>6</sup>**(b) .....
  - F<sup>7</sup>**(c) .....
  - (d) import VAT;
  - F<sup>8</sup>**(e) .....

- (3) In this Part—
- “appeal tribunal” means a [**F<sup>9</sup>**the First-tier Tribunal or, where determined by or under Tribunal Procedure Rules, the Upper Tribunal];
  - “the Commissioners” means the Commissioners of Customs and Excise;
  - F<sup>10</sup>** .....
  - F<sup>10</sup>** .....
  - F<sup>10</sup>** .....

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“contravene” includes fail to comply with;

<sup>F11</sup>  
...

“demand notice” means a demand notice within the meaning of section 30;

[<sup>F12</sup>“HMRC” means “Her Majesty’s Revenue and Customs.”]

“import VAT” means value added tax chargeable by virtue of section 1(1) (c) of the Value Added Tax Act 1994 (c. 23) (importation of goods [<sup>F13</sup>into the United Kingdom]);

“notice” means notice in writing;

<sup>F11</sup>  
...

“prescribed” means specified in, or determined in accordance with, regulations made by the Treasury;

“relevant rule”, in relation to any relevant tax or duty, has the meaning given by subsection (8) of section 26 (as read with subsection (9) of that section);

“representative”, in relation to any person, means—

- (a) his personal representative,
- (b) his trustee in bankruptcy or interim or permanent trustee,
- (c) any receiver or liquidator appointed in relation to that person or any of his property,

or any other person acting in a representative capacity in relation to that person.

[<sup>F14</sup>“Union Customs Code” means Regulation (EU) No 952/2013 of the European Parliament and of the Council of 9 October 2013 laying down the Union Customs Code;

“Union export duty” means export duty, as defined in Article 5(21) of the Union Customs Code;

“Union import duty” means import duty, as defined in Article 5(20) of the Union Customs Code.]

<sup>F15</sup>(4) .....

<sup>F15</sup>(5) .....

<sup>F15</sup>(6) .....

- (7) Except for this subsection and section 41 (which accordingly come into force on the passing of this Act), this Part comes into force on such day as the Treasury may by order appoint.

#### Textual Amendments

- F6** S. 24(2)(b) omitted (13.9.2018 for specified purposes, 31.12.2020 in so far as not already in force) by virtue of [Taxation \(Cross-border Trade\) Act 2018 \(c. 22\)](#), s. 57(1)(a), [Sch. 7 para. 148\(2\)](#) (with savings and transitional provisions in [S.I. 2020/1449](#), [reg. 3](#) and [2020 c. 26](#), [Sch. 2 para. 7\(7\)-\(9\)](#)); [S.I. 2020/1642](#), [reg. 4\(a\)](#)
- F7** S. 24(2)(c) omitted (13.9.2018 for specified purposes, 31.12.2020 in so far as not already in force) by virtue of [Taxation \(Cross-border Trade\) Act 2018 \(c. 22\)](#), s. 57(1)(a), [Sch. 7 para. 148\(2\)](#) (with savings and transitional provisions in [S.I. 2020/1449](#), [reg. 3](#) and [2020 c. 26](#), [Sch. 2 para. 7\(7\)-\(9\)](#)); [S.I. 2020/1642](#), [reg. 4\(a\)](#)
- F8** S. 24(2)(e) omitted (13.9.2018 for specified purposes, 31.12.2020 in so far as not already in force) by virtue of [Taxation \(Cross-border Trade\) Act 2018 \(c. 22\)](#), s. 57(1)(a), [Sch. 7 para. 148\(2\)](#) (with

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savings and transitional provisions in S.I. 2020/1449, **reg. 3** and 2020 c. 26, **Sch. 2 para. 7(7)-(9)**); S.I. 2020/1642, **reg. 4(a)**

- F9** Words in s. 24(3) substituted (1.4.2009) by The Transfer of Tribunal Functions and Revenue and Customs Appeals Order 2009 (S.I. 2009/56), art. 1(2), **Sch. 1 para. 360(2)**
- F10** Words in s. 24(3) omitted (30.3.2018) by virtue of The Finance Act 2003, Part 3 (Amendment) Order 2018 (S.I. 2018/461), arts. 1, 4(b)(i) (with art. 6); words further omitted (13.9.2018 for specified purposes, 31.12.2020 in so far as not already in force) by virtue of Taxation (Cross-border Trade) Act 2018 (c. 22), s. 57(1)(a), **Sch. 7 para. 148(3)** (with savings and transitional provisions in S.I. 2020/1449, **reg. 3** and 2020 c. 26, **Sch. 2 para. 7(7)-(9)**); S.I. 2020/1642, **reg. 4(a)**
- F11** Words in s. 24(3) omitted (13.9.2018 for specified purposes, 31.12.2020 in so far as not already in force) by virtue of Taxation (Cross-border Trade) Act 2018 (c. 22), s. 57(1)(a), **Sch. 7 para. 148(3)** (with savings and transitional provisions in S.I. 2020/1449, **reg. 3** and 2020 c. 26, **Sch. 2 para. 7(7)-(9)**); S.I. 2020/1642, **reg. 4(a)**
- F12** Words in s. 24(3) inserted (1.4.2009) by The Transfer of Tribunal Functions and Revenue and Customs Appeals Order 2009 (S.I. 2009/56), art. 1(2), **Sch. 1 para. 360(3)**
- F13** Words in s. 24(3) substituted (31.12.2020) by Taxation (Cross-border Trade) Act 2018 (c. 22), s. 57(3), **Sch. 8 para. 109** (with savings and transitional provisions in S.I. 2019/105 (as amended by S.I. 2020/1495, regs. 1(2), **21**), S.I. 2020/1545, **Pt. 4** and 2020 c. 26, **Sch. 2 para. 7(7)-(9)**); S.I. 2020/1642, **reg. 4(b)** (with reg. 7)
- F14** Words in s. 24(3) inserted (30.3.2018) by The Finance Act 2003, Part 3 (Amendment) Order 2018 (S.I. 2018/461), arts. 1, **4(c)** (with art. 6)
- F15** S. 24(4)-(6) omitted (13.9.2018 for specified purposes, 31.12.2020 in so far as not already in force) by virtue of Taxation (Cross-border Trade) Act 2018 (c. 22), s. 57(1)(a), **Sch. 7 para. 148(4)** (with savings and transitional provisions in S.I. 2020/1449, **reg. 3** and 2020 c. 26, **Sch. 2 para. 7(7)-(9)**); S.I. 2020/1642, **reg. 4(a)**

#### Commencement Information

- I2** S. 24 partly in force; s. 24(7) in force at 10.7.2003, see s. 24(7)
- I3** S. 24(1)-(6) in force at 27.11.2003 by S.I. 2003/2985, **art. 2**

### *The penalties*

## 25 Penalty for evasion

- (1) In any case where—
- a person engages in any conduct for the purpose of evading any relevant tax or duty, and
  - his conduct involves dishonesty (whether or not such as to give rise to any criminal liability),

that person is liable to a penalty of an amount equal to the amount of the tax or duty evaded or, as the case may be, sought to be evaded.

- (2) Subsection (1) is subject to the following provisions of this Part.

<sup>F16</sup>(3) .....

- (4) Any reference in this section to a person's "evading" any relevant tax or duty includes a reference to his obtaining or securing, without his being entitled to it,—
- any repayment, rebate or drawback of any relevant tax or duty,
  - any relief or exemption from, or any allowance against, any relevant tax or duty, or

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- (c) any deferral or other postponement of his liability to pay any relevant tax or duty or of the discharge by payment of any such liability,  
and also includes a reference to his evading the cancellation of any entitlement to, or the withdrawal of, any such repayment, rebate, drawback, relief, exemption or allowance.
- (5) In relation to any such evasion of any relevant tax or duty as is mentioned in subsection (4), the reference in subsection (1) to the amount of the tax or duty evaded or sought to be evaded is a reference to the amount of—
- (a) the repayment, rebate or drawback,
  - (b) the relief, exemption or allowance, or
  - (c) the payment which, or the liability to make which, is deferred or otherwise postponed,
- as the case may be.
- (6) Where, by reason of conduct falling within subsection (1) in the case of any relevant tax or duty, a person—
- (a) is convicted of an offence,
  - (b) is given, and has not had withdrawn, a demand notice in respect of a penalty to which he is liable under section 26, or
  - (c) is liable to a penalty imposed upon him under any other provision of the law relating to that relevant tax or duty,
- that conduct does not also give rise to liability to a penalty under this section in respect of that relevant tax or duty.

#### Textual Amendments

**F16** S. 25(3) omitted (13.9.2018 for specified purposes, 31.12.2020 in so far as not already in force) by virtue of [Taxation \(Cross-border Trade\) Act 2018 \(c. 22\)](#), s. 57(1)(a), [Sch. 7 para. 149](#) (with savings and transitional provisions in [S.I. 2020/1449](#), [reg. 3](#) and [2020 c. 26](#), [Sch. 2 para. 7\(7\)-\(9\)](#)); [S.I. 2020/1642](#), [reg. 4\(a\)](#)

#### Commencement Information

**I4** S. 25 in force at 27.11.2003 by [S.I. 2003/2985](#), [art. 2](#)

## 26 Penalty for contravention of relevant rule

- (1) If, in the case of any relevant tax or duty, a person of a prescribed description engages in any conduct by which he contravenes—
- (a) a prescribed relevant rule, or
  - (b) a relevant rule of a prescribed description,
- he is liable to a penalty under this section of a prescribed amount.
- (2) Subsection (1) is subject to the following provisions of this Part.
- (3) The power conferred by subsection (1) to prescribe a description of person includes power to prescribe any person (without further qualification) as such a description.
- (4) Different penalties may be prescribed under subsection (1) for different cases or different circumstances.

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(5) Any amount prescribed under subsection (1) as the amount of a penalty must not be more than £2,500.

[<sup>F17</sup>(5A) Where the conduct constituting a contravention of a relevant rule is a contravention of a condition imposed under regulations under section 20(1A), 22(1A) or 25(1A) of the Customs and Excise Management Act 1979—

- (a) the Treasury may by regulations provide that, in prescribed circumstances, there are to be deemed for the purposes of subsection (1) of this section to be further separate contraventions of the rule, and
- (b) the provision that may be made by the regulations includes provision replicating or applying, with or without modifications, any provision made by section 20A(1A) or (1B), 22A(1A) or (1B) or 25A(1A) or (1B) of the Customs and Excise Management Act 1979.]

(6) The Treasury may by order amend subsection (5) by substituting a different amount for the amount for the time being specified in that subsection.

(7) A statutory instrument containing an order under subsection (6) may not be made unless a draft of the instrument has been laid before, and approved by a resolution of, the House of Commons.

(8) In this Part “relevant rule”, in relation to any relevant tax or duty, means any duty, obligation, requirement or condition imposed by or under any of the following—

[<sup>F18</sup>(za) Part 1 and sections 40A and 40B of the Taxation (Cross-border Trade) Act 2018, as they apply in relation to the relevant tax or duty;]

- (a) the Customs and Excise Management Act 1979 (c. 2), as it applies in relation to the relevant tax or duty;
- (b) any other Act, or any statutory instrument, as it applies in relation to the relevant tax or duty;

<sup>F19</sup>(c) .....

<sup>F20</sup>(d) .....

<sup>F21</sup>(e) .....

- (f) any relevant international rules applying in relation to the relevant tax or duty.

(9) In subsection (8)—

<sup>F22</sup> .....

“relevant international rules” means international agreements so far as applying in relation to a relevant tax or duty and having effect as part of the law of any part of the United Kingdom by virtue of—

- (a) any Act or statutory instrument, <sup>F23</sup> ...
- (b) <sup>F23</sup> ...

#### Textual Amendments

**F17** S. 26(5A) inserted (13.9.2018 for specified purposes, 31.12.2020 in so far as not already in force) by [Taxation \(Cross-border Trade\) Act 2018 \(c. 22\)](#), s. 57(1)(a), [Sch. 7 para. 150\(2\)](#) (with savings and transitional provisions in [S.I. 2020/1449](#), [reg. 3](#) and [2020 c. 26](#), [Sch. 2 para. 7\(7\)-\(9\)](#)); [S.I. 2020/1642](#), [reg. 4\(a\)](#)

**F18** S. 26(8)(za) inserted (13.9.2018 for specified purposes, 31.12.2020 in so far as not already in force) by [Taxation \(Cross-border Trade\) Act 2018 \(c. 22\)](#), s. 57(1)(a), [Sch. 7 para. 150\(3\)\(a\)](#) (with savings and

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transitional provisions in S.I. 2020/1449, **reg. 3** and 2020 c. 26, **Sch. 2 para. 7(7)-(9)**); S.I. 2020/1642, **reg. 4(a)** (as amended by Taxation (Post-transition Period) Act 2020 (c. 26), s. 11(1)(e), Sch. 1 para. 10(4) (with **Sch. 2 para. 7(7)-(9)**); S.I. 2020/1642, **reg. 9**)

- F19** S. 26(8)(c) omitted (13.9.2018 for specified purposes, 31.12.2020 in so far as not already in force) by virtue of Taxation (Cross-border Trade) Act 2018 (c. 22), s. 57(1)(a), **Sch. 7 para. 150(3)(b)** (with savings and transitional provisions in S.I. 2020/1449, **reg. 3** and 2020 c. 26, **Sch. 2 para. 7(7)-(9)**); S.I. 2020/1642, **reg. 4(a)**
- F20** S. 26(8)(d) omitted (31.12.2020) by virtue of Taxation (Cross-border Trade) Act 2018 (c. 22), s. 57(3), **Sch. 8 para. 110** (with savings and transitional provisions in S.I. 2019/105 (as amended by S.I. 2020/1495, regs. 1(2), **21**), S.I. 2020/1545, **Pt. 4** and 2020 c. 26, **Sch. 2 para. 7(7)-(9)**); S.I. 2020/1642, **reg. 4(b)** (with reg. 7)
- F21** S. 26(8)(e) omitted (13.9.2018 for specified purposes, 31.12.2020 in so far as not already in force) by virtue of Taxation (Cross-border Trade) Act 2018 (c. 22), s. 57(1)(a), **Sch. 7 para. 150(3)(b)** (with savings and transitional provisions in S.I. 2020/1449, **reg. 3** and 2020 c. 26, **Sch. 2 para. 7(7)-(9)**); S.I. 2020/1642, **reg. 4(a)**
- F22** Words in s. 26(9) omitted (30.3.2018) by virtue of The Finance Act 2003, Part 3 (Amendment) Order 2018 (S.I. 2018/461), arts. 1, 5(c)(i) (with art. 6); words further omitted (13.9.2018 for specified purposes, 31.12.2020 in so far as not already in force) by virtue of Taxation (Cross-border Trade) Act 2018 (c. 22), s. 57(1)(a), **Sch. 7 para. 150(4)(a)** (with savings and transitional provisions in S.I. 2020/1449, **reg. 3** and 2020 c. 26, **Sch. 2 para. 7(7)-(9)**); S.I. 2020/1642, **reg. 4(a)**
- F23** Words in s. 26(9) omitted (13.9.2018 for specified purposes, 31.12.2020 in so far as not already in force) by virtue of Taxation (Cross-border Trade) Act 2018 (c. 22), s. 57(1)(a), **Sch. 7 para. 150(4)(b)** (with savings and transitional provisions in S.I. 2020/1449, **reg. 3** and 2020 c. 26, **Sch. 2 para. 7(7)-(9)**); S.I. 2020/1642, **reg. 4(a)**

#### Modifications etc. (not altering text)

- C6** Ss. 26, 27 applied (17.7.2014) by Finance Act 2014 (c. 26), **s. 102(2)**

#### Commencement Information

- I5** S. 26 in force at 27.11.2003 by S.I. 2003/2985, **art. 2**

## 27 Exceptions from section 26

- (1) A person is not liable to a penalty under section 26 if he satisfies—
- the Commissioners, or
  - on appeal, an appeal tribunal,
- that there is a reasonable excuse for his conduct.
- (2) For the purposes of subsection (1) none of the following is a reasonable excuse—
- an insufficiency of funds available to any person for paying any relevant tax or duty or any penalty due;
  - that reliance was placed by any person on another to perform any task;
  - that the contravention is attributable, in whole or in part, to the conduct of a person on whom reliance to perform any task was so placed.
- (3) Where, by reason of conduct falling within subsection (1) of section 26 in the case of any relevant tax or duty, a person—
- is prosecuted for an offence,
  - is given, and has not had withdrawn, a demand notice in respect of a penalty to which he is liable under section 25, or



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- (c) is liable to a penalty imposed upon him under any other provision of the law relating to that relevant tax or duty,  
that conduct does not also give rise to liability to a penalty under section 26 in respect of that relevant tax or duty.
- (4) A person is not liable to a penalty under section 26 in respect of any conduct, so far as relating to import VAT, if in respect of that conduct—
- (a) he is liable to a penalty under any of sections 62 to 69A of the Value Added Tax Act 1994 (c. 23) (penalty for contravention of statutory requirements as to VAT), or
  - (b) he would be so liable but for section 62(4), 63(11), 64(6), 67(9), 69(9) or 69A(7) of that Act (conduct resulting in conviction, different penalty etc).

**Modifications etc. (not altering text)**

C6 Ss. 26, 27 applied (17.7.2014) by [Finance Act 2014 \(c. 26\), s. 102\(2\)](#)

**Commencement Information**

I6 S. 27 in force at 27.11.2003 by [S.I. 2003/2985, art. 2](#)

## 28 Liability of directors etc where body corporate liable to penalty for evasion

- (1) Where it appears to the Commissioners—
- (a) that a body corporate is liable to a penalty under section 25, and
  - (b) that the conduct giving rise to the penalty is, in whole or in part, attributable to the dishonesty of a person who is, or at the material time was, a director or managing officer of the body corporate (a “relevant officer”),
- the Commissioners may give a notice under this section to the body corporate (or its representative) and to the relevant officer (or his representative).
- (2) A notice under this section must state—
- (a) the amount of the penalty referred to in subsection (1)(a) (the “basic penalty”), and
  - (b) that the Commissioners propose, in accordance with this section, to recover from the relevant officer such portion (which may be the whole) of the basic penalty as is specified in the notice.
- (3) If a notice is given under this section, this Part shall apply in relation to the relevant officer as if he were personally liable under section 25 to a penalty which corresponds to that portion of the basic penalty specified in the notice.
- (4) If a notice is given under this section—
- (a) the amount which may be recovered from the body corporate under this Part is limited to so much (if any) of the basic penalty as is not recoverable from the relevant officer by virtue of subsection (3), and
  - (b) the body corporate is to be treated as discharged from liability for so much of the basic penalty as is so recoverable from the relevant officer.
- (5) In this section “managing officer”, in relation to a body corporate, means—
- (a) a manager, secretary or other similar officer of the body corporate, or
  - (b) a person purporting to act in any such capacity or as a director.

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- (6) Where the affairs of a body corporate are managed by its members, this section applies in relation to the conduct of a member in connection with his functions of management as if he were a director of the body corporate.

**Commencement Information**

**I7** S. 28 in force at 27.11.2003 by [S.I. 2003/2985](#), **art. 2**

*Reduction of amount of penalty*

**29 Reduction of penalty under section 25 or 26**

- (1) Where a person is liable to a penalty under section 25 or 26—
- (a) the Commissioners (whether originally or on review) or, on appeal, an appeal tribunal may reduce the penalty to such amount (including nil) as they think proper; and
  - (b) the Commissioners on a review, or an appeal tribunal on an appeal, relating to a penalty reduced by the Commissioners under this subsection may cancel the whole or any part of the reduction previously made by the Commissioners.
- (2) In exercising their powers under subsection (1), neither the Commissioners nor an appeal tribunal are entitled to take into account any of the matters specified in subsection (3).
- (3) Those matters are—
- (a) the insufficiency of the funds available to any person for paying any relevant tax or duty or the amount of the penalty,
  - (b) the fact that there has, in the case in question or in that case taken with any other cases, been no or no significant loss of any relevant tax or duty,
  - (c) the fact that the person liable to the penalty, or a person acting on his behalf, has acted in good faith.

**Modifications etc. (not altering text)**

**C7** Ss. 29-41 applied (17.7.2014) by [Finance Act 2014 \(c. 26\)](#), **s. 102(2)**

**Commencement Information**

**I8** S. 29 in force at 27.11.2003 by [S.I. 2003/2985](#), **art. 2**

*Demand notices*

**30 Demands for penalties**

- (1) Where a person is liable to a penalty under this Part, the Commissioners may give to that person or his representative a notice in writing (a “demand notice”) demanding payment of the amount due by way of penalty.

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- (2) An amount demanded as due from a person or his representative in accordance with subsection (1) is recoverable as if it were an amount due from the person or, as the case may be, the representative as an amount of customs duty.

This subsection is subject to—

- (a) any appeal under section [F2433] (appeals to tribunal); and  
(b) subsection (3).

- (3) An amount so demanded is not recoverable if or to the extent that—

- (a) the demand has subsequently been withdrawn; or  
(b) the amount has been reduced under section 29.

#### Textual Amendments

**F24** Word in s. 30(2)(a) substituted (1.4.2009) by [The Transfer of Tribunal Functions and Revenue and Customs Appeals Order 2009 \(S.I. 2009/56\)](#), art. 1(2), **Sch. 1 para. 361**

#### Modifications etc. (not altering text)

**C7** Ss. 29-41 applied (17.7.2014) by [Finance Act 2014 \(c. 26\)](#), **s. 102(2)**

#### Commencement Information

**I9** S. 30 in force at 27.11.2003 by [S.I. 2003/2985](#), **art. 2**

### 31 Time limits for demands for penalties

- (1) A demand notice may not be given—
- (a) in the case of a penalty under section 25, more than 20 years after the conduct giving rise to the liability to the penalty ceased, or
- (b) in the case of a penalty under section 26, more than 3 years after the conduct giving rise to the liability to the penalty ceased.
- (2) A demand notice may not be given more than 2 years after there has come to the knowledge of the Commissioners evidence of facts sufficient in the opinion of the Commissioners to justify the giving of the demand notice.
- (3) A demand notice—
- (a) may be given in respect of a penalty to which a person was liable under section 25 or 26 immediately before his death, but
- (b) in the case of a penalty to which the deceased was so liable under section 25, may not be given more than 3 years after his death.

#### Modifications etc. (not altering text)

**C7** Ss. 29-41 applied (17.7.2014) by [Finance Act 2014 \(c. 26\)](#), **s. 102(2)**

#### Commencement Information

**I10** S. 31 in force at 27.11.2003 by [S.I. 2003/2985](#), **art. 2**

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### 32 No prosecution after demand notice for penalty under section 26

[<sup>F25</sup>(1)] Where a demand notice is given demanding payment of an amount due by way of penalty under section 26 in respect of any conduct of a person, no proceedings may be brought against that person for any offence constituted by that conduct (whether or not the demand notice is subsequently withdrawn).

[<sup>F26</sup>(2)] Nothing in subsection (1) prevents the bringing of proceedings against a person for an offence under section 20A(1A), 22A(1A) or 25A(1A) of the Customs and Excise Management Act 1979 in circumstances where it is alleged that the person is liable to a penalty of an enhanced amount.]

#### Textual Amendments

**F25** S. 32 renumbered as s. 32(1) (13.9.2018 for specified purposes, 31.12.2020 in so far as not already in force) by [Taxation \(Cross-border Trade\) Act 2018 \(c. 22\)](#), s. 57(1)(a), [Sch. 7 para. 151\(a\)](#) (with savings and transitional provisions in [S.I. 2020/1449](#), [reg. 3](#) and 2020 c. 26, [Sch. 2 para. 7\(7\)-\(9\)](#)); [S.I. 2020/1642](#), [reg. 4\(a\)](#)

**F26** S. 32(2) inserted (13.9.2018 for specified purposes, 31.12.2020 in so far as not already in force) by [Taxation \(Cross-border Trade\) Act 2018 \(c. 22\)](#), s. 57(1)(a), [Sch. 7 para. 151\(b\)](#) (with savings and transitional provisions in [S.I. 2020/1449](#), [reg. 3](#) and 2020 c. 26, [Sch. 2 para. 7\(7\)-\(9\)](#)); [S.I. 2020/1642](#), [reg. 4\(a\)](#)

#### Modifications etc. (not altering text)

**C7** Ss. 29-41 applied (17.7.2014) by [Finance Act 2014 \(c. 26\)](#), s. 102(2)

#### Commencement Information

**I11** S. 32 in force at 27.11.2003 by [S.I. 2003/2985](#), [art. 2](#)

[<sup>F27</sup> Appeals and reviews]

#### Textual Amendments

**F27** S. 33 crossheading substituted (1.4.2009) by [The Transfer of Tribunal Functions and Revenue and Customs Appeals Order 2009 \(S.I. 2009/56\)](#), art. 1(2), [Sch. 1 para. 362](#) (with [Sch. 3 paras. 2-4](#))

### 33 [<sup>F28</sup>Right to appeal against certain decisions]

(1) If, in the case of any relevant tax or duty, [<sup>F29</sup>HMRC] give a person or his representative a notice informing him—

- (a) that they have decided that the person has engaged in conduct by which he contravenes a relevant rule, and
- (b) that the person is, in consequence, liable to a penalty under section 26, but
- (c) that they do not propose to give a demand notice in respect of the penalty,

the person or his representative may [<sup>F30</sup>make an appeal to an appeal tribunal in respect of] the decision mentioned in paragraph (a).

(2) Where [<sup>F31</sup>HMRC] give a demand notice to a person or his representative, the person or his representative may [<sup>F32</sup>make an appeal to an appeal tribunal in respect of] —

- (a) their decision that the person is liable to a penalty under section 25 or 26, or

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- (b) their decision as to the amount of the liability.
- (3) Where [F33HMRC] give a notice under section 28 to a body corporate and to a relevant officer—
- (a) subsection (2) does not apply to any demand notice given in respect of the liability of either of them to a penalty under this Part in respect of the conduct in question, but
- (b) subsections (4) and (5) have effect instead in relation to any such demand notice.
- (4) Where [F34HMRC] give a demand notice to the relevant officer or his representative for a penalty which corresponds to the portion of the basic penalty specified in the notice under section 28, the relevant officer or his representative may [F35make an appeal to an appeal tribunal in respect of] —
- (a) their decision that the conduct of the body corporate referred to in section 28(1)(b) is, in whole or in part, attributable to the relevant officer's dishonesty, or
- (b) their decision as to the portion of the basic penalty which the [F36HMRC] are seeking to recover from the relevant officer or his representative.
- (5) Where [F37HMRC] give a demand notice to the body corporate or its representative for so much of the basic penalty as is not recoverable from the relevant officer by virtue of section 28(3), the body corporate or its representative may [F38make an appeal to an appeal tribunal in respect of] —
- (a) their decision that the body corporate is liable to a penalty under section 25, or
- (b) their decision as to amount of the basic penalty as if it were the amount specified in the demand notice.
- [F39(6) The powers of an appeal tribunal on an appeal under this section include—
- (a) power to quash or vary a decision; and
- (b) power to substitute the tribunal's own decision for any decision so quashed.
- (7) On an appeal under this section—
- (a) the burden of proof as to the matters mentioned in section 25(1) or 26(1) lies on HMRC; but
- (b) it is otherwise for the appellant to show that the grounds on which any such appeal is brought have been established.]

#### Textual Amendments

- F28** S. 33 heading substituted (1.4.2009) by [The Transfer of Tribunal Functions and Revenue and Customs Appeals Order 2009 \(S.I. 2009/56\)](#), art. 1(2), **Sch. 1 para. 363(2)** (with Sch. 3 paras. 2-4)
- F29** Word in s. 33(1) substituted (1.4.2009) by [The Transfer of Tribunal Functions and Revenue and Customs Appeals Order 2009 \(S.I. 2009/56\)](#), art. 1(2), **Sch. 1 para. 363(3)(a)** (with Sch. 3 paras. 2-4)
- F30** Words in s. 33(1) substituted (1.4.2009) by [The Transfer of Tribunal Functions and Revenue and Customs Appeals Order 2009 \(S.I. 2009/56\)](#), art. 1(2), **Sch. 1 para. 363(3)(b)** (with Sch. 3 paras. 2-4)
- F31** Word in s. 33(2) substituted (1.4.2009) by [The Transfer of Tribunal Functions and Revenue and Customs Appeals Order 2009 \(S.I. 2009/56\)](#), art. 1(2), **Sch. 1 para. 363(4)(a)** (with Sch. 3 paras. 2-4)
- F32** Words in s. 33(2) substituted (1.4.2009) by [The Transfer of Tribunal Functions and Revenue and Customs Appeals Order 2009 \(S.I. 2009/56\)](#), art. 1(2), **Sch. 1 para. 363(4)(b)** (with Sch. 3 paras. 2-4)
- F33** Word in s. 33(3) substituted (1.4.2009) by [The Transfer of Tribunal Functions and Revenue and Customs Appeals Order 2009 \(S.I. 2009/56\)](#), art. 1(2), **Sch. 1 para. 363(5)** (with Sch. 3 paras. 2-4)

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- F34** Word in s. 33(4) substituted (1.4.2009) by [The Transfer of Tribunal Functions and Revenue and Customs Appeals Order 2009 \(S.I. 2009/56\)](#), art. 1(2), **Sch. 1 para. 363(6)(a)** (with Sch. 3 paras. 2-4)
- F35** Words in s. 33(4) substituted (1.4.2009) by [The Transfer of Tribunal Functions and Revenue and Customs Appeals Order 2009 \(S.I. 2009/56\)](#), art. 1(2), **Sch. 1 para. 363(6)(b)** (with Sch. 3 paras. 2-4)
- F36** Word in s. 33(4)(b) substituted (1.4.2009) by [The Transfer of Tribunal Functions and Revenue and Customs Appeals Order 2009 \(S.I. 2009/56\)](#), art. 1(2), **Sch. 1 para. 363(6)(c)** (with Sch. 3 paras. 2-4)
- F37** Word in s. 33(5) substituted (1.4.2009) by [The Transfer of Tribunal Functions and Revenue and Customs Appeals Order 2009 \(S.I. 2009/56\)](#), art. 1(2), **Sch. 1 para. 363(7)(a)** (with Sch. 3 paras. 2-4)
- F38** Words in s. 33(5) substituted (1.4.2009) by [The Transfer of Tribunal Functions and Revenue and Customs Appeals Order 2009 \(S.I. 2009/56\)](#), art. 1(2), **Sch. 1 para. 363(7)(b)** (with Sch. 3 paras. 2-4)
- F39** S. 33(6)(7) substituted for s. 33(6) (1.4.2009) by [The Transfer of Tribunal Functions and Revenue and Customs Appeals Order 2009 \(S.I. 2009/56\)](#), art. 1(2), **Sch. 1 para. 363(8)** (with Sch. 3 paras. 2-4)

**Modifications etc. (not altering text)**

- C7** Ss. 29-41 applied (17.7.2014) by [Finance Act 2014 \(c. 26\)](#), **s. 102(2)**

**Commencement Information**

- I12** S. 33 in force at 27.11.2003 by [S.I. 2003/2985](#), **art. 2**

**[<sup>F40</sup>33A Offer of review**

- (1) HMRC must offer a person (P) a review of a decision that has been notified to P if an appeal lies under section 33 in respect of the decision.
- (2) The offer of the review must be made by notice given to P at the same time as the decision is notified to P.
- (3) This section does not apply to the notification of the conclusions of a review.

**Textual Amendments**

- F40** Ss. 33A-33F inserted (1.4.2009) by [The Transfer of Tribunal Functions and Revenue and Customs Appeals Order 2009 \(S.I. 2009/56\)](#), art. 1(2), **Sch. 1 para. 364** (with Sch. 3 paras. 2-4)

**Modifications etc. (not altering text)**

- C7** Ss. 29-41 applied (17.7.2014) by [Finance Act 2014 \(c. 26\)](#), **s. 102(2)**

**33B Review by HMRC**

- (1) HMRC must review a decision if—
  - (a) they have offered a review of the decision under section 33A, and
  - (b) P notifies HMRC accepting the offer within 30 days from the date of the document containing the notification of the offer.
- (2) But P may not notify acceptance of the offer if P has already appealed to the appeal tribunal under section 33F.
- (3) HMRC shall not review a decision if P has appealed to the appeal tribunal under section 33F in respect of the decision.

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#### Textual Amendments

**F40** Ss. 33A-33F inserted (1.4.2009) by [The Transfer of Tribunal Functions and Revenue and Customs Appeals Order 2009 \(S.I. 2009/56\)](#), art. 1(2), **Sch. 1 para. 364** (with Sch. 3 paras. 2-4)

#### Modifications etc. (not altering text)

**C7** Ss. 29-41 applied (17.7.2014) by [Finance Act 2014 \(c. 26\)](#), **s. 102(2)**

### 33C Extensions of time

- (1) If under section 33A, HMRC have offered P a review of a decision, HMRC may within the relevant period notify P that the relevant period is extended.
- (2) If notice is given the relevant period is extended to the end of 30 days from—
  - (a) the date of the notice, or
  - (b) any other date set out in the notice or a further notice.
- (3) In this section “relevant period” means—
  - (a) the period of 30 days referred to in section 33B(1)(b), or
  - (b) if notice has been given under subsection (1) that period as extended (or as most recently extended) in accordance with subsection (2).

#### Textual Amendments

**F40** Ss. 33A-33F inserted (1.4.2009) by [The Transfer of Tribunal Functions and Revenue and Customs Appeals Order 2009 \(S.I. 2009/56\)](#), art. 1(2), **Sch. 1 para. 364** (with Sch. 3 paras. 2-4)

#### Modifications etc. (not altering text)

**C7** Ss. 29-41 applied (17.7.2014) by [Finance Act 2014 \(c. 26\)](#), **s. 102(2)**

### 33D Review out of time

- (1) This section applies if—
  - (a) HMRC have offered a review of a decision under section 33A, and
  - (b) P does not accept the offer within the time allowed under section 33B(1)(b) or 33C(2).
- (2) HMRC must review the decision under section 33B if—
  - (a) after the time allowed, P notifies HMRC in writing requesting a review out of time,
  - (b) HMRC are satisfied that P had a reasonable excuse for not accepting the offer or requiring review within the time allowed, and
  - (c) HMRC are satisfied that P made the request without unreasonable delay after the excuse had ceased to apply.
- (3) HMRC shall not review a decision if P has appealed to the appeal tribunal under section 33F in respect of the decision.

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#### Textual Amendments

**F40** Ss. 33A-33F inserted (1.4.2009) by [The Transfer of Tribunal Functions and Revenue and Customs Appeals Order 2009 \(S.I. 2009/56\)](#), art. 1(2), **Sch. 1 para. 364** (with Sch. 3 paras. 2-4)

#### Modifications etc. (not altering text)

**C7** Ss. 29-41 applied (17.7.2014) by [Finance Act 2014 \(c. 26\)](#), **s. 102(2)**

### 33E Nature of review etc

- (1) This section applies if HMRC are required to undertake a review under section 33B or 33D.
- (2) The nature and extent of the review are to be such as appear appropriate to HMRC in the circumstances.
- (3) For the purpose of subsection (2), HMRC must, in particular, have regard to steps taken before the beginning of the review—
  - (a) by HMRC in reaching the decision, and
  - (b) by any person in seeking to resolve disagreement about the decision.
- (4) The review must take account of any representations made by P at a stage which gives HMRC a reasonable opportunity to consider them.
- (5) The review may conclude that the decision is to be—
  - (a) upheld,
  - (b) varied, or
  - (c) cancelled.
- (6) HMRC must give P notice of the conclusions of the review and their reasoning within—
  - (a) a period of 45 days beginning with the relevant date, or
  - (b) such other period as HMRC and P may agree.
- (7) In subsection (6) “relevant date” means—
  - (a) the date HMRC received P’s notification accepting the offer of a review (in a case falling within section 33A), or
  - (b) the date on which HMRC decided to undertake the review (in a case falling within section 33D).
- (8) Where HMRC are required to undertake a review but do not give notice of the conclusions within the period specified in subsection (6), the review is to be treated as having concluded that the decision is upheld.
- (9) If subsection (8) applies, HMRC must notify P of the conclusions which the review is treated as having reached.

#### Textual Amendments

**F40** Ss. 33A-33F inserted (1.4.2009) by [The Transfer of Tribunal Functions and Revenue and Customs Appeals Order 2009 \(S.I. 2009/56\)](#), art. 1(2), **Sch. 1 para. 364** (with Sch. 3 paras. 2-4)



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**Modifications etc. (not altering text)**

C7 Ss. 29-41 applied (17.7.2014) by [Finance Act 2014 \(c. 26\), s. 102\(2\)](#)

**33F Bringing of appeals**

- (1) An appeal under section 33 is to be made to the appeal tribunal before—
  - (a) the end of the period of 30 days beginning with the date of the document notifying the decision to which the appeal relates, or
  - (b) if later, the end of the relevant period (within the meaning of section 33C).
- (2) But that is subject to subsections (3) to (5).
- (3) In a case where HMRC are required to undertake a review under [<sup>F41</sup>section 33B] —
  - (a) an appeal may not be made until the conclusion date, and
  - (b) any appeal is to be made within the period of 30 days beginning with the conclusion date.
- [<sup>F42</sup>(4) In a case where HMRC are requested to undertake a review in accordance with section 33D—
  - (a) an appeal may not be made to an appeal tribunal—
    - (i) unless HMRC have notified P as to whether or not a review will be undertaken, and
    - (ii) if HMRC have notified P that a review will be undertaken, until the conclusion date;
  - (b) any appeal where paragraph (a)(ii) applies is to be made within the period of 30 days beginning with the conclusion date;
  - (c) if HMRC have notified P that a review will not be undertaken, an appeal may be made only if the appeal tribunal gives permission to do so.]
- (5) In a case where section 33E(8) applies, an appeal may be made at any time from the end of the period specified in section 33E(6) to the date 30 days after the conclusion date.
- (6) An appeal may be made after the end of the period specified in subsection (1), (3)(b), (4)(b) or (5) if an appeal tribunal gives permission to do so.
- (7) In this section “conclusion date” means the date of the document notifying the conclusions of the review.]

**Textual Amendments**

**F40** Ss. 33A-33F inserted (1.4.2009) by [The Transfer of Tribunal Functions and Revenue and Customs Appeals Order 2009 \(S.I. 2009/56\)](#), art. 1(2), **Sch. 1 para. 364** (with Sch. 3 paras. 2-4)

**F41** Words in s. 33F(3) substituted (1.6.2014) by [The Revenue and Customs \(Amendment of Appeal Provisions for Out of Time Reviews\) Order 2014 \(S.I. 2014/1264\)](#), arts. 1(2), **8(2)**

**F42** S. 33F(4) substituted (1.6.2014) by [The Revenue and Customs \(Amendment of Appeal Provisions for Out of Time Reviews\) Order 2014 \(S.I. 2014/1264\)](#), arts. 1(2), **8(3)** (with art. 1(3))

**Modifications etc. (not altering text)**

C7 Ss. 29-41 applied (17.7.2014) by [Finance Act 2014 \(c. 26\), s. 102\(2\)](#)

*Status: Point in time view as at 15/03/2023.*

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<sup>F43</sup>**34 Time limit and right to further review**

.....

**Textual Amendments**

**F43** Ss. 34-36 and cross-heading preceding s. 36 omitted (1.4.2009) by virtue of [The Transfer of Tribunal Functions and Revenue and Customs Appeals Order 2009 \(S.I. 2009/56\)](#), art. 1(2), **Sch. 1 para. 365** (with [Sch. 3 paras. 2-4](#))

<sup>F43</sup>**35 Powers of Commissioners on a review**

.....

**Textual Amendments**

**F43** Ss. 34-36 and cross-heading preceding s. 36 omitted (1.4.2009) by virtue of [The Transfer of Tribunal Functions and Revenue and Customs Appeals Order 2009 \(S.I. 2009/56\)](#), art. 1(2), **Sch. 1 para. 365** (with [Sch. 3 paras. 2-4](#))

<sup>F43</sup>**36 Appeals to a tribunal**

.....

**Textual Amendments**

**F43** Ss. 34-36 and cross-heading preceding s. 36 omitted (1.4.2009) by virtue of [The Transfer of Tribunal Functions and Revenue and Customs Appeals Order 2009 \(S.I. 2009/56\)](#), art. 1(2), **Sch. 1 para. 365** (with [Sch. 3 paras. 2-4](#))

[<sup>F44</sup>**37 Appeal tribunals**

Section 85 of the Value Added Tax Act 1994 (settling appeals by agreement) has effect as if the reference to section 83 of that Act included a reference to section 33 above.]

**Textual Amendments**

**F44** S. 37 substituted (1.4.2009) by [The Transfer of Tribunal Functions and Revenue and Customs Appeals Order 2009 \(S.I. 2009/56\)](#), art. 1(2), **Sch. 1 para. 366** (with [Sch. 3 paras. 2-4](#))

**Modifications etc. (not altering text)**

**C7** Ss. 29-41 applied (17.7.2014) by [Finance Act 2014 \(c. 26\)](#), **s. 102(2)**

*Evidence*

**38 Admissibility of certain statements and documents**

(1) Statements made or documents produced by or on behalf of a person are not inadmissible in—

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- (a) any criminal proceedings against that person in respect of any offence in connection with or in relation to any relevant tax or duty, or
- (b) any proceedings against that person for the recovery of any sum due from him in connection with or in relation to any relevant tax or duty,

by reason only that any of the matters specified in subsection (2) has been drawn to his attention and that he was, or may have been, induced by that matter having been brought to his attention to make the statements or produce the documents.

(2) The matters mentioned in subsection (1) are—

- (a) that the Commissioners have power, in relation to any relevant tax or duty, to demand by means of a written notice an amount by way of a civil penalty, instead of instituting criminal proceedings;
- (b) that it is the Commissioners' practice, without being able to give an undertaking as to whether they will make such a demand in any case, to be influenced in determining whether to make such a demand by the fact (where it is the case) that a person has made a full confession of any dishonest conduct to which he has been a party and has given full facilities for an investigation;
- (c) that the Commissioners or, on appeal, an appeal tribunal have power to reduce a penalty under section 25, as provided in subsection (1) of section 29; and
- (d) that, in determining the extent of such a reduction in the case of any person, the Commissioners or tribunal will have regard to the extent of the co-operation which he has given to the Commissioners in their investigation.

<sup>F45</sup>(3) . . . . .

**Textual Amendments**

**F45** S. 38(3) omitted (13.9.2018 for specified purposes, 31.12.2020 in so far as not already in force) by virtue of [Taxation \(Cross-border Trade\) Act 2018 \(c. 22\)](#), s. 57(1)(a), [Sch. 7 para. 152](#) (with savings and transitional provisions in [S.I. 2020/1449](#), [reg. 3](#) and [2020 c. 26](#), [Sch. 2 para. 7\(7\)-\(9\)](#)); [S.I. 2020/1642](#), [reg. 4\(a\)](#)

**Modifications etc. (not altering text)**

**C7** Ss. 29-41 applied (17.7.2014) by [Finance Act 2014 \(c. 26\)](#), s. [102\(2\)](#)

**Commencement Information**

**I13** S. 38 in force at 27.11.2003 by [S.I. 2003/2985](#), [art. 2](#)

*Miscellaneous and supplementary*

**39 Service of notices**

Any notice to be given to any person for the purposes of this Part may be given by sending it by post in a letter addressed to that person or his representative at the last or usual residence or place of business of that person or representative.

**Modifications etc. (not altering text)**

**C7** Ss. 29-41 applied (17.7.2014) by [Finance Act 2014 \(c. 26\)](#), s. [102\(2\)](#)

*Status: Point in time view as at 15/03/2023.*

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#### Commencement Information

**I14** S. 39 in force at 27.11.2003 by [S.I. 2003/2985](#), [art. 2](#)

#### <sup>F46</sup>**40 Penalties not to be deducted for income tax or corporation tax purposes**

.....

#### Textual Amendments

**F46** S. 40 repealed (with effect in accordance with s. 1329(1) of the amending Act) by [Corporation Tax Act 2009 \(c. 4\)](#), [s. 1329\(1\)](#), [Sch. 3 Pt. 1](#) (with [Sch. 2 Pts. 1, 2](#))

#### **41 Regulations and orders**

- (1) Any power conferred on the Treasury by this Part to make regulations or an order includes power—
  - (a) to make different provision for different cases, and
  - (b) to make incidental, consequential, supplemental or transitional provision or savings.
- (2) Any power conferred on the Treasury by this Part to make regulations or an order shall be exercisable by statutory instrument.
- (3) Any statutory instrument containing regulations under this Part shall be subject to annulment in pursuance of a resolution of the House of Commons.

#### Modifications etc. (not altering text)

**C7** Ss. 29-41 applied (17.7.2014) by [Finance Act 2014 \(c. 26\)](#), [s. 102\(2\)](#)

## PART 4

### STAMP DUTY LAND TAX

#### Modifications etc. (not altering text)

- C8** Pt. 4 construed as one with [S.I. 2006/575](#), [reg. 43](#) (6.4.2006) by [The Pension Protection Fund \(Tax\) Regulations 2006 \(S.I. 2006/575\)](#), [regs. 1, 43\(4\)](#)
- C9** Pt. 4 modified (coming into force at 2 p.m. on 6.12.2006) by [The Stamp Duty Land Tax \(Variation of the Finance Act 2003\) Regulations 2006 \(S.I. 2006/3237\)](#), [regs. 1, 2](#), [Sch.](#)
- C10** Pt. 4 modified (17.7.2013) by [Finance Act 2013 \(c. 29\)](#), [s. 194\(8\)-\(12\)](#)
- C11** Pt. 4 applied (17.7.2014) by [Finance Act 2014 \(c. 26\)](#), [ss. 223\(8\)\(9\)\(d\)](#)
- C12** [Pt. 4](#) modified (temp.) (22.7.2020) by [Stamp Duty Land Tax \(Temporary Relief\) Act 2020 \(c. 15\)](#), [s. 1](#) (as amended (10.6.2021) by [2021 c. 26](#), [s. 87\(2\)](#))
- C13** [Pt. 4](#) modified (temp.) (10.6.2021) by [2020 c. 15](#), [s. 1A](#) (as inserted by [Finance Act 2021 \(c. 26\)](#), [s. 87\(3\)](#))

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## Introduction

### 42 The tax

- (1) A tax (to be known as “stamp duty land tax”) shall be charged in accordance with this Part on land transactions.
- (2) The tax is chargeable—
  - (a) whether or not there is any instrument effecting the transaction,
  - (b) if there is such an instrument, whether or not it is executed in the United Kingdom, and
  - (c) whether or not any party to the transaction is present, or resident, in the United Kingdom.
- (3) The tax is under the care and management of the Commissioners of Inland Revenue (referred to in this Part as “the Board”).

#### Commencement Information

**I15** Pt. 4 wholly in force at Royal Assent subject to Sch. 19, see s. 124, Sch. 19 para. 1(1)

## Land transactions

### 43 Land transactions

- (1) In this Part a “land transaction” means any acquisition of a chargeable interest. As to the meaning of “chargeable interest” see section 48.
- (2) Except as otherwise provided, this Part applies however the acquisition is effected, whether by act of the parties, by order of a court or other authority, by or under any statutory provision or by operation of law.
- (3) For the purposes of this Part—
  - (a) the creation of a chargeable interest is—
    - (i) an acquisition by the person becoming entitled to the interest created, and
    - (ii) a disposal by the person whose interest or right is subject to the interest created;
  - (b) the surrender or release of a chargeable interest is—
    - (i) an acquisition of that interest by any person whose interest or right is benefitted or enlarged by the transaction, and
    - (ii) a disposal by the person ceasing to be entitled to that interest;<sup>F47</sup>...
  - (c) the variation of a chargeable interest [<sup>F48</sup>(other than a lease)] is—
    - (i) an acquisition of a chargeable interest [<sup>F48</sup>(other than a lease)] by the person benefitting from the variation, and
    - (ii) a disposal of a chargeable interest [<sup>F48</sup>(other than a lease)] by the person whose interest is subject to or limited by the variation.
  - [<sup>F49</sup>(d) the variation of a lease is an acquisition and disposal of a chargeable interest only where

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[ it takes effect, or is treated for the purposes of this Part, as the grant<sup>F50</sup>(i)] of a new lease<sup>F51</sup>, or

(ii) paragraph 15A of Schedule 17A (reduction of rent or term) applies.]]

- (4) References in this Part to the “purchaser” and “vendor”, in relation to a land transaction, are to the person acquiring and the person disposing of the subject-matter of the transaction.

These expressions apply even if there is no consideration given for the transaction.

- (5) A person is not treated as a purchaser unless he has given consideration for, or is a party to, the transaction.
- (6) References in this Part to the subject-matter of a land transaction are to the chargeable interest acquired (the “main subject-matter”), together with any interest or right appurtenant or pertaining to it that is acquired with it.

#### Textual Amendments

- F47** Word in s. 43(3) repealed (with effect in accordance with Sch. 39 para. 13 of the amending Act) by [Finance Act 2004 \(c. 12\)](#), [Sch. 42 Pt. 4\(2\)](#)
- F48** Words in s. 43(3)(c) inserted (with effect in accordance with Sch. 39 para. 13(3)-(6) of the amending Act) by [Finance Act 2004 \(c. 12\)](#), [Sch. 39 para. 2\(a\)](#)
- F49** S. 43(3)(d) inserted (with effect in accordance with Sch. 39 para. 13(3)-(6) of the amending Act) by [Finance Act 2004 \(c. 12\)](#), [Sch. 39 para. 2\(b\)](#)
- F50** Words in s. 43(3)(d) renumbered as s. 43(3)(d)(i) (with effect in accordance with s. 297(9) of the amending Act) by [Finance Act 2004 \(c. 12\)](#), [s. 297\(2\)](#)
- F51** S. 43(3)(d)(ii) and word inserted (with effect in accordance with s. 297(9) of the amending Act) by [Finance Act 2004 \(c. 12\)](#), [s. 297\(2\)](#)

#### Commencement Information

- I16** Pt. 4 wholly in force at Royal Assent subject to Sch. 19, see s. 124, Sch. 19 para. 1(1)

## 44 Contract and conveyance

- (1) This section applies where a contract for a land transaction is entered into under which the transaction is to be completed by a conveyance.
- (2) A person is not regarded as entering into a land transaction by reason of entering into the contract, but the following provisions have effect.
- (3) If the transaction is completed without previously having been substantially performed, the contract and the transaction effected on completion are treated as parts of a single land transaction. In this case the effective date of the transaction is the date of completion.
- (4) If the contract is substantially performed without having been completed, the contract is treated as if it were itself the transaction provided for in the contract.

In this case the effective date of the transaction is when the contract is substantially performed.

- (5) A contract is “substantially performed” when—

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- (a) the purchaser<sup>[F52]</sup>, or a person connected with the purchaser,] takes possession of the whole, or substantially the whole, of the subject-matter of the contract, or
  - (b) a substantial amount of the consideration is paid or provided.
- (6) For the purposes of subsection (5)(a)—
- <sup>[F53]</sup>(a) possession includes receipt of rents and profits or the right to receive them, and]
  - (b) it is immaterial whether <sup>[F54]</sup>possession is taken] under the contract or under a licence or lease of a temporary character.
- (7) For the purposes of subsection (5)(b) a substantial amount of the consideration is paid or provided—
- (a) if none of the consideration is rent, where the whole or substantially the whole of the consideration is paid or provided;
  - (b) if the only consideration is rent, when the first payment of rent is made;
  - (c) if the consideration includes both rent and other consideration, when—
    - (i) the whole or substantially the whole of the consideration other than rent is paid or provided, or
    - (ii) the first payment of rent is made.
- (8) Where subsection (4) applies and the contract is subsequently completed by a conveyance—
- (a) both the contract and the transaction effected on completion are notifiable transactions, and
  - (b) tax is chargeable on the latter transaction to the extent (if any) that the amount of tax chargeable on it is greater than the amount of tax chargeable on the contract.
- (9) Where subsection (4) applies and the contract is (to any extent) afterwards rescinded or annulled, or is for any other reason not carried into effect, the tax paid by virtue of that subsection shall (to that extent) be repaid by the Inland Revenue.

Repayment must be claimed by amendment of the land transaction return made in respect of the contract.

<sup>[F55]</sup>(9A) Where—

(a) paragraph 12A of Schedule 17A applies (agreement for lease), or

<sup>F56</sup>(b) .....

it applies in place of subsections (4), (8) and (9).]

(10) In this section—

(a) references to completion are to completion of the land transaction proposed, between the same parties, in substantial conformity with the contract; and

(b) “contract” includes any agreement and “conveyance” includes any instrument.

<sup>[F57]</sup>(11) <sup>[F58]</sup>Section 1122 of the Corporation Tax Act 2010] (connected persons) has effect for the purposes of this section.]

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### Textual Amendments

- F52** Words in s. 44(5)(a) inserted (with effect in accordance with Sch. 39 para. 26 of the amending Act) by [Finance Act 2004 \(c. 12\)](#), [Sch. 39 para. 15\(2\)](#) (which amending provision re-enacts, subject to certain changes, a corresponding amendment made by the now revoked [Stamp Duty and Stamp Duty Land Tax \(Variation of the Finance Act 2003\) \(No. 2\) Regulations 2003 \(S.I. 2003/2816\)](#), see Sch. 39 para. 14)
- F53** S. 44(6)(a) substituted (with effect in accordance with Sch. 39 para. 26 of the amending Act) by [Finance Act 2004 \(c. 12\)](#), [Sch. 39 para. 15\(3\)\(a\)](#) (which amending provision re-enacts, subject to certain changes, a corresponding amendment made by the now revoked [Stamp Duty and Stamp Duty Land Tax \(Variation of the Finance Act 2003\) \(No. 2\) Regulations 2003 \(S.I. 2003/2816\)](#), see Sch. 39 para. 14)
- F54** Words in s. 44(6)(b) substituted (with effect in accordance with Sch. 39 para. 26 of the amending Act) by [Finance Act 2004 \(c. 12\)](#), [Sch. 39 para. 15\(3\)\(b\)](#) (which amending provision re-enacts, subject to certain changes, a corresponding amendment made by the now revoked [Stamp Duty and Stamp Duty Land Tax \(Variation of the Finance Act 2003\) \(No. 2\) Regulations 2003 \(S.I. 2003/2816\)](#), see Sch. 39 para. 14)
- F55** S. 44(9A) inserted (with effect in accordance with Sch. 39 para. 13(3)-(6) of the amending Act) by [Finance Act 2004 \(c. 12\)](#), [Sch. 39 para. 3](#)
- F56** S. 44(9A)(b) omitted (with effect in accordance with s. 29(4) of the amending Act) by virtue of [Scotland Act 2012 \(c. 11\)](#), s. 44(2)(b)(3)(b), [Sch. 3 para. 3](#) (with s. 29(5)(6)); S.I. 2015/637, [art. 2](#)
- F57** S. 44(11) added (with effect in accordance with Sch. 39 para. 26 of the amending Act) by [Finance Act 2004 \(c. 12\)](#), [Sch. 39 para. 15\(4\)](#) (which amending provision re-enacts, subject to certain changes, a corresponding amendment made by the now revoked [Stamp Duty and Stamp Duty Land Tax \(Variation of the Finance Act 2003\) \(No. 2\) Regulations 2003 \(S.I. 2003/2816\)](#), see Sch. 39 para. 14)
- F58** Words in s. 44(11) substituted (with effect in accordance with s. 1184(1) of the amending Act) by [Corporation Tax Act 2010 \(c. 4\)](#), s. 1184(1), [Sch. 1 para. 401](#) (with Sch. 2)

### Modifications etc. (not altering text)

- C14** S. 44(8) restricted (temp.) (22.7.2020) by [Stamp Duty Land Tax \(Temporary Relief\) Act 2020 \(c. 15\)](#), [s. 1](#) (as amended (10.6.2021) by [2021 c. 26](#), [s. 87\(2\)](#))
- C15** S. 44(8) restricted (temp.) (8.2.2023) by [Stamp Duty Land Tax \(Temporary Relief\) Act 2023 \(c. 2\)](#), [s. 1](#)
- C16** S. 44(10) applied (temp.) (22.7.2020) by [Stamp Duty Land Tax \(Temporary Relief\) Act 2020 \(c. 15\)](#), [s. 1](#) (as amended (10.6.2021) by [2021 c. 26](#), [s. 87\(2\)](#))
- C17** S. 44(10) applied (temp.) (8.2.2023) by [Stamp Duty Land Tax \(Temporary Relief\) Act 2023 \(c. 2\)](#), [s. 1](#)

### Commencement Information

- I17** Pt. 4 wholly in force at Royal Assent subject to Sch. 19, see s. 124, [Sch. 19 para. 1\(1\)](#)

## <sup>F59</sup> 44A Contract providing for conveyance to third party

- (1) This section applies where a contract is entered into under which a chargeable interest is to be conveyed by one party to the contract (A) at the direction or request of the other (B)—
  - (a) to a person (C) who is not a party to the contract, or
  - (b) either to such a person or to B.
- (2) B is not regarded as entering into a land transaction by reason of entering into the contract, but the following provisions have effect.
- (3) If the contract is substantially performed B is treated for the purposes of this Part as acquiring a chargeable interest, and accordingly as entering into a land transaction.



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The effective date of the transaction is when the contract is substantially performed.

- (4) Where the contract is (to any extent) afterwards rescinded or annulled, or is for any other reason not carried into effect, the tax paid by virtue of subsection (3) shall (to that extent) be repaid by the Inland Revenue.

Repayment must be claimed by amendment of the land transaction return made in respect of the contract.

- (5) Subject to subsection (6), section 44 (contract and conveyance) does not apply (except so far as it defines “substantial performance”) in relation to the contract.

- (6) Where—

- (a) this section applies by virtue of subsection (1)(b), and  
(b) by reason of B’s direction or request, A becomes obliged to convey a chargeable interest to B,

section 44 applies to that obligation as it applies to a contract for a land transaction that is to be completed by a conveyance.

- (7) Section 44 applies in relation to any contract between B and C, in respect of the chargeable interest referred to in subsection (1) above, that is to be completed by a conveyance.

References to completion in that section, as it so applies, include references to conveyance by A to C of the subject matter of the contract between B and C.

- (8) In this section “contract” includes any agreement and “conveyance” includes any instrument.]

#### Textual Amendments

**F59** S. 44A inserted (with effect in accordance with Sch. 39 para. 13(1) of the amending Act) by [Finance Act 2004 \(c. 12\)](#), [Sch. 39 para. 4\(1\)](#)

#### [<sup>F60</sup>45 Transactions entered into before completion of contract

Schedule 2A contains—

- (a) provision about the application of section 44 (contract and conveyance) in certain cases where an assignment of rights, subsale or other transaction is entered into without the contract having been completed, and  
(b) other provision about such cases.]

#### Textual Amendments

**F60** S. 45 substituted (with effect in accordance with Sch. 39 para. 11 of the amending Act) by [Finance Act 2013 \(c. 29\)](#), [Sch. 39 para. 2](#) (with s. 194)

#### Commencement Information

**I18** Pt. 4 wholly in force at Royal Assent subject to Sch. 19, see s. 124, Sch. 19 para. 1(1)

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## **[<sup>F61</sup>45A Contract providing for conveyance to third party: effect of transfer of rights**

- (1) This section applies where—
- (a) a contract (“the original contract”) is entered into under which a chargeable interest is to be conveyed by one party to the contract (A) at the direction or request of the other (B)—
    - (i) to a person (C) who is not a party to the contract, or
    - (ii) either to such a person or to B,
 and
  - (b) there is an assignment or other transaction (relating to the whole or part of the subject-matter of the original contract) as a result of which a person (D) becomes entitled to exercise any of B’s rights under the original contract in place of B.

References in the following provisions of this section to a transfer of rights are to any such assignment or other transaction.

- (2) D is not regarded as entering into a land transaction by reason of the transfer of rights, but section 44A (contract providing for conveyance to third party) has effect in accordance with the following provisions of this section.
- (3) That section applies as if—
- (a) D had entered into a contract (a “secondary contract”) in the same terms as the original contract except with D as a party instead of B, and
  - (b) the consideration due from D under the secondary contract were—
    - (i) so much of the consideration under the original contract as is referable to the subject-matter of the transfer of rights and is to be given (directly or indirectly) by D or a person connected with him, and
    - (ii) the consideration given for the transfer of rights.
- (4) The substantial performance of the original contract shall be disregarded if—
- (a) it occurs at the same time as, and in connection with, the substantial performance of the secondary contract, or
  - (b) it occurs after the transfer of rights.
- (5) Where there are successive transfers of rights, subsection (3) has effect in relation to each of them.
- (6) The substantial performance of the secondary contract arising from an earlier transfer of rights shall be disregarded if—
- (a) it occurs at the same time as, and in connection with, the substantial performance of the secondary contract arising from a subsequent transfer of rights, or
  - (b) it occurs after that subsequent transfer.
- (7) Where a transfer of rights relates to only part of the subject matter of the original contract, or to only some of the rights under that contract—
- (a) a reference in subsection (3)(a) or (4) to the original contract, or a reference in subsection (6) to the secondary contract arising from an earlier transfer, is to that contract so far as relating to that part or those rights, and
  - (b) that contract so far as not relating to that part or those rights shall be treated as a separate contract.

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- (8) The effective date of a land transaction treated as entered into by virtue of subsection (3) is not earlier than the date of the transfer of rights.
- (9) In relation to a such a transaction—
- (a) references in Schedule 7 (group relief) to the vendor shall be read as references to A;
  - (b) other references in this Part to the vendor shall be read, where the context permits, as referring to either A or B.
- (10) [<sup>F62</sup>Section 1122 of the Corporation Tax Act 2010] (connected persons) applies for the purposes of subsection (3)(b).
- (11) In this section “contract” includes any agreement.]

#### Textual Amendments

- F61** S. 45A inserted (with effect in accordance with Sch. 39 para. 13(2) of the amending Act) by [Finance Act 2004 \(c. 12\)](#), [Sch. 39 para. 5\(5\)](#)
- F62** Words in s. 45A(10) substituted (with effect in accordance with s. 1184(1) of the amending Act) by [Corporation Tax Act 2010 \(c. 4\)](#), s. 1184(1), [Sch. 1 para. 403](#) (with [Sch. 2](#))

## 46 Options and rights of pre-emption

- (1) The acquisition of—
- (a) an option binding the grantor to enter into a land transaction, or
  - (b) a right of pre-emption preventing the grantor from entering into, or restricting the right of the grantor to enter into, a land transaction,
- is a land transaction distinct from any land transaction resulting from the exercise of the option or right.
- They may be “linked transactions” (see section 108).
- (2) The reference in subsection (1)(a) to an option binding the grantor to enter into a land transaction includes an option requiring the grantor either to enter into a land transaction or to discharge his obligations under the option in some other way.
- (3) The effective date of the transaction in the case of the acquisition of an option or right such as is mentioned in subsection (1) is when the option or right is acquired (as opposed to when it becomes exercisable).
- (4) Nothing in this section applies to so much of an option or right of pre-emption as constitutes or forms part of a land transaction apart from this section.

#### Commencement Information

- I19** Pt. 4 wholly in force at Royal Assent subject to Sch. 19, see s. 124, Sch. 19 para. 1(1)

## 47 Exchanges

- (1) Where a land transaction is entered into by the purchaser (alone or jointly) wholly or partly in consideration of another land transaction being entered into by him (alone or jointly) as vendor, this Part applies in relation to each transaction as if each were

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distinct and separate from the other [<sup>F63</sup>(and they are not linked transactions within the meaning of section 108)].

- (2) A transaction is treated for the purposes of this Part as entered into by the purchaser wholly or partly in consideration of another land transaction being entered into by him as vendor in any case where an obligation to give consideration for a land transaction that a person enters into as purchaser is met wholly or partly by way of that person entering into another transaction as vendor.
- (3) As to the amount of the chargeable consideration in the case of exchanges and similar transactions, see—
- paragraphs 5 and 6 of Schedule 4 (exchanges, partition etc),<sup>F64</sup> ...
- [<sup>F65</sup>paragraph 17 of that Schedule (arrangements involving public or educational bodies), and]
- <sup>F64</sup> ...

#### Textual Amendments

- F63** Words in s. 47(1) inserted (with effect in accordance with s. 76(3) of the amending Act) by [Finance Act 2007 \(c. 11\), s. 76\(1\)](#)
- F64** Words in s. 47(3) repealed (with effect in accordance with Sch. 39 para. 26 of the amending Act) by [Finance Act 2004 \(c. 12\), Sch. 42 Pt. 4\(2\)](#) (which amending provision re-enacts, subject to certain changes, a corresponding amendment made by the now revoked [Stamp Duty and Stamp Duty Land Tax \(Variation of the Finance Act 2003\) \(No. 2\) Regulations 2003 \(S.I. 2003/2816\)](#), see Sch. 39 para. 14)
- F65** S. 47(3) entry inserted (7.4.2004) by [The Stamp Duty Land Tax \(Amendment of Part 4 of the Finance Act 2003\) Regulations 2004 \(S.I. 2004/1069\)](#), regs. 1, **3(b)**

#### Commencement Information

- I20** Pt. 4 wholly in force at Royal Assent subject to Sch. 19, see s. 124, Sch. 19 para. 1(1)

*Chargeable interests, chargeable transactions and chargeable consideration*

## 48 Chargeable interests

- (1) In this Part “chargeable interest” means—
- (a) an estate, interest, right or power in or over land in [<sup>F66</sup>England <sup>F67</sup>... or Northern Ireland], or
  - (b) the benefit of an obligation, restriction or condition affecting the value of any such estate, interest, right or power,
- other than an exempt interest.

[<sup>F68</sup>(1A) See section 48A regarding land which is partly in England and partly in Wales.]

- (2) The following are exempt interests—
- (a) any security interest;
  - (b) a licence to use or occupy land;
  - (c) <sup>F69</sup>...—
    - (i) a tenancy at will;
    - (ii) an advowson, franchise or manor.

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(3) In subsection (2)—

- (a) “security interest” means an interest or right (other than a rentcharge) held for the purpose of securing the payment of money or the performance of any other obligation; and
- (b) “franchise” means a grant from the Crown such as the right to hold a market or fair, or the right to take tolls.

[<sup>F70</sup>(3A) Section 73B makes additional provision about exempt interests in relation to alternative finance arrangements.]

<sup>F71</sup>(4) . . . . .

(5) The Treasury may by regulations provide that any other description of interest or right in relation to land in [<sup>F72</sup>England <sup>F73</sup>... or Northern Ireland] is an exempt interest.

(6) The regulations may contain such supplementary, incidental and transitional provision as appears to the Treasury to be appropriate.

[<sup>F74</sup>(7) This section has effect subject to subsection (3) of section 44A (contract and conveyance to third party) [<sup>F75</sup>and to paragraph 15A of Schedule 17A (reduction of rent or term of lease)].]

#### Textual Amendments

- F66** Words in s. 48(1)(a) substituted (with effect in accordance with s. 29(4) of the amending Act) by [Scotland Act 2012 \(c. 11\), ss. 29\(2\), \(3\)\(b\)](#) (with s. 29(5)(6)); S.I. 2015/637, art. 2
- F67** Words in s. 48(1)(a) omitted (1.4.2018 with effect in accordance with s. 16(4)(5) of the amending Act) by virtue of [Wales Act 2014 \(c. 29\), ss. 16\(2\), 29\(2\)\(b\)\(3\)](#) (with s. 16(4)(5)); S.I. 2018/214, art. 2(a)
- F68** S. 48(1A) inserted (1.4.2018 with effect in accordance with s. 16(4)(5) of the amending Act) by [Wales Act 2014 \(c. 29\), s. 29\(2\)\(b\)\(3\), Sch. 2 para. 3\(2\)](#); S.I. 2018/214, art. 2(a)
- F69** Words in s. 48(2)(c) omitted (with effect in accordance with s. 29(4) of the amending Act) by virtue of [Scotland Act 2012 \(c. 11\), s. 44\(2\)\(b\)\(3\)\(b\), Sch. 3 para. 4\(a\)](#) (with s. 29(5)(6)); S.I. 2015/637, art. 2
- F70** S. 48(3A) inserted (19.7.2007) by [Finance Act 2007 \(c. 11\), s. 75\(2\)](#)
- F71** S. 48(4) omitted (with effect in accordance with s. 29(4) of the amending Act) by virtue of [Scotland Act 2012 \(c. 11\), s. 44\(2\)\(b\)\(3\)\(b\), Sch. 3 para. 4\(b\)](#) (with s. 29(5)(6)); S.I. 2015/637, art. 2
- F72** Words in s. 48(5) substituted (with effect in accordance with s. 29(4) of the amending Act) by [Scotland Act 2012 \(c. 11\), s. 44\(2\)\(b\)\(3\)\(b\), Sch. 3 para. 4\(c\)](#) (with s. 29(5)(6)); S.I. 2015/637, art. 2
- F73** Words in s. 48(5) omitted (1.4.2018 with effect in accordance with s. 16(4)(5) of the amending Act) by virtue of [Wales Act 2014 \(c. 29\), s. 29\(2\)\(b\)\(3\), Sch. 2 para. 3\(3\)](#); S.I. 2018/214, art. 2(a)
- F74** S. 48(7) inserted (with effect in accordance with Sch. 39 para. 13(1) of the amending Act) by [Finance Act 2004 \(c. 12\), Sch. 39 para. 4\(2\)](#)
- F75** Words in s. 48(7) inserted (with effect in accordance with s. 29(9) of the amending Act) by [Finance Act 2004 \(c. 12\), s. 297\(3\)](#)

#### Commencement Information

- I21** Pt. 4 wholly in force at Royal Assent subject to Sch. 19, see s. 124, Sch. 19 para. 1(1)

### [<sup>F76</sup>48A Interests, transactions and consideration where land in England and Wales

- (1) This section sets out how this Part applies to a transaction which is the acquisition of—
- (a) an estate, interest, right or power in or over land, or

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- (b) the benefit of an obligation, restriction or condition affecting the value of any such estate, interest, right or power, where the land is partly in England and partly in Wales.
- (2) The transaction is to be treated as if it were two transactions, one relating to the land in England (“the English transaction”) and the other relating to the land in Wales.
- (3) The consideration for the transaction is to be apportioned between those two transactions on a just and reasonable basis.
- (4) Accordingly, the English transaction is to be treated as a land transaction within the meaning of this Part (being the acquisition of a chargeable interest relating to the land in England).
- (5) But subsection (4) does not apply in the case of an exempt interest.

[ See section 9 of the Land Transaction Tax and Anti-avoidance of Devolved Taxes <sup>F77</sup>(6) (Wales) Act 2017 (anaw 0) as to the application of that Act to the transaction relating to the land in Wales.]]

#### Textual Amendments

- F76** S. 48A inserted (1.4.2018 with effect in accordance with s. 16(4)(5) of the amending Act) by [Wales Act 2014 \(c. 29\)](#), s. 29(2)(b)(3), [Sch. 2 para. 4](#); S.I. 2018/214, art. 2(a)
- F77** S. 48A(6) inserted (1.4.2018) by [Land Transaction Tax and Anti-avoidance of Devolved Taxes \(Wales\) Act 2017 \(anaw 1\)](#), [ss. 9\(9\)](#), 81(2)(3); S.I. 2018/34, art. 3

## 49 Chargeable transactions

- (1) A land transaction is a chargeable transaction if it is not a transaction that is exempt from charge.
- (2) Schedule 3 provides for certain transactions to be exempt from charge.
- Other transactions are exempt from charge under other provisions of this Part.

#### Commencement Information

- I22** Pt. 4 wholly in force at Royal Assent subject to Sch. 19, see s. 124, Sch. 19 para. 1(1)

## 50 Chargeable consideration

- (1) Schedule 4 makes provision as to the chargeable consideration for a transaction.
- (2) The Treasury may by regulations amend or repeal the provisions of this Part relating to chargeable consideration and make such other provision as appears to them appropriate with respect to—
- what is to count as chargeable consideration, or
  - the determination of the amount of chargeable consideration.
- (3) The regulations may make different provision in relation to different descriptions of transaction or consideration and different circumstances.

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#### Commencement Information

**I23** Pt. 4 wholly in force at Royal Assent subject to Sch. 19, see s. 124, Sch. 19 para. 1(1)

### 51 Contingent, uncertain or unascertained consideration

- (1) Where the whole or part of the chargeable consideration for a transaction is contingent, the amount or value of the consideration shall be determined for the purposes of this Part on the assumption that the outcome of the contingency will be such that the consideration is payable or, as the case may be, does not cease to be payable.
- (2) Where the whole or part of the chargeable consideration for a transaction is uncertain or unascertained, its amount or value shall be determined for the purposes of this Part on the basis of a reasonable estimate.
- (3) In this Part—
  - “contingent”, in relation to consideration, means—
    - (a) that it is to be paid or provided only if some uncertain future event occurs, or
    - (b) that it is to cease to be paid or provided if some uncertain future event occurs; and
  - “uncertain”, in relation to consideration, means that its amount or value depends on uncertain future events.
- (4) This section has effect subject to—
  - section 80 (adjustment where contingency ceases or consideration is ascertained), and
  - section 90 (application to defer payment in case of contingent or uncertain consideration).
- [<sup>F78</sup>(5) This section applies in relation to chargeable consideration consisting of rent only to the extent that it is applied by paragraph 7 of Schedule 17A.]

#### Textual Amendments

**F78** S. 51(5) added (with effect in accordance with Sch. 39 para. 26 of the amending Act) by [Finance Act 2004 \(c. 12\)](#), [Sch. 39 para. 22\(3\)](#) (which amending provision re-enacts, subject to certain changes, a corresponding amendment made by the now revoked [Stamp Duty and Stamp Duty Land Tax \(Variation of the Finance Act 2003\) \(No. 2\) Regulations 2003 \(S.I. 2003/2816\)](#), see Sch. 39 para. 14)

#### Commencement Information

**I24** Pt. 4 wholly in force at Royal Assent subject to Sch. 19, see s. 124, Sch. 19 para. 1(1)

### 52 Annuities etc: chargeable consideration limited to twelve years' payments

- (1) This section applies to so much of the chargeable consideration for a land transaction as consists of an annuity payable—
  - (a) for life, or
  - (b) in perpetuity, or
  - (c) for an indefinite period, or

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- (d) for a definite period exceeding twelve years.
- (2) For the purposes of this Part the consideration to be taken into account is limited to twelve years' annual payments.
- (3) Where the amount payable varies, or may vary, from year to year, the twelve highest annual payments shall be taken.
- No account shall be taken for the purposes of this Schedule of any provision for adjustment of the amount payable in line with the retail price index.
- (4) References in this section to annual payments are to payments in respect of each successive period of twelve months beginning with the effective date of the transaction.
- (5) For the purposes of this section the amount or value of any payment shall be determined (if necessary) in accordance with section 51 (contingent, uncertain or unascertained consideration).
- (6) References in this section to an annuity include any consideration (other than rent) that falls to be paid or provided periodically. References to payment shall be read accordingly.
- (7) Where this section applies—
- (a) section 80 (adjustment where contingency ceases or consideration is ascertained) does not apply, and
  - (b) no application may be made under section 90 (application to defer payment in case of contingent or uncertain consideration).

#### **Commencement Information**

**I25** Pt. 4 wholly in force at Royal Assent subject to Sch. 19, see s. 124, Sch. 19 para. 1(1)

### **53 Deemed market value where transaction involves connected company**

- [<sup>F79</sup>(1) This section applies where the purchaser is a company and—
- (a) the vendor is connected with the purchaser, or
  - (b) some or all of the consideration for the transaction consists of the issue or transfer of shares in a company with which the vendor is connected.
- (1A) The chargeable consideration for the transaction shall be taken to be not less than—
- (a) the market value of the subject-matter of the transaction as at the effective date of the transaction, and
  - (b) if the acquisition is the grant of a lease at a rent, that rent.]

(2) [<sup>F80</sup>Section 1122 of the Corporation Tax Act 2010] (connected persons) has effect for the purposes of this section.

(3) In this section—

“company” means any body corporate;

“shares” includes stock and the reference to shares in a company includes a reference to securities issued by a company.



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- (4) Where this section applies paragraph 1 of Schedule 3 (exemption of transactions for which there is no chargeable consideration) does not apply.

But this section has effect subject to any other provision affording exemption or relief from stamp duty land tax.

- (5) This section is subject to the exceptions provided for in section 54.

#### Textual Amendments

- F79** S. 53(1)(1A) substituted for s. 53(1) (with effect in accordance with s. 297(9) of the amending Act) by [Finance Act 2004 \(c. 12\), s. 297\(4\)](#)
- F80** Words in s. 53(2) substituted (with effect in accordance with s. 1184(1) of the amending Act) by [Corporation Tax Act 2010 \(c. 4\), Sch. 1 para. 404](#) (with [Sch. 2](#))

#### Commencement Information

- I26** Pt. 4 wholly in force at Royal Assent subject to Sch. 19, see s. 124, Sch. 19 para. 1(1)
- I27** S. 53(2) has effect as specified by [The Stamp Duty Land Tax \(Appointment of the Implementation Date\) Order 2003 \(S.I. 2003/2899\), art. 2](#)

## 54 Exceptions from deemed market value rule

- (1) Section 53 (chargeable consideration: transaction with connected company) does not apply in the following cases.

In the following provisions “the company” means the company that is the purchaser in relation to the transaction in question.

- (2) Case 1 is where immediately after the transaction the company holds the property as trustee in the course of a business carried on by it that consists of or includes the management of trusts.
- (3) Case 2 is where—
- immediately after the transaction the company holds the property as trustee, and
  - the vendor is connected with the company only because of [<sup>F81</sup>section 1122(6) of the Corporation Tax Act 2010].
- (4) Case 3 is where—
- the vendor is a company and the transaction is, or is part of, a distribution of the assets of that company (whether or not in connection with its winding up), and
  - it is not the case that—
    - the subject-matter of the transaction, or
    - an interest from which that interest is derived,has, within the period of three years immediately preceding the effective date of the transaction, been the subject of a transaction in respect of which group relief was claimed by the vendor.

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### Textual Amendments

**F81** Words in s. 54(3)(b) substituted (with effect in accordance with s. 1184(1) of the amending Act) by Corporation Tax Act 2010 (c. 4), **Sch. 1 para. 405** (with Sch. 2)

### Commencement Information

**I28** Pt. 4 wholly in force at Royal Assent subject to Sch. 19, see s. 124, Sch. 19 para. 1(1)

## Amount of tax chargeable

### 55 Amount of tax chargeable: general

- (1) The amount of tax chargeable in respect of a chargeable transaction [<sup>F82</sup>to which this section applies] is [<sup>F83</sup>determined in accordance with subsections (1B) [<sup>F84</sup>and (1C)]].
- [<sup>F85</sup>(1A) This section applies to any chargeable transaction other than a transaction to which paragraph 3 of Schedule 4A or step 4 of section 74(1A) (higher rate for certain transactions) applies.]
- [<sup>F86</sup>(1B) If <sup>F87</sup>... the transaction is not one of a number of linked transactions, the amount of tax chargeable is determined as follows—
- Step 1* Apply the rates specified in the second column of [<sup>F88</sup>the appropriate table] below to the parts of the relevant consideration specified in the first column of [<sup>F89</sup>the appropriate table].
- [<sup>F90</sup>“The “appropriate table” is—
- (a) Table A, if the relevant land consists entirely of residential property, and
- (b) Table B, if the relevant land consists of or includes land that is not residential property.]
- Step 2* Add together the amounts calculated at Step 1 (if there are two or more such amounts).

TABLE A: RESIDENTIAL

<i>Part of relevant consideration</i>	<i>Rate</i>
So much as does not exceed £125,000	0%
So much as exceeds £125,000 but does not exceed £250,000	2%
So much as exceeds £250,000 but does not exceed £925,000	5%
So much as exceeds £925,000 but does not exceed £1,500,000	10%
The remainder (if any)	12%

[<sup>F91</sup>TABLE B: NON-RESIDENTIAL OR MIXED

<i>Relevant consideration</i>	<i>Percentage</i>
So much as does not exceed £150,000	0%
So much as exceeds £150,000 but does not exceed £250,000	2%

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The remainder (if any) 5%]

(1C) If <sup>F92</sup>... the transaction is one of a number of linked transactions, the amount of tax chargeable in respect of the particular transaction under consideration is determined as follows—

*Step 1* Apply the rates specified in the second column of [<sup>F93</sup>the appropriate table] in subsection (1B) to the parts of the relevant consideration specified in the first column of [<sup>F94</sup>the appropriate table].

[<sup>F95</sup>“The “appropriate table” is—

- (a) Table A, if the relevant land consists entirely of residential property, and
- (b) Table B, if the relevant land consists of or includes land that is not residential property.]

*Step 2* Add together the amounts calculated at Step 1 (if there are two or more such amounts).

*Step 3* Multiply the amount given by Step 1 or Step 2, as the case may be, by—

C R

where—

C is the chargeable consideration for the transaction, and

R is the relevant consideration.]

<sup>F96</sup>(2) .....

(3) For the purposes of [<sup>F97</sup>subsection (1B)] —

- (a) the relevant land is the land an interest in which is the main subject-matter of the transaction, and
- (b) the relevant consideration is the chargeable consideration for the transaction

<sup>F98</sup> .....

(4) [<sup>F99</sup>For the purposes of][<sup>F100</sup>subsection (1C)] —

- (a) the relevant land is any land an interest in which is the main subject-matter of any of [<sup>F101</sup>the linked] transactions, and
- (b) the relevant consideration is the total of the chargeable consideration for all those transactions.

[<sup>F102</sup>(4A) Schedule 4ZA (higher rates for additional dwellings and dwellings purchased by companies) modifies this section as it applies for the purpose of determining the amount of tax chargeable in respect of certain transactions involving major interests in dwellings.]

(5) This section has effect subject to—

section [<sup>F103</sup>74(1B)] ([<sup>F104</sup>exercise of collective rights by tenants of flats]), <sup>F105</sup>...

<sup>F105</sup> .....

(which [<sup>F106</sup>provides] for the [<sup>F107</sup>amount] of tax to be determined by reference to a fraction of the relevant consideration).

(6) In the case of a transaction for which the whole or part of the chargeable consideration is rent this section has effect subject to section 56 and Schedule 5 (amount of tax chargeable: rent).

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F108(7) .....

### Textual Amendments

- F82** Words in s. 55(1) inserted (with effect in accordance with Sch. 35 para. 10 of the amending Act) by [Finance Act 2012 \(c. 14\)](#), [Sch. 35 para. 2\(2\)](#)
- F83** Words in s. 55(1) substituted (with effect in accordance with s. 2(2) of the amending Act) by [Stamp Duty Land Tax Act 2015 \(c. 1\)](#), [s. 1\(2\)](#) (with s. 2(3)-(6))
- F84** Words in s. 55(1) substituted (with effect in accordance with s. 127(12)(13) of the amending Act) by [Finance Act 2016 \(c. 24\)](#), [s. 127\(2\)](#)
- F85** S. 55(1A) inserted (with effect in accordance with Sch. 35 para. 10 of the amending Act) by [Finance Act 2012 \(c. 14\)](#), [Sch. 35 para. 2\(3\)](#)
- F86** S. 55(1B)(1C) inserted (with effect in accordance with s. 2(2) of the amending Act) by [Stamp Duty Land Tax Act 2015 \(c. 1\)](#), [s. 1\(3\)](#) (with s. 2(3)-(6))
- F87** Words in s. 55(1B) omitted (with effect in accordance with s. 127(12)(13) of the amending Act) by virtue of [Finance Act 2016 \(c. 24\)](#), [s. 127\(3\)\(a\)](#)
- F88** Words in s. 55(1B) substituted (with effect in accordance with s. 127(12)(13) of the amending Act) by [Finance Act 2016 \(c. 24\)](#), [s. 127\(3\)\(b\)\(i\)](#)
- F89** Words in s. 55(1B) substituted (with effect in accordance with s. 127(12)(13) of the amending Act) by [Finance Act 2016 \(c. 24\)](#), [s. 127\(3\)\(b\)\(ii\)](#)
- F90** Words in s. 55(1B) inserted (with effect in accordance with s. 127(12)(13) of the amending Act) by [Finance Act 2016 \(c. 24\)](#), [s. 127\(3\)\(b\)\(iii\)](#)
- F91** S. 55(1B) Table B inserted (with effect in accordance with s. 127(12)(13) of the amending Act) by [Finance Act 2016 \(c. 24\)](#), [s. 127\(3\)\(c\)](#)
- F92** Words in s. 55(1C) omitted (with effect in accordance with s. 127(12)(13) of the amending Act) by virtue of [Finance Act 2016 \(c. 24\)](#), [s. 127\(4\)\(a\)](#)
- F93** Words in s. 55(1C) substituted (with effect in accordance with s. 127(12)(13) of the amending Act) by [Finance Act 2016 \(c. 24\)](#), [s. 127\(4\)\(b\)\(i\)](#)
- F94** Words in s. 55(1C) substituted (with effect in accordance with s. 127(12)(13) of the amending Act) by [Finance Act 2016 \(c. 24\)](#), [s. 127\(4\)\(b\)\(ii\)](#)
- F95** Words in s. 55(1C) inserted (with effect in accordance with s. 127(12)(13) of the amending Act) by [Finance Act 2016 \(c. 24\)](#), [s. 127\(4\)\(b\)\(iii\)](#)
- F96** S. 55(2) omitted (with effect in accordance with s. 127(12)(13) of the amending Act) by virtue of [Finance Act 2016 \(c. 24\)](#), [s. 127\(5\)](#)
- F97** Words in s. 55(3) substituted (with effect in accordance with s. 127(12)(13) of the amending Act) by [Finance Act 2016 \(c. 24\)](#), [s. 127\(6\)\(a\)](#)
- F98** Words in s. 55(3)(b) omitted (with effect in accordance with s. 127(12)(13) of the amending Act) by virtue of [Finance Act 2016 \(c. 24\)](#), [s. 127\(6\)\(b\)](#)
- F99** Words in s. 55(4) inserted (with effect in accordance with s. 2(2) of the amending Act) by [Stamp Duty Land Tax Act 2015 \(c. 1\)](#), [s. 1\(6\)](#) (with s. 2(3)-(6))
- F100** Words in s. 55(4) substituted (with effect in accordance with s. 127(12)(13) of the amending Act) by [Finance Act 2016 \(c. 24\)](#), [s. 127\(7\)\(a\)](#)
- F101** Words in s. 55(4)(a) substituted (with effect in accordance with s. 127(12)(13) of the amending Act) by [Finance Act 2016 \(c. 24\)](#), [s. 127\(7\)\(b\)](#)
- F102** S. 55(4A) inserted (with effect in accordance with s. 128(5)(6) of the amending Act) by [Finance Act 2016 \(c. 24\)](#), [s. 128\(2\)](#)
- F103** Word in s. 55(5) substituted (15.9.2016) by [Finance Act 2016 \(c. 24\)](#), [s. 132\(a\)](#)
- F104** Words in s. 55(5) substituted (with effect in accordance with s. 80(7) of the amending Act) by [Finance Act 2009 \(c. 10\)](#), [s. 80\(6\)](#)
- F105** Words in s. 55(5) omitted (with effect in accordance with s. 29(4) of the amending Act) by virtue of [Scotland Act 2012 \(c. 11\)](#), [s. 44\(2\)\(b\)\(3\)\(b\)](#), [Sch. 3 para. 5\(a\)](#) (with s. 29(5)(6)); S.I. 2015/637, art. 2

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**F106** Word in s. 55(5) substituted (with effect in accordance with s. 29(4) of the amending Act) by [Scotland Act 2012 \(c. 11\)](#), s. 44(2)(b)(3)(b), **Sch. 3 para. 5(b)** (with s. 29(5)(6)); S.I. 2015/637, art. 2

**F107** Word in s. 55(5) substituted (15.9.2016) by [Finance Act 2016 \(c. 24\)](#), s. 132(b)

**F108** S. 55(7) omitted (with effect in accordance with s. 2(2) of the amending Act) by virtue of [Stamp Duty Land Tax Act 2015 \(c. 1\)](#), s. 1(7) (with s. 2(3)-(6))

**Modifications etc. (not altering text)**

**C18** S. 55(1B) modified (temp.) (22.7.2020) by [Stamp Duty Land Tax \(Temporary Relief\) Act 2020 \(c. 15\)](#), s. 1 (as amended 10.6.2021) by [2021 c. 26](#), s. 87(2))

**C19** S. 55(1B) modified (temp.) (8.2.2023) by [Stamp Duty Land Tax \(Temporary Relief\) Act 2023 \(c. 2\)](#), s. 1

**C20** S. 55(4) excluded (with effect in accordance with reg. 1(2) of the amending S.I.) by [The Stamp Duty Land Tax \(Zero-Carbon Homes Relief\) Regulations 2007 \(S.I. 2007/3437\)](#), regs. 1(1), 9 (with reg. 3)

**Commencement Information**

**I29** Pt. 4 wholly in force at Royal Assent subject to Sch. 19, see s. 124, [Sch. 19 para. 1\(1\)](#)

[<sup>F109</sup>**55A Amount of tax chargeable: higher rate for certain transactions**

Schedule 4A provides for the calculation of the tax chargeable in respect of certain transactions involving higher threshold interests in dwellings.]

**Textual Amendments**

**F109** S. 55A inserted (with effect in accordance with Sch. 35 para. 10 of the amending Act) by [Finance Act 2012 \(c. 14\)](#), **Sch. 35 para. 3**

**56 Amount of tax chargeable: rent**

Schedule 5 provides for the calculation of the tax chargeable where the chargeable consideration for a transaction consists of or includes rent.

**Commencement Information**

**I30** Pt. 4 wholly in force at Royal Assent subject to Sch. 19, see s. 124, Sch. 19 para. 1(1)

*Reliefs*

<sup>F110</sup>**57 Disadvantaged areas relief**

.....

**Textual Amendments**

**F110** S. 57 repealed (with effect in accordance with Sch. 39 para. 10(4) of the amending Act) by [Finance Act 2012 \(c. 14\)](#), **Sch. 39 para. 8(1)** (with Sch. 39 paras. 11-13)

**Commencement Information**

**I31** Pt. 4 wholly in force at Royal Assent subject to Sch. 19, see s. 124, Sch. 19 para. 1(1)

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**[<sup>F111</sup>57A Sale and leaseback arrangements**

- (1) The leaseback element of a sale and leaseback arrangement is exempt from charge if the qualifying conditions specified below are met.
  - (2) A “sale and leaseback” arrangement means an arrangement under which—
    - (a) A transfers or grants to B a major interest in land (the “sale”), and
    - (b) out of that interest B grants a lease to A (the “leaseback”).
  - (3) The qualifying conditions are—
    - (a) that the sale transaction is entered into wholly or partly in consideration of the leaseback transaction being entered into,
    - <sup>F112</sup>(aa) that the sale transaction is entered into wholly or partly in consideration of the leaseback transaction being entered into,
    - (b) that the only other consideration (if any) for the sale is the payment of money or the assumption, satisfaction or release of a debt (or both),]
    - (c) that the sale is not a transfer of rights within the meaning of <sup>F113</sup>... 45A (contract providing for conveyance to third party: effect of transfer of rights) [<sup>F114</sup>or a pre-completion transaction within the meaning of Schedule 2A (transactions entered into before completion of contract)], and
    - (d) where A and B are both bodies corporate at the effective date of the leaseback transaction, that they are not members of the same group for the purposes of group relief (see paragraph 1 of Schedule 7) at that date.
    - <sup>F115</sup>(e) [ where A and B are both bodies corporate at the effective date of the leaseback transaction, that they are not members of the same group for the purposes of group relief (see paragraph 1 of Schedule 7) at that date.]
- <sup>F116</sup>(4) . . . . .]

**Textual Amendments**

**F111** S. 57A inserted (with effect in accordance with Sch. 39 para. 26 of the amending Act) by [Finance Act 2004 \(c. 12\)](#), [Sch. 39 para. 16](#) (which amending provision re-enacts, subject to certain changes, a corresponding amendment made by the now revoked [Stamp Duty and Stamp Duty Land Tax \(Variation of the Finance Act 2003\) \(No. 2\) Regulations 2003 \(S.I. 2003/2816\)](#), see Sch. 39 para. 14)

**F112** S. 57A(3)(aa)(b) substituted for s. 57A(3)(b) (with effect in accordance with Sch. 39 para. 13(3)-(6) of the amending Act) by [Finance Act 2004 \(c. 12\)](#), [Sch. 39 para. 6\(2\)](#)

**F113** Words in s. 57A(3)(c) omitted (with effect in accordance with Sch. 39 para. 11 of the amending Act) by virtue of [Finance Act 2013 \(c. 29\)](#), [Sch. 39 para. 4\(a\)](#)

**F114** Words in s. 57A(3)(c) inserted (with effect in accordance with Sch. 39 para. 11 of the amending Act) by [Finance Act 2013 \(c. 29\)](#), [Sch. 39 para. 4\(b\)](#)

**F115** S. 57A(3)(e) inserted (with effect in accordance with Sch. 39 para. 13(3)-(6) of the amending Act) by [Finance Act 2004 \(c. 12\)](#), [Sch. 39 para. 6\(3\)](#)

**F116** S. 57A(4) omitted (with effect in accordance with Sch. 39 para. 13(3)-(6) of the amending Act) by virtue of [Finance Act 2004 \(c. 12\)](#), [Sch. 39 para. 6\(4\)](#)

**<sup>F117</sup>57AA First-time buyers**

.....

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#### Textual Amendments

**F117** S. 57AA repealed (15.3.2018) by [Finance Act 2018 \(c. 3\)](#), s. 41(6)(a)

#### [<sup>F118</sup>57B First-time buyers

- (1) Schedule 6ZA provides relief for first-time buyers.
- (2) Any relief under that Schedule must be claimed in a land transaction return or an amendment of such a return.]

#### Textual Amendments

**F118** S. 57B inserted (with effect in accordance with s. 41(8) of the amending Act) by [Finance Act 2018 \(c. 3\)](#), s. 41(2)

#### [<sup>F119</sup>58A Relief for certain acquisitions of residential property

Schedule 6A provides for relief in the case of certain acquisitions of residential property.]

#### Textual Amendments

**F119** S. 58A substituted (with effect in accordance with Sch. 39 para. 26 of the amending Act) for ss. 58 and 59 by [Finance Act 2004 \(c. 12\)](#), [Sch. 39 para. 17\(1\)](#) (which amending provision re-enacts, subject to certain changes, a corresponding amendment made by the now revoked [Stamp Duty and Stamp Duty Land Tax \(Variation of the Finance Act 2003\) \(No. 2\) Regulations 2003 \(S.I. 2003/2816\)](#), see Sch. 39 para. 14)

#### [<sup>F120</sup>58B Relief for new zero-carbon homes

- (1) The Treasury may make regulations granting relief on the first acquisition of a dwelling which is a “zero-carbon home”.

[<sup>F121</sup>(2) For the purposes of this section—

- (a) a building, or a part of a building, is a dwelling if it is constructed for use as a single dwelling, and
  - (b) “first acquisition”, in relation to a dwelling, means its acquisition when it has not previously been occupied.]
- (3) For the purpose of subsection (2) land occupied or enjoyed with a dwelling as a garden or grounds is part of the dwelling.
  - (4) The regulations shall define “zero-carbon home” by reference to specified aspects of the energy efficiency of a building; for which purpose “energy efficiency” includes—
    - (a) consumption of energy,
    - (b) conservation of energy, and
    - (c) generation of energy.
  - (5) The relief may take the form of—

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- (a) exemption from charge, or
  - (b) a reduction in the amount of tax chargeable.
- (6) Regulations under this section shall not have effect in relation to acquisitions on or after 1st October 2012.
- (7) The Treasury may by order—
- (a) substitute a later date for the date in subsection (6);
  - (b) make transitional provision, or provide savings, in connection with the effect of subsection (6).

#### Textual Amendments

**F120** Ss. 58B, 58C inserted (19.7.2007) by [Finance Act 2007 \(c. 11\), s. 19\(1\)](#)

**F121** S. 58B(2) substituted (retrospective to 19.7.2007) by [Finance Act 2008 \(c. 9\), s. 93\(2\)\(7\)](#)

### 58C Relief for new zero-carbon homes: supplemental

- (1) Regulations under section 58B—
- (a) shall include provision about the method of claiming relief (including documents or information to be provided), and
  - (b) in particular, shall include provision about the evidence to be adduced to show that a [<sup>F122</sup>dwelling] satisfies the definition of “zero-carbon home”.
- (2) Regulations made by virtue of subsection (1)(b) may, in particular—
- (a) refer to a scheme or process established by or for the purposes of an enactment about building;
  - (b) establish or provide for the establishment of a scheme or process of certification;
  - (c) specify, or provide for the approval of, one or more schemes or processes for certifying energy efficiency.
- [<sup>F123</sup>(d) provide for the charging of fees of a reasonable amount in respect of services provided as part of a scheme or process of certification.]
- (3) In defining “zero-carbon home” regulations under section 58B may include requirements which may be satisfied in relation to [<sup>F124</sup>a dwelling] either—
- (a) by features of the [<sup>F125</sup>building which, or part of which, constitutes the dwelling], or
  - (b) by other installations or utilities.
- (4) Regulations under section 58B may modify the effect of section 108, or another provision of this Part about linked transactions, in relation to a set of transactions of which at least one is the first acquisition of a dwelling which is a zero-carbon home.
- (5) In determining whether section 116(7) applies, and in the application of section 116(7), a transaction shall be disregarded if or in so far as it involves the first acquisition of a dwelling which is a zero-carbon home.
- (6) Regulations under section 58B—
- (a) may provide for relief to be wholly or partly withdrawn if a dwelling ceases to be a zero-carbon home, and



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- (b) may provide for the reduction or withholding of relief where a person acquires more than one zero-carbon home within a specified period.
- (7) Regulations under section 58B may include provision for relief to be granted in respect of acquisitions occurring during a specified period before the regulations come into force.]

#### Textual Amendments

- F120** Ss. 58B, 58C inserted (19.7.2007) by [Finance Act 2007 \(c. 11\), s. 19\(1\)](#)
- F122** Word in s. 58C(1) substituted (retrospective to 19.7.2007) by [Finance Act 2008 \(c. 9\), s. 93\(4\)\(7\)](#)
- F123** S. 58C(2)(d) inserted (21.7.2008) by [Finance Act 2008 \(c. 9\), s. 93\(5\)](#)
- F124** Words in s. 58C(3) substituted (retrospective to 19.7.2007) by [Finance Act 2008 \(c. 9\), s. 93\(6\)\(a\)\(7\)](#)
- F125** Words in s. 58C(3) substituted (retrospective to 19.7.2007) by [Finance Act 2008 \(c. 9\), s. 93\(6\)\(b\)\(7\)](#)

#### [<sup>F126</sup>58D Transfers involving multiple dwellings

- (1) Schedule 6B provides for relief in the case of transfers involving multiple dwellings.
- (2) Any relief under that Schedule must be claimed in a land transaction return or an amendment of such a return.]

#### Textual Amendments

- F126** S. 58D inserted (with effect in accordance with Sch. 22 para. 9 of the amending Act) by [Finance Act 2011 \(c. 11\), Sch. 22 para. 2](#)

### 60 Compulsory purchase facilitating development

- (1) A compulsory purchase facilitating development is exempt from charge.
- (2) In this section “compulsory purchase facilitating development” means—
  - (a) in relation to England <sup>F127</sup>... <sup>F128</sup>..., the acquisition by a person of a chargeable interest in respect of which that person has made a compulsory purchase order for the purpose of facilitating development by another person;
  - (b) in relation to Northern Ireland, the acquisition by a person of a chargeable interest by means of a vesting order made for the purpose of facilitating development by a person other than the person who acquires the interest.
- (3) For the purposes of subsection (2)(a) it does not matter how the acquisition is effected (so that provision applies where the acquisition is effected by agreement).
- (4) In subsection (2)(b) a “vesting order” means an order made under any statutory provision to authorise the acquisition of land otherwise than by agreement.
- (5) In this section “development”—
  - (a) in relation to England <sup>F129</sup>..., has the same meaning as in the Town and Country Planning Act 1990 (c. 8) (see section 55 of that Act);
  - <sup>F130</sup>(b) .....
  - [<sup>F131</sup>(c) in relation to Northern Ireland, has the same meaning as in the Planning Act (Northern Ireland) 2011 (see section 23 of that Act).]

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**Textual Amendments**

- F127** Words in s. 60(2)(a) omitted (1.4.2018 with effect in accordance with s. 16(4)(5) of the amending Act) by virtue of [Wales Act 2014 \(c. 29\)](#), s. 29(2)(b)(3), [Sch. 2 para. 5](#); S.I. 2018/214, art. 2(a)
- F128** Words in s. 60(2)(a) omitted (with effect in accordance with s. 29(4) of the amending Act) by virtue of [Scotland Act 2012 \(c. 11\)](#), s. 44(2)(b)(3)(b), [Sch. 3 para. 7\(a\)](#) (with s. 29(5)(6)); S.I. 2015/637, art. 2
- F129** Words in s. 60(5)(a) omitted (1.4.2018 with effect in accordance with s. 16(4)(5) of the amending Act) by virtue of [Wales Act 2014 \(c. 29\)](#), s. 29(2)(b)(3), [Sch. 2 para. 5](#); S.I. 2018/214, art. 2(a)
- F130** S. 60(5)(b) omitted (with effect in accordance with s. 29(4) of the amending Act) by virtue of [Scotland Act 2012 \(c. 11\)](#), s. 44(2)(b)(3)(b), [Sch. 3 para. 7\(b\)](#) (with s. 29(5)(6)); S.I. 2015/637, art. 2
- F131** S. 60(5)(c) substituted (13.2.2015 for specified purposes, 1.4.2015 in so far as not already in force) by [Planning Act \(Northern Ireland\) 2011 \(c. 25\)](#), s. 254(1)(2), [Sch. 6 para. 98](#) (with s. 211); S.R. 2015/49, arts. 2, 3, Sch. 1 (with Sch. 2)

**Commencement Information**

- I32** Pt. 4 wholly in force at Royal Assent subject to Sch. 19, see s. 124, Sch. 19 para. 1(1)

**61 Compliance with planning obligations**

- (1) A land transaction that is entered into in order to comply with a planning obligation or a modification of a planning obligation is exempt from charge if—
  - (a) the planning obligation or modification is enforceable against the vendor,
  - (b) the purchaser is a public authority, and
  - (c) the transaction takes place within the period of five years beginning with the date on which the planning obligation was entered into or modified.
- (2) In this section—
  - (a) in relation to England and Wales—
    - “planning obligation” means either of the following—
      - (a) a planning obligation within the meaning of section 106 of the Town and Country Planning Act 1990 that is entered into in accordance with subsection (9) of that section, or
      - (b) a planning obligation within the meaning of section 299A of that Act that is entered into in accordance with subsection (2) of that section; and
    - “modification” of a planning obligation means modification as mentioned in section 106A(1) of that Act;
  - <sup>F132</sup>(b) .....
  - <sup>F133</sup>(c) in relation to Northern Ireland—
    - “planning obligation” means a planning agreement within the meaning of section 76 of the Planning Act (Northern Ireland) 2011 that is entered into in accordance with subsection (10) of that section, and
    - “modification of a planning obligation” means modification as mentioned in section 77(1) of that Act.]
- (3) The following are public authorities for the purposes of subsection (1)(b)—

**Government**

A Minister of the Crown or government department

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F134

. . .

A Northern Ireland department

[<sup>F135</sup>The Welsh Ministers, the First Minister for Wales and the Counsel General to the Welsh Government]

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***Local government: England***

A county or district council constituted under section 2 of the Local Government Act 1972 (c. 70)

The council of a London borough

The Common Council of the City of London

The Greater London Authority

Transport for London

The Council of the Isles of Scilly

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***Local government: Wales***

A county or county borough council constituted under section 21 of the Local Government Act 1972

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F136

. . .

***Local government: Northern Ireland***

A district council within the meaning of the Local Government Act (Northern Ireland) 1972 (c. 9 (N.I.))

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***Health: England and Wales***

A Strategic Health Authority [<sup>F137</sup>established under section 13 of the National Health Service Act 2006]

A Special Health Authority established under [<sup>F138</sup>section 28 of that Act or section 22 of the National Health Service (Wales) Act 2006]

A Primary Care Trust established under [<sup>F139</sup>section 18 of the National Health Service Act 2006]

A Local Health Board established under [<sup>F140</sup>section 11 of the National Health Service (Wales) Act 2006]

A National Health Service Trust established under [<sup>F141</sup>section 25 of the National Health Service Act 2006 or section 18 of the National Health Service (Wales) Act 2006]

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F142

. . .

***Health: Northern Ireland***

[<sup>F143</sup>The Regional Agency for Public Health and Social Well-being]

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A [<sup>F144</sup>Health and Social Care trust] established under Article 10 of the Health and Personal Social Services (Northern Ireland) Order 1991 (S.I. 1991/194 (N.I. 1))

### ***Other planning authorities***

Any other authority that—

- (a) is a local planning authority within the meaning of the Town and Country Planning Act 1990 (c. 8), <sup>F145</sup> ...
- (b) <sup>F145</sup> ...

### ***Prescribed persons***

A person prescribed for the purposes of this section by Treasury order

#### **Textual Amendments**

- F132** S. 61(2)(b) omitted (with effect in accordance with s. 29(4) of the amending Act) by virtue of [Scotland Act 2012 \(c. 11\)](#), s. 44(2)(b)(3)(b), **Sch. 3 para. 8(2)** (with s. 29(5)(6)); S.I. 2015/637, art. 2
- F133** S. 61(2)(c) substituted (13.2.2015 for specified purposes, 1.4.2015 in so far as not already in force) by [Planning Act \(Northern Ireland\) 2011 \(c. 25\)](#), s. 254(1)(2), **Sch. 6 para. 99** (with s. 211); S.R. 2015/49, arts. 2, 3, Sch. 1 (with Sch. 2)
- F134** Words in s. 61(3) omitted (with effect in accordance with s. 29(4) of the amending Act) by virtue of [Scotland Act 2012 \(c. 11\)](#), s. 44(2)(b)(3)(b), **Sch. 3 para. 8(3)(a)** (with s. 29(5)(6)); S.I. 2015/637, art. 2
- F135** Words in s. 61(3) substituted by [Government of Wales Act 2006 \(c. 32\)](#), s. 160, Sch. 10 para. 63 (with Sch. 11 para. 22), the amending provision coming into force immediately after "the 2007 election" (held on 3.5.2007) subject to s. 161(1)(4)(5) of the amending Act, which provides for certain provisions to come into force for specified purposes immediately after the end of "the initial period" (which ended with the day of the first appointment of a First Minister on 25.5.2007) - see ss. 46, s. 161(4)(5) of the amending Act.
- F136** Words in s. 61(3) omitted (with effect in accordance with s. 29(4) of the amending Act) by virtue of [Scotland Act 2012 \(c. 11\)](#), s. 44(2)(b)(3)(b), **Sch. 3 para. 8(3)(b)** (with s. 29(5)(6)); S.I. 2015/637, art. 2
- F137** Words in s. 61(3) substituted (1.3.2007) by [National Health Service \(Consequential Provisions\) Act 2006 \(c. 43\)](#), s. 8(2), **Sch. 1 para. 233(a)** (with Sch. 3 Pt. 1)
- F138** Words in s. 61(3) substituted (1.3.2007) by [National Health Service \(Consequential Provisions\) Act 2006 \(c. 43\)](#), s. 8(2), **Sch. 1 para. 233(b)** (with Sch. 3 Pt. 1)
- F139** Words in s. 61(3) substituted (1.3.2007) by [National Health Service \(Consequential Provisions\) Act 2006 \(c. 43\)](#), s. 8(2), **Sch. 1 para. 233(c)** (with Sch. 3 Pt. 1)
- F140** Words in s. 61(3) substituted (1.3.2007) by [National Health Service \(Consequential Provisions\) Act 2006 \(c. 43\)](#), s. 8(2), **Sch. 1 para. 233(d)** (with Sch. 3 Pt. 1)
- F141** Words in s. 61(3) substituted (1.3.2007) by [National Health Service \(Consequential Provisions\) Act 2006 \(c. 43\)](#), s. 8(2), **Sch. 1 para. 233(e)** (with Sch. 3 Pt. 1)
- F142** Words in s. 61(3) omitted (with effect in accordance with s. 29(4) of the amending Act) by virtue of [Scotland Act 2012 \(c. 11\)](#), s. 44(2)(b)(3)(b), **Sch. 3 para. 8(3)(c)** (with s. 29(5)(6)); S.I. 2015/637, art. 2
- F143** Words in s. 61(3) table substituted (30.11.2022) by [The Health and Social Care Act \(Northern Ireland\) 2022 \(Consequential Amendments\) Order 2022 \(S.I. 2022/1174\)](#), arts. 1(2), **10(2)(a)**
- F144** Words in s. 61(3) table substituted (30.11.2022) by [The Health and Social Care Act \(Northern Ireland\) 2022 \(Consequential Amendments\) Order 2022 \(S.I. 2022/1174\)](#), arts. 1(2), **10(2)(b)**
- F145** Words in s. 61(3) omitted (with effect in accordance with s. 29(4) of the amending Act) by virtue of [Scotland Act 2012 \(c. 11\)](#), s. 44(2)(b)(3)(b), **Sch. 3 para. 8(3)(d)** (with s. 29(5)(6)); S.I. 2015/637, art. 2

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#### Commencement Information

**I33** Pt. 4 wholly in force at Royal Assent subject to Sch. 19, see s. 124, [Sch. 19 para. 1\(1\)](#)

### [<sup>F146</sup>61A Relief for freeport tax sites

- (1) Schedule 6C provides for relief in the case of transactions relating to land in a freeport tax site.
- (2) In that Schedule—
  - (a) Part 1 contains definitions,
  - (b) Part 2 makes provision about the relief,
  - (c) Part 3 makes provision about the withdrawal of the relief,
  - (d) Part 4 makes provision about cases involving alternative finance arrangements, and
  - (e) Part 5 confers power to change the cases in which the relief is available.
- (3) Relief under that Schedule is available only in relation to a land transaction with an effective date falling on or before 30 September 2026.
- (4) Any relief under that Schedule must be claimed in a land transaction return or an amendment of such a return.
- (5) A claim for relief under that Schedule must—
  - (a) be made on or before 14 October 2027, and
  - (b) include, or be accompanied by, such information as HMRC may require.
- (6) In this section and Schedule 6C, “freeport tax site” means an area for the time being designated under section 113 of the Finance Act 2021.]

#### Textual Amendments

**F146** S. 61A inserted (10.6.2021) by [Finance Act 2021 \(c. 26\)](#), [Sch. 23 para. 2](#)

### 62 Group relief and reconstruction or acquisition relief

- (1) Schedule 7 provides for relief from stamp duty land tax.
- (2) In that Schedule—
  - Part 1 makes provision for group relief,
  - Part 2 makes provision for reconstruction and acquisition reliefs.
- (3) Any relief under that Schedule must be claimed in a land transaction return or an amendment of such a return.

#### Commencement Information

**I34** Pt. 4 wholly in force at Royal Assent subject to Sch. 19, see s. 124, [Sch. 19 para. 1\(1\)](#)

*Status: Point in time view as at 15/03/2023.*

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### 63 Demutualisation of insurance company

- (1) A land transaction is exempt from charge if it is entered into for the purposes of or in connection with a qualifying transfer of the whole or part of the business of a mutual insurance company (“the mutual”) to a company that has share capital (“the acquiring company”).
- (2) A transfer is a qualifying transfer if—
  - (a) it is a transfer of business consisting of the effecting or carrying out of contracts of insurance and takes place under an insurance business transfer scheme, or
  - <sup>F147</sup>(b) it is a transfer of business of a general insurance company carried on through a permanent establishment in the United Kingdom and takes place in accordance with authorisation granted outside the United Kingdom for the purposes of the Solvency 2 Directive, and the requirements of subsection (3) and (4) are met in relation to the shares of a company (“the issuing company”) which is either the acquiring company or a company of which the acquiring company is a wholly-owned subsidiary.]
- (3) Shares in the issuing company must be offered, under the scheme, to at least 90% of the persons who are members of the mutual immediately before the transfer.
- (4) Under the scheme all of the shares in the issuing company that will be in issue immediately after the transfer has been made, other than shares that are to be or have been issued pursuant to an offer to the public, must be offered to the persons who (at the time of the offer) are—
  - (a) members of the mutual,
  - (b) persons who are entitled to become members of the mutual, or
  - (c) employees, former employees or pensioners of—
    - (i) the mutual, or
    - (ii) a wholly-owned subsidiary of the mutual.
- (5) The Treasury may by regulations—
  - (a) amend subsection (3) by substituting a lower percentage for the percentage mentioned there;
  - (b) provide that any or all of the references in subsections (3) and (4) to members shall be construed as references to members of a class specified in the regulations.

Regulations under paragraph (b) may make different provision for different cases.
- (6) For the purposes of this section a company is the wholly-owned subsidiary of another company (“the parent”) if the company has no members except the parent and the parent’s wholly-owned subsidiaries or persons acting on behalf of the parent or the parent’s wholly-owned subsidiaries.
- (7) In this section—
 

“contract of insurance” has the meaning given by Article 3(1) of the Financial Services and Markets Act 2000 (Regulated Activities) Order 2001 (S.I. 2001/544);

“employee”, in relation to a mutual insurance company or its wholly-owned subsidiary, includes any officer or director of the company or subsidiary and any other person taking part in the management of the affairs of the company or subsidiary;

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“general insurance company” means a company that has permission under [F148Part 4A] of the Financial Services and Markets Act 2000 (c. 8) F149... to effect or carry out contracts of insurance;

“insurance company” means a company that carries on the business of effecting or carrying out contracts of insurance;

“insurance business transfer scheme” has the same meaning as in Part 7 of the Financial Services and Markets Act 2000;

F150

“mutual insurance company” means an insurance company carrying on business without having any share capital;

F151

“pensioner”, in relation to a mutual insurance company or its wholly-owned subsidiary, means a person entitled (whether presently or prospectively) to a pension, lump sum, gratuity or other like benefit referable to the service of any person as an employee of the company or subsidiary.

[F152“the Solvency 2 Directive” means Directive 2009/138/EC of the European Parliament and of the Council of 25 November 2009 on the taking-up and pursuit of the business of Insurance and Reinsurance (Solvency II).]

#### Textual Amendments

F147 S. 63(2)(b) substituted (1.1.2016) by [The Solvency 2 Regulations 2015 \(S.I. 2015/575\)](#), reg. 1(2), [Sch. 1 para. 24\(2\)](#)

F148 Words in s. 63(7) substituted (1.4.2013) by [Financial Services Act 2012 \(c. 21\)](#), s. 122(3), [Sch. 18 para. 98](#) (with [Sch. 20](#)); [S.I. 2013/423](#), art. 3, [Sch.](#)

F149 Words in s. 63(7) omitted (31.12.2020) by virtue of [The Taxes \(Amendments\) \(EU Exit\) Regulations 2019 \(S.I. 2019/689\)](#), regs. 1, [11\(2\)](#) (with regs. 39-41); 2020 c. 1, [Sch. 5 para. 1\(1\)](#)

F150 Words in s. 63(7) omitted (1.1.2016) by virtue of [The Solvency 2 Regulations 2015 \(S.I. 2015/575\)](#), reg. 1(2), [Sch. 1 para. 24\(3\)\(a\)](#)

F151 Words in s. 63(7) omitted (1.1.2016) by virtue of [The Solvency 2 Regulations 2015 \(S.I. 2015/575\)](#), reg. 1(2), [Sch. 1 para. 24\(3\)\(b\)](#)

F152 Words in s. 63(7) inserted (1.1.2016) by [The Solvency 2 Regulations 2015 \(S.I. 2015/575\)](#), reg. 1(2), [Sch. 1 para. 24\(4\)](#)

#### Commencement Information

I35 Pt. 4 wholly in force at Royal Assent subject to [Sch. 19](#), see s. 124, [Sch. 19 para. 1\(1\)](#)

## 64 Demutualisation of building society

A land transaction effected by section 97(6) or (7) of the Building Societies Act 1986 (c. 53) (transfer of building society’s business to a commercial company) is exempt from charge.

#### Commencement Information

I36 Pt. 4 wholly in force at Royal Assent subject to [Sch. 19](#), see s. 124, [Sch. 19 para. 1\(1\)](#)

*Status: Point in time view as at 15/03/2023.*

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## <sup>F153</sup> 64A Initial transfer of assets to trustees of unit trust scheme

### Textual Amendments

**F153** S. 64A repealed (with effect in accordance with s. 166(4)-(8) of the amending Act) by [Finance Act 2006 \(c. 25\)](#), s. 166(2), [Sch. 26 Pt. 7\(3\)](#)

## 65 Incorporation of limited liability partnership

- (1) A transaction by which a chargeable interest is transferred by a person (“the transferor”) to a limited liability partnership in connection with its incorporation is exempt from charge if the following three conditions are met.
- (2) The first condition is that the effective date of the transaction is not more than one year after the date of incorporation of the limited liability partnership.
- (3) The second condition is that at the relevant time the transferor—
  - (a) is a partner in a partnership comprised of all the persons who are or are to be members of the limited liability partnership (and no-one else), or
  - (b) holds the interest transferred as nominee or bare trustee for one or more of the partners in such a partnership.
- (4) The third condition is that—
  - (a) the proportions of the interest transferred to which the persons mentioned in subsection (3)(a) are entitled immediately after the transfer are the same as those to which they were entitled at the relevant time, or
  - (b) none of the differences in those proportions has arisen as part of a scheme or arrangement of which the main purpose, or one of the main purposes, is avoidance of liability to any duty or tax.
- (5) In this section “the relevant time” means—
  - (a) where the transferor acquired the interest after the incorporation of the limited liability partnership, immediately after he acquired it, and
  - (b) in any other case, immediately before its incorporation.
- (6) In this section “limited liability partnership” means a limited liability partnership formed under the Limited Liability Partnerships Act 2000 (c. 12) or the Limited Liability Partnerships Act (Northern Ireland) 2002 (c. 12 (N. I.)).

### Commencement Information

**I37** Pt. 4 wholly in force at Royal Assent subject to Sch. 19, see s. 124, Sch. 19 para. 1(1)

## [<sup>F154</sup> 65A PAIF seeding relief and COACS seeding relief

- (1) Schedule 7A provides for relief from stamp duty land tax.
- (2) In that Schedule—
  - (a) Part 1 makes provision for relief for property authorised investment funds (PAIF seeding relief), and



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- (b) Part 2 makes provision for relief for co-ownership authorised contractual schemes (COACS seeding relief).
- (3) Any relief under that Schedule must be claimed in a land transaction return or an amendment of such a return, and must be accompanied by a notice to HMRC referring to the claim.
- (4) In the case of a claim for PAIF seeding relief, the notice must confirm that the purchaser is—
  - (a) a property AIF as defined in paragraph 2(2) of Schedule 7A, or
  - (b) a company treated as a property AIF by virtue of paragraph 2(5) of Schedule 7A (equivalent EEA funds).
- (5) In the case of a claim for COACS seeding relief, the notice must confirm that the purchaser is—
  - (a) a co-ownership authorised contractual scheme as defined in section 102A(8), or
  - (b) an entity treated as a co-ownership authorised contractual scheme by virtue of section 102A(7) (equivalent EEA schemes).
- (6) The notice must be in such form, and contain such further information, as HMRC may require.]

#### **Textual Amendments**

**F154** S. 65A inserted (with effect in accordance with Sch. 16 para. 15 of the amending Act) by [Finance Act 2016 \(c. 24\)](#), [Sch. 16 para. 3](#)

## **66 Transfers involving public bodies**

- (1) A land transaction entered into on, or in consequence of, or in connection with, a reorganisation effected by or under a statutory provision is exempt from charge if the purchaser and vendor are both public bodies.
- (2) The Treasury may by order provide that a land transaction that is not entered into as mentioned in subsection (1) is exempt from charge if—
  - (a) the transaction is effected by or under a prescribed statutory provision, and
  - (b) either the purchaser or the vendor is a public body.

In this subsection “prescribed” means prescribed in an order made under this subsection.
- (3) A “reorganisation” means changes involving—
  - (a) the establishment, reform or abolition of one or more public bodies,
  - (b) the creation, alteration or abolition of functions to be discharged or discharged by one or more public bodies, or
  - (c) the transfer of functions from one public body to another.
- (4) The following are public bodies for the purposes of this section—
  - Government, Parliament etc**
  - A Minister of the Crown
  - The Scottish Ministers
  - A Northern Ireland department

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[<sup>F155</sup>The Welsh Ministers, the First Minister for Wales and the Counsel General to the Welsh Government]

The Corporate Officer of the House of Lords

The Corporate Officer of the House of Commons

The Scottish Parliamentary Corporate Body

The Northern Ireland Assembly Commission

[<sup>F156</sup>The National Assembly for Wales Commission]

**Local government: England**

A county or district council constituted under section 2 of the Local Government Act 1972 (c. 70)

The council of a London borough

The Greater London Authority

The Common Council of the City of London

The Council of the Isles of Scilly

**Local government: Wales**

A county or county borough council constituted under section 21 of the Local Government Act 1972

**Local government: Scotland**

A council constituted under section 2 of the Local Government etc. (Scotland) Act 1994 (c. 39)

**Local government: Northern Ireland**

A district council within the meaning of the Local Government Act (Northern Ireland) 1972 (c. 9 (N.I.))

**Health: England and Wales**

A Strategic Health Authority [<sup>F157</sup>established under section 13 of the National Health Service Act 2006]

A Special Health Authority established under [<sup>F158</sup>section 28 of that Act or section 22 of the National Health Service (Wales) Act 2006]

A Primary Care Trust established under [<sup>F159</sup>section 18 of the National Health Service Act 2006]

A Local Health Board established under [<sup>F160</sup>section 11 of the National Health Service (Wales) Act 2006]

A National Health Service Trust established under [<sup>F161</sup>section 25 of the National Health Service Act 2006 or section 18 of the National Health Service (Wales) Act 2006]

**Health: Scotland**

The Common Services Agency established under section 10(1) of the National Health Service (Scotland) Act 1978 (c. 29)

A Health Board established under section 2(1)(a) of that Act

A National Health Service Trust established under section 12A(1) of that Act

A Special Health Board established under section 2(1)(b) of that Act

**Health: Northern Ireland**

[<sup>F162</sup>The Regional Agency for Public Health and Social Well-being]

A [<sup>F163</sup>Health and Social Care trust] established under Article 10 of the Health and Personal Social Services (Northern Ireland) Order 1991 (S.I. 1991/194 (N.I. 1))

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### ***Other planning authorities***

Any other authority that—

- (a) is a local planning authority within the meaning of the Town and Country Planning Act 1990 (c. 8), or
- (b) is the planning authority for any of the purposes of the planning Acts within the meaning of the Town and Country Planning (Scotland) Act 1997 (c. 8)

F164  
...

### ***Statutory bodies***

A body (other than a company) that is established by or under a statutory provision for the purpose of carrying out functions conferred on it by or under a statutory provision

### ***Prescribed persons***

A person prescribed for the purposes of this section by Treasury order

(5) In this section references to a public body include—

- (a) a company in which all the shares are owned by such a body, and
- (b) a wholly-owned subsidiary of such a company.

[<sup>F165</sup>(6) In this section “company” means a company as defined by section [<sup>F166</sup>1] of the Companies Act [<sup>F166</sup>2006]<sup>F167</sup>....]

### **Textual Amendments**

- F155** Words in s. 66(4) substituted by [Government of Wales Act 2006 \(c. 32\)](#), s. 160, Sch. 10 para. 64(a) (with Sch. 11 para. 22), the amending provision coming into force immediately after "the 2007 election" (held on 3.5.2007) subject to s. 161(1)(4)(5) of the amending Act, which provides for certain provisions to come into force for specified purposes immediately after the end of "the initial period" (which ended with the day of the first appointment of a First Minister on 25.5.2007) - see ss. 46, s. 161(4)(5) of the amending Act.
- F156** Words in s. 66(4) inserted by [Government of Wales Act 2006 \(c. 32\)](#), s. 160, Sch. 10 para. 64(b) (with Sch. 11 para. 22), the amending provision coming into force immediately after "the 2007 election" (held on 3.5.2007) subject to s. 161(1)(4)(5) of the amending Act, which provides for certain provisions to come into force for specified purposes immediately after the end of "the initial period" (which ended with the day of the first appointment of a First Minister on 25.5.2007) - see ss. 46, s. 161(4)(5) of the amending Act.
- F157** Words in s. 66(4) substituted (1.3.2007) by [National Health Service \(Consequential Provisions\) Act 2006 \(c. 43\)](#), s. 8(2), **Sch. 1 para. 234(a)** (with Sch. 3 Pt. 1)
- F158** Words in s. 66(4) substituted (1.3.2007) by [National Health Service \(Consequential Provisions\) Act 2006 \(c. 43\)](#), s. 8(2), **Sch. 1 para. 234(b)** (with Sch. 3 Pt. 1)
- F159** Words in s. 66(4) substituted (1.3.2007) by [National Health Service \(Consequential Provisions\) Act 2006 \(c. 43\)](#), s. 8(2), **Sch. 1 para. 234(c)** (with Sch. 3 Pt. 1)
- F160** Words in s. 66(4) substituted (1.3.2007) by [National Health Service \(Consequential Provisions\) Act 2006 \(c. 43\)](#), s. 8(2), **Sch. 1 para. 234(d)** (with Sch. 3 Pt. 1)
- F161** Words in s. 66(4) substituted (1.3.2007) by [National Health Service \(Consequential Provisions\) Act 2006 \(c. 43\)](#), s. 8(2), **Sch. 1 para. 234(e)** (with Sch. 3 Pt. 1)
- F162** Words in s. 66(4) table substituted (30.11.2022) by [The Health and Social Care Act \(Northern Ireland\) 2022 \(Consequential Amendments\) Order 2022 \(S.I. 2022/1174\)](#), arts. 1(2), **10(3)(a)**
- F163** Words in s. 66(4) table substituted (30.11.2022) by [The Health and Social Care Act \(Northern Ireland\) 2022 \(Consequential Amendments\) Order 2022 \(S.I. 2022/1174\)](#), arts. 1(2), **10(3)(b)**

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**F164** Words in s. 66(4) omitted (21.1.2021) by virtue of [Local Government and Elections \(Wales\) Act 2021](#) (asc 1), s. 175(1)(e), **Sch. 9 para. 38**

**F165** S. 66(6) inserted (with effect in accordance with Sch. 10 para. 22(1)(5) of the amending Act) by [Finance \(No. 2\) Act 2005](#) (c. 22), **Sch. 10 para. 18**

**F166** Word in s. 66(6) substituted (1.10.2009) by [The Companies Act 2006 \(Consequential Amendments\) \(Taxes and National Insurance\) Order 2009](#) (S.I. 2009/1890), arts. 1(1), **3(5)(a)**

**F167** Words in s. 66(6) omitted (1.10.2009) by virtue of [The Companies Act 2006 \(Consequential Amendments\) \(Taxes and National Insurance\) Order 2009](#) (S.I. 2009/1890), arts. 1(1), **3(5)(a)**

#### Modifications etc. (not altering text)

**C21** S. 66(4) modified (17.7.2013) by [Finance Act 2013](#) (c. 29), **s. 153(3)**

#### Commencement Information

**I38** Pt. 4 wholly in force at Royal Assent subject to Sch. 19, see s. 124, [Sch. 19 para. 1\(1\)](#)

### <sup>F168</sup> 66A Resolution of financial institutions

- (1) A land transaction is exempt from charge if it is effected by—
- (a) an instrument listed in subsection (2), or
  - (b) an instrument made under an instrument listed in subsection (2).
- (2) The instruments are—
- (a) a property transfer instrument made in accordance with section 12(2) of the Banking Act 2009 (transfer to a bridge bank),
  - (b) a property transfer instrument made in accordance with section 12ZA(3) of that Act (transfer to asset management vehicle),
  - (c) a supplemental property transfer instrument made in accordance with section 42(2) of that Act where the original instrument was made in accordance with section 12(2), 12ZA(3) or 41A(2) of that Act,
  - (d) a property transfer instrument made in accordance with section 41A(2) of that Act (transfer of property subsequent to resolution instrument),
  - (e) a bridge bank supplemental property transfer instrument made in accordance with section 44D(2) of that Act,
  - (f) a property transfer order made in accordance with section 45(2) of that Act (temporary public ownership: property transfer), or
  - (g) a third-country instrument made in accordance with section 89H(2) or 89I(4) of that Act.
- (3) References in subsection (2) to a provision of the Banking Act 2009 include references to that provision as applied by or under any other provision of that Act (including where it is applied with modifications or in a substituted form).]

#### Textual Amendments

**F168** S. 66A inserted (with effect in accordance with s. 45(2) of the amending Act) by [Finance Act 2019](#) (c. 1), **s. 45(1)**

### 67 Transfer in consequence of reorganisation of parliamentary constituencies

- (1) Where—

*Status: Point in time view as at 15/03/2023.*

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- (a) an Order in Council is made under the Parliamentary Constituencies Act 1986 (c. 56) (orders specifying new parliamentary constituencies), and
  - (b) an existing local constituency association transfers a chargeable interest to—
    - (i) a new association that is a successor to the existing association, or
    - (ii) a related body that as soon as practicable transfers the interest or right to a new association that is a successor to the existing association,the transfer, or where paragraph (b)(ii) applies each of the transfers, is exempt from charge.
- (2) In relation to any such order as is mentioned in subsection (1)(a)—
- (a) “the date of the change” means the date on which the order comes into operation;
  - (b) “former parliamentary constituency” means an area that, for the purposes of parliamentary elections, was a constituency immediately before that date but is no longer such a constituency after that date;
  - (c) “new parliamentary constituency” means an area that, for the purposes of parliamentary elections, is such a constituency after that date but was not such a constituency immediately before that date.
- (3) In relation to the date of the change—
- (a) “existing local constituency association” means a local constituency association whose area was the same, or substantially the same, as the area of a former parliamentary constituency or two or more such constituencies, and
  - (b) “new association” means a local constituency association whose area is the same, or substantially the same, as that of a new parliamentary constituency or two or more such constituencies.
- (4) In this section—
- (a) “local constituency association” means an unincorporated association (whether described as an association, a branch or otherwise) whose primary purpose is to further the aims of a political party in an area that at any time is or was the same or substantially the same as the area of a parliamentary constituency or two or more parliamentary constituencies, and
  - (b) “related body”, in relation to such an association, means a body (whether corporate or unincorporated) that is an organ of the political party concerned.
- (5) For the purposes of this section a new association is a successor to an existing association if any part of the existing association’s area is comprised in the new association’s area.

#### **Commencement Information**

**I39** Pt. 4 wholly in force at Royal Assent subject to Sch. 19, see s. 124, Sch. 19 para. 1(1)

#### **[<sup>F169</sup>67A Acquisitions by certain health service bodies**

- (1) A land transaction is exempt from charge if the purchaser is any of the following—
- (a) [<sup>F170</sup>NHS England];
  - [<sup>F171</sup>(b) an integrated care board established under section 14Z25 of the National Health Service Act 2006;]

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- [ an NHS trust established under section 25 of the National Health Service Act 2006;]  
<sup>F172</sup>(ba) 2006;]  
 (c) an NHS foundation trust;  
 (d) a Local Health Board established under section 11 of the National Health Service (Wales) Act 2006;  
 (e) a National Health Service trust established under section 18 of that Act;  
 (f) a Health and Social Services trust established under the Health and Personal Social Services (Northern Ireland) Order 1991.

- (2) Any relief under this section must be claimed in a land transaction return or an amendment of such a return.]

#### Textual Amendments

- F169** S. 67A inserted (with effect in accordance with s. 216(4)-(6) of the amending Act) by [Finance Act 2012 \(c. 14\), s. 216\(1\)](#)
- F170** Words in s. 67A substituted (1.7.2022) by [Health and Care Act 2022 \(c. 31\), s. 186\(6\), Sch. 1 para. 1\(1\)\(2\)](#); [S.I. 2022/734, reg. 2\(a\), Sch. \(with regs. 13, 29, 30\)](#)
- F171** S. 67A(1)(b) substituted (1.7.2022) by [Health and Care Act 2022 \(c. 31\), s. 186\(6\), Sch. 4 para. 68](#); [S.I. 2022/734, reg. 2\(a\), Sch. \(with regs. 13, 29, 30\)](#)
- F172** S. 67A(1)(ba) inserted (1.7.2022) by [Health and Care Act 2022 \(c. 31\), s. 186\(6\), Sch. 7 para. 2](#); [S.I. 2022/734, reg. 2\(a\), Sch. \(with regs. 13, 29, 30\)](#)

## 68 Charities relief

- (1) Schedule 8 provides for relief from stamp duty land tax for acquisitions by charities.
- (2) Any relief under that Schedule must be claimed in a land transaction return or an amendment of such a return.

#### Commencement Information

- I40** Pt. 4 wholly in force at Royal Assent subject to Sch. 19, see s. 124, Sch. 19 para. 1(1)

## 69 Acquisition by bodies established for national purposes

A land transaction is exempt from charge if the purchaser is any of the following—

- (a) the Historic Buildings and Monuments Commission for England;  
<sup>F173</sup>(b) .....  
 (c) the Trustees of the British Museum;  
 (d) the Trustees of the National Heritage Memorial Fund;  
 (e) the Trustees of the Natural History Museum.

#### Textual Amendments

- F173** S. 69(b) omitted (1.4.2012) by virtue of [The Public Bodies \(Abolition of the National Endowment for Science, Technology and the Arts\) Order 2012 \(S.I. 2012/964\), arts. 1\(2\), 3\(1\), Sch.](#)

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#### Commencement Information

**I41** Pt. 4 wholly in force at Royal Assent subject to Sch. 19, see s. 124, Sch. 19 para. 1(1)

### 70 Right to buy transactions, shared ownership leases etc

Schedule 9 makes provision for relief in the case of right to buy transactions, shared ownership leases and certain related transactions.

#### Commencement Information

**I42** Pt. 4 wholly in force at Royal Assent subject to Sch. 19, see s. 124, Sch. 19 para. 1(1)

### 71 Certain acquisitions by registered social landlord

[<sup>F174</sup>(A1) A land transaction under which the purchaser is a profit-making registered provider of social housing is exempt from charge if the transaction is funded with the assistance of a public subsidy.]

- (1) A land transaction under which the purchaser is a [<sup>F175</sup>relevant housing provider] is exempt from charge if—
- the [<sup>F175</sup>relevant housing provider] is controlled by its tenants,
  - the vendor is a qualifying body, or
  - the transaction is funded with the assistance of a public subsidy.

[<sup>F176</sup>(1A) In this section “relevant housing provider” means—

- a non-profit registered provider of social housing, or
- a registered social landlord.]

- (2) The reference in subsection (1)(a) to a [<sup>F177</sup>relevant housing provider] “controlled by its tenants” is to a [<sup>F177</sup>relevant housing provider] the majority of whose board members are tenants occupying properties owned or managed by it.

“Board member”, in relation to a [<sup>F177</sup>relevant housing provider], means—

- if it is a company, a director of the company,
- if it is a body corporate whose affairs are managed by its members, a member,
- if it is body of trustees, a trustee,
- if it is not within paragraphs (a) to (c), a member of the committee of management or other body to which is entrusted the direction of the affairs of the [<sup>F177</sup>relevant housing provider].

- (3) In subsection (1)(b) “qualifying body” means—

- a [<sup>F178</sup>relevant housing provider],
- a housing action trust established under Part 3 of the Housing Act 1988 (c. 50),
- a principal council within the meaning of the Local Government Act 1972 (c. 70),
- the Common Council of the City of London,
- the Scottish Ministers,
- a council constituted under section 2 of the Local Government etc. (Scotland) Act 1994 (c. 39),

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- (g) Scottish Homes,
  - (h) the Department for Social Development in Northern Ireland, or
  - (i) the Northern Ireland Housing Executive.
- (4) In [<sup>F179</sup>this section] “public subsidy” means any grant or other financial assistance—
- (a) made or given by way of a distribution pursuant to section 25 of the National Lottery etc. Act 1993 (c. 39) (application of money by distributing bodies),
  - (b) under section 18 of the Housing Act 1996 (c. 52) (social housing grants),
  - (c) under section 126 of the Housing Grants, Construction and Regeneration Act 1996 (c. 53) (financial assistance for regeneration and development),
  - [<sup>F180</sup>(ca) under section 19 of the Housing and Regeneration Act 2008 (financial assistance by the Homes and Communities Agency),]
  - [<sup>F181</sup>(cb) made or given by the Greater London Authority,]
  - (d) under section 2 of the Housing (Scotland) Act 1988 (c. 43) (general functions of the Scottish Ministers), or
  - (e) under Article 33 [<sup>F182</sup>or 33A] of the Housing (Northern Ireland) Order 1992 (S.I. 1992/1725 (N.I. 15)).
- [<sup>F183</sup>(5) In this section “public subsidy” also means any grant under section 31 of the Local Government Act 2003 (grants towards expenditure incurred or to be incurred by local authorities) towards expenditure incurred or to be incurred on the provision of social housing within the meaning of Part 2 of the Housing and Regeneration Act 2008 (see sections 68 and 72 of that Act).]

#### Textual Amendments

- F174** S. 71(A1) inserted (with effect in accordance with s. 81(8) of the amending Act) by [Finance Act 2009 \(c. 10\), s. 81\(3\)](#)
- F175** Words in s. 71(1) substituted (1.4.2010) by [Housing and Regeneration Act 2008 \(c. 17\), s. 325\(1\), Sch. 9 para. 30\(2\)](#); S.I. 2010/862, art. 2 (with Sch.)
- F176** S. 71(1A) inserted (1.4.2010) by [Housing and Regeneration Act 2008 \(c. 17\), s. 325\(1\), Sch. 9 para. 30\(3\)](#); S.I. 2010/862, art. 2 (with Sch.)
- F177** Words in s. 71(2) substituted (1.4.2010) by [Housing and Regeneration Act 2008 \(c. 17\), s. 325\(1\), Sch. 9 para. 30\(2\)](#); S.I. 2010/862, art. 2 (with Sch.)
- F178** Words in s. 71(3) substituted (1.4.2010) by [Housing and Regeneration Act 2008 \(c. 17\), s. 325\(1\), Sch. 9 para. 30\(2\)](#); S.I. 2010/862, art. 2 (with Sch.)
- F179** Words in s. 71(4) substituted (with effect in accordance with s. 81(8) of the amending Act) by [Finance Act 2009 \(c. 10\), s. 81\(4\)](#)
- F180** S. 71(4)(ca) inserted (1.12.2008) by [Housing and Regeneration Act 2008 \(c. 17\), s. 325\(1\), Sch. 8 para. 79](#); S.I. 2008/3068, art. 2(1)(w)(3) (with arts. 6-13)
- F181** S. 71(4)(cb) inserted (1.4.2012) by [Localism Act 2011 \(c. 20\), s. 240\(2\), Sch. 19 para. 40](#); S.I. 2012/628, art. 6(i) (with arts. 9, 11, 14, 15, 17)
- F182** Words in s. 71(4)(e) inserted (N.I.) (1.4.2007) by [The Housing \(Amendment\) \(Northern Ireland\) Order 2006 \(S.I. 2006/3337\), art. 1\(3\), Sch. para. 8](#); S.R. 2007/37, art. 2
- F183** S. 71(5) inserted (15.3.2023 in relation to land transactions the effective date of which falls on or after that date) by [Finance \(No. 2\) Act 2023 \(c. 30\), s. 314\(1\)\(2\)](#)

#### Commencement Information

- I43** Pt. 4 wholly in force at Royal Assent subject to Sch. 19, see s. 124, [Sch. 19 para. 1\(1\)](#)



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## **[<sup>F184</sup>71A Alternative property finance: land sold to financial institution and leased to [<sup>F185</sup>person]**

- (1) This section applies where arrangements are entered into between [<sup>F186</sup>a person] and a financial institution under which—
  - (a) the institution purchases a major interest in land or an undivided share of a major interest in land (“the first transaction”),
  - (b) where the interest purchased is an undivided share, the major interest is held on trust for the institution and the [<sup>F185</sup>person] as beneficial tenants in common,
  - (c) the institution (or the person holding the land on trust as mentioned in paragraph (b)) grants to the [<sup>F185</sup>person] out of the major interest a lease (if the major interest is freehold) or a sub-lease (if the major interest is leasehold) (“the second transaction”), and
  - (d) the institution and the [<sup>F185</sup>person] enter into an agreement under which the [<sup>F185</sup>person] has a right to require the institution or its successor in title to transfer to the [<sup>F185</sup>person] (in one transaction or a series of transactions) the whole interest purchased by the institution under the first transaction.
- (2) The first transaction is exempt from charge if the vendor is—
  - (a) the [<sup>F185</sup>person], or
  - (b) another financial institution by whom the interest was acquired under arrangements of the kind mentioned in subsection (1) entered into between it and the [<sup>F185</sup>person].
- (3) The second transaction is exempt from charge if the provisions of this Part relating to the first transaction are complied with (including the payment of any tax chargeable).
- (4) Any transfer to the [<sup>F185</sup>person] that results from the exercise of the right mentioned in subsection (1)(d) (“a further transaction”) is exempt from charge if—
  - (a) the provisions of this Part relating to the first and second transactions are complied with, and
  - (b) at all times between the second transaction and the further transaction—
    - (i) the interest purchased under the first transaction is held by a financial institution so far as not transferred by a previous further transaction, and
    - (ii) the lease or sub-lease granted under the second transaction is held by the [<sup>F185</sup>person].
- (5) The agreement mentioned in subsection (1)(d) is not to be treated—
  - (a) as substantially performed unless and until the whole interest purchased by the institution under the first transaction has been transferred (and accordingly section 44(5) does not apply), or
  - (b) as a distinct land transaction by virtue of section 46 (options and rights of pre-emption).
- <sup>F187</sup>(6) The requirements of subsection (1), or (4)(b)(ii), are not met if—
  - (a) the [<sup>F185</sup>person] enters into the arrangement, or holds the lease or sub-lease, as trustee and any beneficiary of the trust is not [<sup>F186</sup>a person], or
  - (b) the [<sup>F185</sup>person] enters into the arrangements, or holds the lease or sub-lease, as partner and any of the other partners is not [<sup>F186</sup>a person].
- (7) A further transaction that is exempt from charge by virtue of subsection (4) is not a notifiable transaction unless the transaction involves the transfer to the [<sup>F185</sup>person] of

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the whole interest purchased by the institution under the first transaction, so far as not transferred by a previous further transaction.

<sup>F188</sup>(8) .....

(9) References in this section to [<sup>F186</sup>a person] shall be read, in relation to times after the death of the [<sup>F185</sup>person] concerned, as references to his personal representatives.

<sup>F189</sup>(10)] .....

#### Textual Amendments

**F184** S. 71A inserted (with effect in accordance with Sch. 8 para. 7 of the amending Act) by [Finance Act 2005 \(c. 7\)](#), [Sch. 8 para. 2](#)

**F185** Word in ss. 71A-73 substituted (with effect in accordance with s. 168(5) of the amending Act) by [Finance Act 2006 \(c. 25\)](#), [s. 168\(1\)](#)

**F186** Words in ss. 71A-73 substituted (with effect in accordance with s. 168(5) of the amending Act) by [Finance Act 2006 \(c. 25\)](#), [s. 168\(1\)](#)

**F187** S. 71A(6) ceased to have effect (with effect in accordance with s. 168(5) of the amending Act) by virtue of [Finance Act 2006 \(c. 25\)](#), [s. 168\(2\)](#)

**F188** S. 71A(8) omitted (with effect in accordance with Sch. 21 para. 6 of the amending Act) by virtue of [Finance Act 2011 \(c. 11\)](#), [Sch. 21 para. 3\(1\)](#)

**F189** S. 71A(10) omitted (with effect in accordance with s. 29(4) of the amending Act) by virtue of [Scotland Act 2012 \(c. 11\)](#), s. 44(2)(b)(3)(b), [Sch. 3 para. 9](#) (with s. 29(5)(6)); S.I. 2015/637, [art. 2](#)

#### <sup>F190</sup>72 **Alternative property finance in Scotland: land sold to financial institution and leased to person**

.....

#### Textual Amendments

**F190** S. 72 omitted (with effect in accordance with s. 29(4) of the amending Act) by virtue of [Scotland Act 2012 \(c. 11\)](#), s. 44(2)(b)(3)(b), [Sch. 3 para. 10](#) (with s. 29(5)(6)); S.I. 2015/637, art. 2 (with S.S.I. 2014/377, arts. 1, [5\(2\)](#))

#### <sup>F191</sup>72A **Alternative property finance in Scotland: land sold to financial institution and person in common**

.....

#### Textual Amendments

**F191** S. 72A omitted (with effect in accordance with s. 29(4) of the amending Act) by virtue of [Scotland Act 2012 \(c. 11\)](#), s. 44(2)(b)(3)(b), [Sch. 3 para. 10](#) (with s. 29(5)(6)); S.I. 2015/637, art. 2 (with S.S.I. 2014/377, arts. 1, [5\(2\)](#))

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### 73 **Alternative property finance: land sold to financial institution and re-sold to [F185 person]**

- (1) This section applies where arrangements are entered into between [F186 a person] and a financial institution under which—
  - (a) the institution—
    - (i) purchases a major interest in land (“the first transaction”), and
    - (ii) sells that interest to the [F185 person] (“the second transaction”), and
  - (b) the [F185 person] grants the institution a legal mortgage over that interest.
- (2) The first transaction is exempt from charge if the vendor is—
  - (a) the [F185 person] concerned, or
  - (b) another financial institution by whom the interest was acquired under other arrangements of the kind mentioned in [F192 section 71A(1)<sup>F193</sup> ...] entered into between it and the [F185 person].
- (3) The second transaction is exempt from charge if the financial institution complies with the provisions of this Part relating to the first transaction (including the payment of any tax chargeable [F194 on a chargeable consideration that is not less than the market value of the interest and, in the case of the grant of a lease at a rent, the rent.]).
- [F195](4) This section does not apply if—
  - (a) the [F185 person] enters into the arrangements as trustee and any beneficiary of the trust is not [F186 a person], or
  - (b) the [F185 person] enters into the arrangements as partner and any of the other partners is not [F186 a person].]
- (5) In this section—
  - [F196](a) .....
  - (b) “legal mortgage”—
    - (i) in relation to land in England <sup>F197</sup> ..., means a legal mortgage as defined in section 205(1)(xvi) of the Law of Property Act 1925 (c. 20);
    - [F198](ii) .....
    - (iii) in relation to land in Northern Ireland, means a mortgage by conveyance of a legal estate or by demise or sub-demise or a charge by way of legal mortgage.
- (6) References in this section to [F186 a person] shall be read, in relation to times after the death of the [F185 person] concerned, as references to his personal representatives.

#### **Textual Amendments**

- F185** Word in ss. 71A-73 substituted (with effect in accordance with s. 168(5) of the amending Act) by [Finance Act 2006 \(c. 25\), s. 168\(1\)](#)
- F186** Words in ss. 71A-73 substituted (with effect in accordance with s. 168(5) of the amending Act) by [Finance Act 2006 \(c. 25\), s. 168\(1\)](#)
- F192** Words in s. 73(2)(b) substituted (with effect in accordance with Sch. 8 para. 7 of the amending Act) by [Finance Act 2005 \(c. 7\), Sch. 8 para. 5\(2\)](#)
- F193** Words in s. 73(2)(b) omitted (with effect in accordance with s. 29(4) of the amending Act) by virtue of [Scotland Act 2012 \(c. 11\), s. 44\(2\)\(b\)\(3\)\(b\), Sch. 3 para. 11\(a\)](#) (with s. 29(5)(6)); [S.I. 2015/637](#), art. 2
- F194** Words in s. 73(3) inserted (with effect in accordance with s. 168(5) of the amending Act) by [Finance Act 2006 \(c. 25\), s. 168\(3\)](#)

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- F195** S. 73(4) ceased to have effect (with effect in accordance with s. 168(5) of the amending Act) by virtue of [Finance Act 2006 \(c. 25\), s. 168\(2\)](#)
- F196** S. 73(5)(a) omitted (with effect in accordance with Sch. 21 para. 6 of the amending Act) by virtue of [Finance Act 2011 \(c. 11\), Sch. 21 para. 3\(1\)](#)
- F197** Words in s. 73(5)(b)(i) omitted (1.4.2018 with effect in accordance with s. 16(4)(5) of the amending Act) by virtue of [Wales Act 2014 \(c. 29\), s. 29\(2\)\(b\)\(3\), Sch. 2 para. 6; S.I. 2018/214, art. 2\(a\)](#)
- F198** S. 73(5)(b)(ii) omitted (with effect in accordance with s. 29(4) of the amending Act) by virtue of [Scotland Act 2012 \(c. 11\), s. 44\(2\)\(b\)\(3\)\(b\), Sch. 3 para. 11\(b\) \(with s. 29\(5\)\(6\)\); S.I. 2015/637, art. 2](#)

#### Commencement Information

- I44** Pt. 4 wholly in force at Royal Assent subject to Sch. 19, see s. 124, Sch. 19 para. 1(1)

#### [<sup>F199</sup>73A [<sup>F200</sup>Sections 71A to 73: relationship with Schedule 7]

Sections 71A to 73 do not apply to arrangements in which the first transaction is exempt from charge by virtue of Schedule 7.]

#### Textual Amendments

- F199** S. 73A inserted (with effect in accordance with s. 168(5) of the amending Act) by [Finance Act 2006 \(c. 25\), s. 168\(4\)](#)
- F200** S. 73A heading substituted (21.7.2008) by [Finance Act 2008 \(c. 9\), s. 155\(2\)](#)

#### [<sup>F201</sup>73A] [<sup>F202</sup>Section 71A] : arrangements to transfer control of financial institution

- (1) Section 71A<sup>F203</sup>... does not apply to alternative finance arrangements if those arrangements, or any connected arrangements, include arrangements for a person to acquire control of the relevant financial institution.
- (2) That includes arrangements for a person to acquire control of the relevant financial institution only if one or more conditions are met (such as the happening of an event or doing of an act).
- (3) In this section—
  - “alternative finance arrangements” means the arrangements referred to in section 71A(1)<sup>F204</sup> ...;
  - “arrangements” includes any agreement, understanding, scheme, transaction or series of transactions (whether or not legally enforceable);
  - “connected arrangements” means any arrangements entered into in connection with the making of the alternative finance arrangements (including arrangements involving one or more persons who are not parties to the alternative finance arrangements);
  - “relevant financial institution” means the financial institution which enters into the alternative finance arrangements.
- (4) [<sup>F205</sup>Section 1124 of the Corporation Tax Act 2010] applies for the purposes of determining who has control of the relevant financial institution.]

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### Textual Amendments

- F201** S. 73AB inserted (with effect in accordance with s. 155(4) of the amending Act) by [Finance Act 2008 \(c. 9\), s. 155\(3\)](#)
- F202** Words in s. 73AB heading substituted (with effect in accordance with s. 29(4) of the amending Act) by [Scotland Act 2012 \(c. 11\), s. 44\(2\)\(b\)\(3\)\(b\), Sch. 3 para. 12\(2\)](#) (with s. 29(5)(6)); S.I. 2015/637, [art. 2](#)
- F203** Words in s. 73AB(1) omitted (with effect in accordance with s. 29(4) of the amending Act) by virtue of [Scotland Act 2012 \(c. 11\), s. 44\(2\)\(b\)\(3\)\(b\), Sch. 3 para. 12\(1\)\(a\)](#) (with s. 29(5)(6)); S.I. 2015/637, [art. 2](#)
- F204** Words in s. 73AB(3) omitted (with effect in accordance with s. 29(4) of the amending Act) by virtue of [Scotland Act 2012 \(c. 11\), s. 44\(2\)\(b\)\(3\)\(b\), Sch. 3 para. 12\(1\)\(b\)](#) (with s. 29(5)(6)); S.I. 2015/637, [art. 2](#)
- F205** Words in s. 73AB(4) substituted (with effect in accordance with s. 1184(1) of the amending Act) by [Corporation Tax Act 2010 \(c. 4\), s. 1184\(1\), Sch. 1 para. 406](#) (with [Sch. 2](#))

### [<sup>F206</sup>73B Exempt interests

- (1) An interest held by a financial institution as a result of the first transaction within the meaning of section 71A(1)(a)<sup>F207</sup> ... is an exempt interest for the purposes of stamp duty land tax.
- (2) That interest ceases to be an exempt interest if—
  - (a) the lease or agreement mentioned in section 71A(1)(c)<sup>F208</sup> ... ceases to have effect, or
  - (b) the right under section 71A(1)(d)<sup>F209</sup> ... ceases to have effect or becomes subject to a restriction.
- (3) Subsection (1) does not apply if the first transaction is exempt from charge by virtue of Schedule 7.
- (4) Subsection (1) does not make an interest exempt in respect of—
  - (a) the first transaction itself, or
  - (b) a further transaction or third transaction within the meaning of section 71A(4)<sup>F210</sup> ....]

### Textual Amendments

- F206** S. 73B inserted (with effect in accordance with s. 75(4) of the amending Act) by [Finance Act 2007 \(c. 11\), s. 75\(1\)](#)
- F207** Words in s. 73B(1) omitted (with effect in accordance with s. 29(4) of the amending Act) by virtue of [Scotland Act 2012 \(c. 11\), s. 44\(2\)\(b\)\(3\)\(b\), Sch. 3 para. 13\(2\)](#) (with s. 29(5)(6)); S.I. 2015/637, [art. 2](#)
- F208** Words in s. 73B(2)(a) omitted (with effect in accordance with s. 29(4) of the amending Act) by virtue of [Scotland Act 2012 \(c. 11\), s. 44\(2\)\(b\)\(3\)\(b\), Sch. 3 para. 13\(3\)\(a\)](#) (with s. 29(5)(6)); S.I. 2015/637, [art. 2](#)
- F209** Words in s. 73B(2)(b) omitted (with effect in accordance with s. 29(4) of the amending Act) by virtue of [Scotland Act 2012 \(c. 11\), s. 44\(2\)\(b\)\(3\)\(b\), Sch. 3 para. 13\(3\)\(b\)](#) (with s. 29(5)(6)); S.I. 2015/637, [art. 2](#)
- F210** Words in s. 73B(2)(b) omitted (with effect in accordance with s. 29(4) of the amending Act) by virtue of [Scotland Act 2012 \(c. 11\), s. 44\(2\)\(b\)\(3\)\(b\), Sch. 3 para. 13\(4\)](#) (with s. 29(5)(6)); S.I. 2015/637, [art. 2](#)

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### [<sup>F211</sup>73BA Meaning of “financial institution”

- (1) In sections 71A to 73B “financial institution” has the meaning given by section 564B of the Income Tax Act 2007.
  - (2) For this purpose section 564B(1) applies as if paragraph (d) were omitted.
- [ In sections 71A, 73AB and 73B, “financial institution” also includes a person with
- <sup>F212</sup>(3) permission under Part 4A of the Financial Services and Markets Act 2000 to carry on the regulated activity specified in Article 63F(1) of the Financial Services and Markets Act (Regulated Activities) Order 2001 (S.I. 2001/544) (entering into regulated home purchase plans as home purchase provider).]

#### Textual Amendments

- F211** S. 73BA inserted (with effect in accordance with Sch. 21 para. 6 of the amending Act) by [Finance Act 2011 \(c. 11\)](#), [Sch. 21 para. 3\(2\)](#)
- F212** S. 73BA(3) inserted (with effect in accordance with s. 68(4) of the amending Act) by [Finance Act 2015 \(c. 11\)](#), [s. 68\(2\)](#)

### [<sup>F213</sup>73C Alternative finance investment bonds

Schedule 61 to the Finance Act 2009 makes provision for relief from charge in the case of arrangements [<sup>F214</sup>to which section 564G of the Income Tax Act 2007 or section 151N of the Taxation of Chargeable Gains Act 1992 (investment bond arrangements) applies].]

#### Textual Amendments

- F213** S. 73C inserted (21.7.2009) by [Finance Act 2009 \(c. 10\)](#), [Sch. 61 para. 25](#)
- F214** Words in s. 73C substituted (with effect in accordance with s. 381(1) of the amending Act) by [Taxation \(International and Other Provisions\) Act 2010 \(c. 8\)](#), [s. 381\(1\)](#), [Sch. 8 para. 210](#) (with [Sch. 9 paras. 1-9, 22](#))

### [<sup>F215</sup>73CA Sections 71A to 73: first-time buyers

.....

#### Textual Amendments

- F215** S. 73CA repealed (15.3.2018) by [Finance Act 2018 \(c. 3\)](#), [s. 41\(6\)\(b\)](#)

### 74 [<sup>F216</sup>Exercise of collective rights by tenants of flats]

- [<sup>F217</sup>(1) This section applies where a chargeable transaction is entered into by a person or persons nominated or appointed by qualifying tenants of flats contained in premises in exercise of—
  - (a) a right under Part 1 of the Landlord and Tenant Act 1987 (right of first refusal),
  - or

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- (b) a right under Chapter 1 of Part 1 of the Leasehold Reform, Housing and Urban Development Act 1993 (right to collective enfranchisement).]

[<sup>F218</sup>(1A) The [<sup>F219</sup>amount] of tax is determined as follows.

*Step 1* Determine the fraction of the relevant consideration produced by dividing the total amount of that consideration by the number of qualifying flats contained in the premises.

*Step 2* If the amount produced by step 1 is [<sup>F220</sup>£500,000] or less, determine the [<sup>F221</sup>amount of] tax chargeable in accordance with [<sup>F222</sup>subsection (1B)].

*Step 3* If the amount produced by step 1 is more than [<sup>F220</sup>£500,000] and the condition in paragraph 3(3) of Schedule 4A is not met with respect to the transaction, determine the [<sup>F223</sup>amount of] tax chargeable in accordance with [<sup>F224</sup>subsection (1B)].

*Step 4* If the amount produced by step 1 is more than [<sup>F220</sup>£500,000] and the condition in paragraph 3(3) of Schedule 4A is met with respect to the transaction, [<sup>F225</sup>subsection (1B) does] not apply, and the amount of tax chargeable in respect of the transaction is 15% of the chargeable consideration for the transaction.]

[<sup>F226</sup>(1B) Where step 2 or 3 of subsection (1A) requires the amount of tax chargeable to be determined in accordance with this subsection, it is determined as follows.

*Step 1* Determine the amount of tax chargeable under section 55 as if the relevant consideration for the chargeable transaction were the fraction of the relevant consideration calculated under step 1 of subsection (1A).

*Step 2* Multiply the amount determined at step 1 by the number of qualifying flats contained in the premises.]

[<sup>F227</sup>(4) In this section—

“flat” and “qualifying tenant” have the same meaning as in the Chapter or Part of the Act conferring the right being exercised;

“qualifying flat” means a flat that is held by a qualifying tenant who is participating in the exercise of the right.]

(5) References in this section to the relevant consideration have the same meaning as in section 55.

#### Textual Amendments

**F216** S. 74 heading substituted (with effect in accordance with s. 80(7) of the amending Act) by [Finance Act 2009 \(c. 10\)](#), [s. 80\(5\)](#)

**F217** S. 74(1) substituted (with effect in accordance with s. 80(7) of the amending Act) by [Finance Act 2009 \(c. 10\)](#), [s. 80\(2\)](#)

**F218** S. 74(1A) inserted (with effect in accordance with Sch. 35 para. 10 of the amending Act) by [Finance Act 2012 \(c. 14\)](#), [Sch. 35 para. 5\(2\)](#)

**F219** Word in s. 74(1A) substituted (with effect in accordance with s. 2(2) of the amending Act) by [Stamp Duty Land Tax Act 2015 \(c. 1\)](#), [Sch. para. 2\(2\)\(a\)](#) (with [s. 2\(3\)-\(6\)](#))

**F220** Word in s. 74(1A) substituted (with effect in accordance with s. 112(2)-(4) of the amending Act) by [Finance Act 2014 \(c. 26\)](#), [s. 112\(1\)](#)

**F221** Words in s. 74(1A) substituted (with effect in accordance with s. 2(2) of the amending Act) by [Stamp Duty Land Tax Act 2015 \(c. 1\)](#), [Sch. para. 2\(2\)\(b\)\(i\)](#) (with [s. 2\(3\)-\(6\)](#))

**F222** Words in s. 74(1A) substituted (with effect in accordance with s. 2(2) of the amending Act) by [Stamp Duty Land Tax Act 2015 \(c. 1\)](#), [Sch. para. 2\(2\)\(b\)\(ii\)](#) (with [s. 2\(3\)-\(6\)](#))

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- F223** Words in s. 74(1A) substituted (with effect in accordance with s. 2(2) of the amending Act) by [Stamp Duty Land Tax Act 2015 \(c. 1\)](#), [Sch. para. 2\(2\)\(c\)\(i\)](#) (with s. 2(3)-(6))
- F224** Words in s. 74(1A) substituted (with effect in accordance with s. 2(2) of the amending Act) by [Stamp Duty Land Tax Act 2015 \(c. 1\)](#), [Sch. para. 2\(2\)\(c\)\(ii\)](#) (with s. 2(3)-(6))
- F225** Words in s. 74(1A) substituted (with effect in accordance with s. 2(2) of the amending Act) by [Stamp Duty Land Tax Act 2015 \(c. 1\)](#), [Sch. para. 2\(2\)\(d\)](#) (with s. 2(3)-(6))
- F226** S. 74(1B) substituted for s. 74(2)(3) (with effect in accordance with s. 2(2) of the amending Act) by [Stamp Duty Land Tax Act 2015 \(c. 1\)](#), [Sch. para. 2\(3\)](#) (with s. 2(3)-(6))
- F227** S. 74(4) substituted (with effect in accordance with s. 80(7) of the amending Act) by [Finance Act 2009 \(c. 10\)](#), [s. 80\(4\)](#)

**Modifications etc. (not altering text)**

- C22** S. 55(2) modified (temp.) (21.7.2009) by [Finance Act 2009 \(c. 10\)](#), [s. 10\(1\)](#)

**Commencement Information**

- I45** Pt. 4 wholly in force at Royal Assent subject to Sch. 19, see s. 124, Sch. 19 para. 1(1)

**F228 75 Crofting community right to buy**

.....

**Textual Amendments**

- F228** S. 75 omitted (with effect from 1.4.2015 in accordance with [S.I. 2015/637, art. 2](#)) by virtue of [Scotland Act 2012 \(c. 11\)](#), [s. 44\(2\)\(b\)\(3\)\(b\)](#), [Sch. 3 para. 15](#) (with s. 29(5)(6))

*<sup>F229</sup>Increased rates for non-resident transactions*

**Textual Amendments**

- F229** S. 75ZA and cross-heading inserted (with effect in accordance with Sch. 16 para. 6 of the amending Act) by [Finance Act 2021 \(c. 26\)](#), [Sch. 16 para. 2](#) (with Sch. 16 para. 6)

**75ZA Increased rates for non-resident transactions**

- (1) In its application for the purpose of determining the amount of tax chargeable in respect of a chargeable transaction that is a non-resident transaction, this Part has effect as if 2% were added to each rate specified in the rate-specifying provisions.
- (2) The “rate-specifying provisions” are—
  - (a) in section 55(1B), Table A;
  - (b) in Schedule 4ZA, in paragraph 1(2), Table A;
  - (c) in Schedule 4A, paragraph 3(1)(a);
  - (d) in Schedule 5, in paragraph 2(3), Table A;
  - (e) in Schedule 6ZA, in paragraph 4, Table A;
  - (f) in section 74(1A), Step 4.
- (3) Schedule 9A defines “non-resident transaction” and makes further provision in connection with this section.]



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## [<sup>F229</sup>Anti-avoidance]

### [<sup>F230</sup>75A Anti-avoidance

- (1) This section applies where—
  - (a) one person (V) disposes of a chargeable interest and another person (P) acquires either it or a chargeable interest deriving from it,
  - (b) a number of transactions (including the disposal and acquisition) are involved in connection with the disposal and acquisition (“the scheme transactions”), and
  - (c) the sum of the amounts of stamp duty land tax payable in respect of the scheme transactions is less than the amount that would be payable on a notional land transaction effecting the acquisition of V’s chargeable interest by P on its disposal by V.
- (2) In subsection (1) “transaction” includes, in particular—
  - (a) a non-land transaction,
  - (b) an agreement, offer or undertaking not to take specified action,
  - (c) any kind of arrangement whether or not it could otherwise be described as a transaction, and
  - (d) a transaction which takes place after the acquisition by P of the chargeable interest.
- (3) The scheme transactions may include, for example—
  - (a) the acquisition by P of a lease deriving from a freehold owned or formerly owned by V;
  - (b) a sub-sale to a third person;
  - (c) the grant of a lease to a third person subject to a right to terminate;
  - (d) the exercise of a right to terminate a lease or to take some other action;
  - (e) an agreement not to exercise a right to terminate a lease or to take some other action;
  - (f) the variation of a right to terminate a lease or to take some other action.
- (4) Where this section applies—
  - (a) any of the scheme transactions which is a land transaction shall be disregarded for the purposes of this Part, but
  - (b) there shall be a notional land transaction for the purposes of this Part effecting the acquisition of V’s chargeable interest by P on its disposal by V.
- (5) The chargeable consideration on the notional transaction mentioned in subsections (1) (c) and (4)(b) is the largest amount (or aggregate amount)—
  - (a) given by or on behalf of any one person by way of consideration for the scheme transactions, or
  - (b) received by or on behalf of V (or a person connected with V within the meaning of [<sup>F231</sup>section 1122 of the Corporation Tax Act 2010]) by way of consideration for the scheme transactions.
- (6) The effective date of the notional transaction is—
  - (a) the last date of completion for the scheme transactions, or
  - (b) if earlier, the last date on which a contract in respect of the scheme transactions is substantially performed.

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- (7) This section does not apply where subsection (1)(c) is satisfied only by reason of—
- (a) sections 71A to 73, or
  - (b) a provision of Schedule 9.

#### Textual Amendments

**F230** Ss. 75A-75C inserted (with effect in accordance with s. 71(2) of the amending Act) by [Finance Act 2007 \(c. 11\)](#), [s. 71\(1\)](#) (with [s. 71\(3\)](#))

**F231** Words in s. 75A(5)(b) substituted (with effect in accordance with s. 1184(1) of the amending Act) by [Corporation Tax Act 2010 \(c. 4\)](#), [s. 1184\(1\)](#), [Sch. 1 para. 407](#) (with [Sch. 2](#))

### 75B Anti-avoidance: incidental transactions

- (1) In calculating the chargeable consideration on the notional transaction for the purposes of section 75A(5), consideration for a transaction shall be ignored if or in so far as the transaction is merely incidental to the transfer of the chargeable interest from V to P.
- (2) A transaction is not incidental to the transfer of the chargeable interest from V to P—
  - (a) if or in so far as it forms part of a process, or series of transactions, by which the transfer is effected,
  - (b) if the transfer of the chargeable interest is conditional on the completion of the transaction, or
  - (c) if it is of a kind specified in section 75A(3).
- (3) A transaction may, in particular, be incidental if or in so far as it is undertaken only for a purpose relating to—
  - (a) the construction of a building on property to which the chargeable interest relates,
  - (b) the sale or supply of anything other than land, or
  - (c) a loan to P secured by a mortgage, or any other provision of finance to enable P, or another person, to pay for part of a process, or series of transactions, by which the chargeable interest transfers from V to P.
- (4) In subsection (3)—
  - (a) paragraph (a) is subject to subsection (2)(a) to (c),
  - (b) paragraph (b) is subject to subsection (2)(a) and (c), and
  - (c) paragraph (c) is subject to subsection (2)(a) to (c).
- (5) The exclusion required by subsection (1) shall be effected by way of just and reasonable apportionment if necessary.
- (6) In this section a reference to the transfer of a chargeable interest from V to P includes a reference to a disposal by V of an interest acquired by P.

#### Textual Amendments

**F230** Ss. 75A-75C inserted (with effect in accordance with s. 71(2) of the amending Act) by [Finance Act 2007 \(c. 11\)](#), [s. 71\(1\)](#) (with [s. 71\(3\)](#))

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## 75C Anti-avoidance: supplemental

- (1) A transfer of shares or securities shall be ignored for the purposes of section 75A if but for this subsection it would be the first of a series of scheme transactions.
- (2) The notional transaction under section 75A attracts any relief under this Part which it would attract if it were an actual transaction (subject to the terms and restrictions of the relief).
- (3) The notional transaction under section 75A is a land transaction entered into for the purposes of or in connection with the transfer of an undertaking or part for the purposes of paragraphs 7 and 8 of Schedule 7, if any of the scheme transactions is entered into for the purposes of or in connection with the transfer of the undertaking or part.
- (4) In the application of section 75A(5) no account shall be taken of any amount paid by way of consideration in respect of a transaction to which any of sections 60, 61, 63, 64, 65, 66, 67, 69, 71 [<sup>F232</sup>and 74], or a provision of Schedule 6A [<sup>F233</sup>, 7A] or 8, applies.
- (5) In the application of section 75A(5) an amount given or received partly in respect of the chargeable interest acquired by P and partly in respect of another chargeable interest shall be subjected to just and reasonable apportionment.
- (6) Section 53 applies to the notional transaction under section 75A.
- (7) Paragraph 5 of Schedule 4 applies to the notional transaction under section 75A.
- (8) For the purposes of section 75A—
  - (a) an interest in a property-investment partnership (within the meaning of paragraph 14 of Schedule 15) is a chargeable interest in so far as it concerns land owned by the partnership, <sup>F234</sup> ...
  - <sup>F234</sup>(b) .....

<sup>F235</sup>(8A) [ Nothing in Part 3 of Schedule 15 applies to the notional transaction under section 75A.]

- (9) For the purposes of section 75A a reference to an amount of consideration includes a reference to the value of consideration given as money's worth.
- (10) Stamp duty land tax paid in respect of a land transaction which is to be disregarded by virtue of section 75A(4)(a) is taken to have been paid in respect of the notional transaction by virtue of section 75A(4)(b).
- (11) The Treasury may by order provide for section 75A not to apply in specified circumstances.
- (12) An order under subsection (11) may include incidental, consequential or transitional provision and may make provision with retrospective effect.]

### Textual Amendments

- F230** Ss. 75A-75C inserted (with effect in accordance with s. 71(2) of the amending Act) by [Finance Act 2007 \(c. 11\)](#), [s. 71\(1\)](#) (with s. 71(3))
- F232** Words in s. 75C(4) substituted (with effect in accordance with s. 29(4) of the amending Act) by [Scotland Act 2012 \(c. 11\)](#), [s. 44\(2\)\(b\)\(3\)\(b\)](#), [Sch. 3 para. 16](#) (with s. 29(5)(6)); [S.I. 2015/637](#), art. 2
- F233** Word in s. 75C(4) inserted (with effect in accordance with Sch. 16 para. 15 of the amending Act) by [Finance Act 2016 \(c. 24\)](#), [Sch. 16 para. 6](#)

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- F234** S. 75C(8)(b) and word omitted (with effect in accordance with s. 55(2)-(4) of the amending Act) by virtue of [Finance Act 2010 \(c. 13\), s. 55\(1\)\(a\)](#)
- F235** S. 75C(8A) inserted (with effect in accordance with s. 55(2)-(4) of the amending Act) by [Finance Act 2010 \(c. 13\), s. 55\(1\)\(b\)](#)

### *Returns and other administrative matters*

## 76 Duty to deliver land transaction return

- (1) In the case of every notifiable transaction the purchaser must deliver a return (a “land transaction return”) to the Inland Revenue before the end of the period of [<sup>F236</sup>14 days] after the effective date of the transaction.
- (2) The Inland Revenue may by regulations amend subsection (1) so as to require a land transaction return to be delivered before the end of such shorter period after the effective date of the transaction as may be prescribed or, if the regulations so provide, on that date.
- (3) A land transaction return in respect of a chargeable transaction must—
  - (a) include an assessment (a “self-assessment”) of the tax that, on the basis of the information contained in the return, is chargeable in respect of the transaction,  
F237 ...
  - <sup>F237</sup>(b) .....

#### **Textual Amendments**

- F236** Words in s. 76(1) substituted (with effect in accordance with s. 46(10) of the amending Act) by [Finance Act 2019 \(c. 1\), s. 46\(2\)](#)
- F237** S. 76(3)(b) and preceding word repealed (with effect in accordance with s. 80(9) of the amending Act) by [Finance Act 2007 \(c. 11\), s. 80\(2\), Sch. 27 Pt. 4\(4\)](#)

#### **Modifications etc. (not altering text)**

- C23** S. 76 modified (17.7.2013) by [Finance Act 2013 \(c. 29\), s. 194\(8\)-\(12\)](#)

#### **Commencement Information**

- I46** Pt. 4 wholly in force at Royal Assent subject to Sch. 19, see s. 124, Sch. 19 para. 1(1)

## <sup>F238</sup>77 Notifiable transactions

- (1) A land transaction is notifiable if it is—
  - (a) an acquisition of a major interest in land that does not fall within one or more of the exceptions in section 77A,
  - (b) an acquisition of a chargeable interest other than a major interest in land where there is chargeable consideration in respect of [<sup>F239</sup>any part of which tax is chargeable at a rate of more than 0%] or would be so chargeable but for a relief,
  - (c) a land transaction that a person is treated as entering into by virtue of section 44A(3), <sup>F240</sup>...
  - (d) a notional land transaction under section 75A [<sup>F241</sup>or
  - (e) a notional or additional land transaction under paragraph 5 of Schedule 2A.]

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- (2) This section has effect subject to—
  - (a) sections 71A(7)<sup>F242</sup> ..., and
  - (b) paragraph 30 of Schedule 15.
- (3) In this section “relief” does not include an exemption from charge under Schedule 3.

#### Textual Amendments

- F238** Ss. 77, 77A substituted for s. 77 (with effect in accordance with s. 94(5) of the amending Act) by [Finance Act 2008 \(c. 9\)](#), [s. 94\(2\)](#)
- F239** Words in s. 77(1)(b) substituted (with effect in accordance with s. 2(2) of the amending Act) by [Stamp Duty Land Tax Act 2015 \(c. 1\)](#), [Sch. para. 9](#) (with s. 2(3)-(6))
- F240** Word in s. 77(1) omitted (with effect in accordance with Sch. 39 para. 11 of the amending Act) by virtue of [Finance Act 2013 \(c. 29\)](#), [Sch. 39 para. 5\(a\)](#)
- F241** S. 77(1)(e) and word inserted (with effect in accordance with Sch. 39 para. 11 of the amending Act) by [Finance Act 2013 \(c. 29\)](#), [Sch. 39 para. 5\(b\)](#)
- F242** Words in s. 77(2)(a) omitted (with effect in accordance with s. 29(4) of the amending Act) by virtue of [Scotland Act 2012 \(c. 11\)](#), s. 44(2)(b)(3)(b), [Sch. 3 para. 17](#) (with s. 29(5)(6)); [S.I. 2015/637](#), art. 2

#### 77A Exceptions for certain acquisitions of major interests in land

- (1) The exceptions referred to in section 77(1)(a) are as follows.
  - (1) An acquisition which is exempt from charge under Schedule 3.
  - (2) An acquisition (other than the grant, assignment or surrender of a lease) where the chargeable consideration for that acquisition, together with the chargeable consideration for any linked transactions, is less than £40,000.
  - (3) The grant of a lease for a term of 7 years or more where—
    - (a) any chargeable consideration other than rent is less than £40,000, and
    - (b) the relevant rent is less than £1,000.
  - (4) The assignment or surrender of a lease where—
    - (a) the lease was originally granted for a term of 7 years or more, and
    - (b) the chargeable consideration for the assignment or surrender is less than £40,000.
  - (5) The grant of a lease for a term of less than 7 years where the chargeable consideration does not exceed the zero rate threshold.
  - (6) The assignment or surrender of a lease where—
    - (a) the lease was originally granted for a term of less than 7 years, and
    - (b) the chargeable consideration for the assignment or surrender does not exceed the zero rate threshold.
- (2) Chargeable consideration for an acquisition does not exceed the zero rate threshold if it does not consist of or include—
  - (a) any amount in respect of which tax is chargeable at a rate of [<sup>F243</sup>more than 0%], or
  - (b) any amount in respect of which tax would be so chargeable but for a relief.
- (3) In this section—
  - “annual rent” has the meaning given in paragraph 9A of Schedule 5,
  - “relevant rent” means—

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- (a) the annual rent, or
  - (b) in the case of the grant of a lease to which paragraph 11 or 19 of Schedule 15 applies, the relevant chargeable proportion of the annual rent (as calculated in accordance with that paragraph), and
- “relief” does not include an exemption from charge under Schedule 3.]

#### Textual Amendments

- F238** Ss. 77, 77A substituted for s. 77 (with effect in accordance with s. 94(5) of the amending Act) by [Finance Act 2008 \(c. 9\), s. 94\(2\)](#)
- F243** Words in s. 77A(2)(a) substituted (with effect in accordance with s. 2(2) of the amending Act) by [Stamp Duty Land Tax Act 2015 \(c. 1\), Sch. para. 10](#) (with s. 2(3)-(6))

## 78 Returns, enquiries, assessments and related matters

- (1) Schedule 10 has effect with respect to land transaction returns, assessments and related matters.
- (2) In that Schedule—
  - Part 1 contains general provisions about returns;
  - Part 2 imposes a duty to keep and preserve records;
  - Part 3 makes provision for enquiries into returns;
  - Part 4 provides for a Revenue determination if no return is delivered;
  - Part 5 provides for Revenue assessments;
  - Part 6 provides for relief in case of excessive assessment; and
  - Part 7 provides for appeals against Revenue decisions on tax.
- (3) The Treasury may by regulations make such amendments of that Schedule, and such consequential amendments of any other provisions of this Part, as appear to them to be necessary or expedient from time to time.

#### Commencement Information

- I47** Pt. 4 wholly in force at Royal Assent subject to Sch. 19, see s. 124, Sch. 19 para. 1(1)

### [<sup>F244</sup>78A Disclosure of information contained in land transaction returns

- (1) Relevant information contained in land transaction returns delivered under section 76 (whether before or after the commencement of this section) is to be available for use—
  - (a) by listing officers appointed under section 20 of the Local Government Finance Act 1992, for the purpose of facilitating the compilation and maintenance by them of valuation lists in accordance with Chapter 2 of Part 1 of that Act,
  - (b) as evidence in an appeal by virtue of section 24(6) of that Act to a valuation tribunal <sup>F245</sup> ...,
  - (c) by the Commissioner of Valuation for Northern Ireland, for the purpose of maintaining a valuation list prepared, and from time to time altered, by him in accordance with Part 3 of the Rates (Northern Ireland) Order 1977, and

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- (d) by such other persons or for such other purposes as the Treasury may by regulations prescribe.
  - (2) In this section, “relevant information” means any information of the kind mentioned in paragraph 1(4) of Schedule 10 (information corresponding to particulars required under previous legislation).
  - (3) The Treasury may by regulations amend the definition of relevant information in subsection (2).
- [ In this section “valuation tribunal” means—
- <sup>F246</sup>(4) (a) in relation to England: the Valuation Tribunal for England;
  - (b) in relation to Wales: a valuation tribunal established under paragraph 1 of Schedule 11 to the Local Government Finance Act 1988.]]

#### Textual Amendments

- F244** S. 78A inserted (30.7.2009) by [Finance \(No. 2\) Act 2005 \(c. 22\), s. 48\(1\)\(5\)](#); S.I. 2009/2094, art. 2
- F245** Words in s. 78A(1)(b) repealed (1.10.2009) by [Local Government and Public Involvement in Health Act 2007 \(c. 28\), s. 245\(5\), Sch. 16 para. 9\(2\), Sch. 18 Pt. 17](#); S.I. 2008/3110, art. 6(d)(i)
- F246** S. 78A(4) inserted (1.10.2009) by [Local Government and Public Involvement in Health Act 2007 \(c. 28\), s. 245\(5\), Sch. 16 para. 9\(3\)](#); S.I. 2008/3110, art. 6(d)(i)

## 79 Registration of land transactions etc

- (1) A land transaction to which this section applies, or (as the case may be) a document effecting or evidencing a land transaction to which this section applies, shall not be registered, recorded or otherwise reflected in an entry made—
    - (a) in England and Wales, in the register of title maintained by the Chief Land Registrar,
    - <sup>F247</sup>(b) .....
    - (c) in Northern Ireland, in any register maintained by the Land Registry of Northern Ireland or in the Registry of Deeds for Northern Ireland,

unless there is produced, together with the relevant application, a certificate as to compliance with the requirements of this Part in relation to the transaction [<sup>F248</sup>or such information about compliance as the Commissioners for Her Majesty's Revenue and Customs may specify in regulations.]

This does not apply where the entry is required to be made without any application or so far as the entry relates to an interest or right other than the chargeable interest acquired by the purchaser under the land transaction that gives rise to the application.
- (2) This section applies to every [<sup>F249</sup>notifiable] land transaction [<sup>F250</sup>other than a transaction treated as taking place—
    - (a) under subsection (4) of section 44 (contract and conveyance) or under that section as it applies [<sup>F251</sup>by virtue of—
      - <sup>F252</sup>(i) .....
      - (ii) paragraph 12B of Schedule 17A (assignment of agreement for lease),]

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- (b) under subsection (3) of section 44A (contract providing for conveyance to third party) or under that section as it applies by virtue of section 45A (contract providing for conveyance to third party: effect of transfer of rights).]
- [<sup>F253</sup>(ba) under paragraph 5 of Schedule 2A (transactions entered into before completion of contract),]
- [<sup>F254</sup>(c) under paragraph 12A(2) <sup>F255</sup>... of Schedule 17A (agreement for lease), or
- (d) under paragraph 13 (increase of rent) or 15A (reduction of rent or term) of that Schedule.]
- In this subsection “contract” includes any agreement and “conveyance” includes any instrument.
- [<sup>F256</sup>(2A) Subsection (1), so far as relating to the entry of a notice under section 34 of the Land Registration Act 2002 or section 38 of the Land Registration Act (Northern Ireland) 1970 (notice in respect of interest affecting registered land), does not apply where the land transaction in question is the variation of a lease.]
- (3) The certificate [<sup>F257</sup>referred to in subsection (1)] must be <sup>F258</sup>...—
- (a) a certificate by the Inland Revenue (a “Revenue certificate”) that a land transaction return has been delivered in respect of the transaction, <sup>F259</sup>...
- <sup>F259</sup>(b) .....
- (4) The Inland Revenue may make provision by regulations about Revenue certificates. The regulations may, in particular—
- (a) make provision as to the conditions to be met before a certificate is issued;
- (b) prescribe the form and content of the certificate;
- (c) make provision about the issue of duplicate certificates if the original is lost or destroyed;
- (d) provide for the issue of multiple certificates where a return is made relating to more than one transaction.
- [<sup>F260</sup>(5) Part 2 of Schedule 11 imposes a duty to keep and preserve records in respect of transactions that are not notifiable.]
- (6) The registrar <sup>F261</sup>...—
- (a) shall allow the Inland Revenue to inspect any certificates <sup>F262</sup>... produced to him under this section and in his possession, and
- (b) may enter into arrangements for affording the Inland Revenue other information and facilities for verifying that the requirements of this Part have been complied with.

#### Textual Amendments

**F247** S. 79(1)(b) omitted (with effect in accordance with s. 29(4) of the amending Act) by virtue of [Scotland Act 2012 \(c. 11\)](#), s. 44(2)(b)(3)(b), [Sch. 3 para. 18\(a\)](#) (with s. 29(5)(6)); S.I. 2015/637, [art. 2](#)

**F248** Words in s. 79(1) inserted (20.7.2005) by [Finance \(No. 2\) Act 2005 \(c. 22\)](#), [s. 47\(2\)](#)

**F249** Word in s. 79(2) inserted (with effect in accordance with s. 94(5) of the amending Act) by [Finance Act 2008 \(c. 9\)](#), [s. 94\(3\)](#)

**F250** Words in s. 79(2) substituted (with effect in accordance with Sch. 39 para. 13 of the amending Act) by [Finance Act 2004 \(c. 12\)](#), [Sch. 39 para. 7](#)

**F251** Words in s. 79(2)(a) substituted (with effect in accordance with s. 297(10) of the amending Act) by [Finance Act 2004 \(c. 12\)](#), [s. 297\(5\)\(a\)](#)



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- F252** S. 79(2)(a)(i) omitted (with effect in accordance with Sch. 39 para. 11 of the amending Act) by virtue of Finance Act 2013 (c. 29), **Sch. 39 para. 6(a)**
- F253** S. 79(2)(ba) inserted (with effect in accordance with Sch. 39 para. 11 of the amending Act) by Finance Act 2013 (c. 29), **Sch. 39 para. 6(b)**
- F254** S. 79(2)(c)(d) inserted (with effect in accordance with s. 297(10) of the amending Act) by Finance Act 2004 (c. 12), **s. 297(5)(b)**
- F255** Words in s. 79(2)(c) omitted (with effect in accordance with s. 29(4) of the amending Act) by virtue of Scotland Act 2012 (c. 11), s. 44(2)(b)(3)(b), **Sch. 3 para. 18(b)** (with s. 29(5)(6)); S.I. 2015/637, **art. 2**
- F256** S. 79(2A) inserted (with effect in accordance with s. 297(10) of the amending Act) by Finance Act 2004 (c. 12), **s. 297(6)**
- F257** Words in s. 79(3) inserted (with effect in accordance with s. 297(10) of the amending Act) by Finance Act 2004 (c. 12), **s. 297(7)**
- F258** Word in s. 79(3) omitted (with effect in accordance with s. 94(5) of the amending Act) by virtue of Finance Act 2008 (c. 9), **Sch. 30 para. 2(2)**
- F259** S. 79(3)(b) and word omitted (with effect in accordance with s. 94(5) of the amending Act) by virtue of Finance Act 2008 (c. 9), **Sch. 30 para. 2(2)**
- F260** S. 79(5) substituted (with effect in accordance with s. 94(5) of the amending Act) by Finance Act 2008 (c. 9), **Sch. 30 para. 2(3)**
- F261** Words in s. 79(6) omitted (with effect in accordance with s. 29(4) of the amending Act) by virtue of Scotland Act 2012 (c. 11), s. 44(2)(b)(3)(b), **Sch. 3 para. 18(c)** (with s. 29(5)(6)); S.I. 2015/637, **art. 2**
- F262** Words in s. 79(6)(a) omitted (with effect in accordance with s. 94(5) of the amending Act) by virtue of Finance Act 2008 (c. 9), **Sch. 30 para. 2(4)**

#### Commencement Information

- I48** Pt. 4 wholly in force at Royal Assent subject to Sch. 19, see s. 124, Sch. 19 para. 1(1)

## 80 Adjustment where contingency ceases or consideration is ascertained

- (1) Where section 51 (contingent, uncertain or unascertained consideration) applies in relation to a transaction and—
- in the case of contingent consideration, the contingency occurs or it becomes clear that it will not occur, or
  - in the case of uncertain or unascertained consideration, an amount relevant to the calculation of the consideration, or any instalment of consideration, becomes ascertained,
- the following provisions have effect to require or permit reconsideration of how this Part applies to the transaction (and to any transaction in relation to which it is a linked transaction).
- [<sup>F263</sup>(2) If the effect of the new information is that a transaction becomes notifiable, the purchaser must make a return to HMRC within 14 days.
- (2A) If the effect of the new information is that—
- tax is payable in respect of a transaction where none was payable before and subsection (2) does not apply, or
  - additional tax is payable in respect of a transaction,
- the purchaser must make a further return to HMRC within 30 days.
- (2B) For the purposes of subsections (2) and (2A), any tax or additional tax payable is calculated according to the effective date of the transaction.

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- (2C) If a purchaser is required to make a return under subsection (2) or a further return under subsection (2A)—
- (a) that return must contain a self-assessment of the tax chargeable in respect of the transaction on the basis of the information contained in the return, and
  - (b) the tax or additional tax payable must be paid not later than the filing date for that return.]
- (3) The provisions of Schedule 10 (returns, enquiries, assessments and other matters) apply to a return under this section as they apply to a <sup>F264</sup>return under section 76 (general requirement to make land transaction return), subject to the adaptation that references to the effective date of the transaction shall be read as references to the date of the event as a result of which the return is required].
- (4) If the effect of the new information is that less tax is payable in respect of a transaction <sup>F265</sup>(calculated according to its effective date)] than has already been paid,
- <sup>F266</sup>(a) the purchaser may, within the period allowed for amendment of the land transaction return, amend the return accordingly;
  - (b) after the end of that period he may (if the land transaction return is not so amended) make a claim to the Inland Revenue for repayment of the amount overpaid].
- <sup>F267</sup>(4A) Where the transaction (“the relevant transaction”) is the grant or assignment of a lease, no claim may be made under subsection (4)—
- (a) in respect of the repayment (in whole or part) of any loan or deposit that is treated by paragraph 18A of Schedule 17A as being consideration given for the relevant transaction, or
  - (b) in respect of the refund of any of the consideration given for the relevant transaction, in a case where the refund—
    - (i) is made under arrangements that were made in connection with the relevant transaction, and
    - (ii) is contingent on the determination or assignment of the lease or on the grant of a chargeable interest out of the lease.]
- <sup>F268</sup>(5) This section does not apply so far as the consideration consists of rent (see paragraph 8 of Schedule 17A).]

#### Textual Amendments

- F263** S. 80(2)-(2C) substituted for s. 80(2) (with effect in accordance with s. 46(10) of the amending Act) by [Finance Act 2019 \(c. 1\), s. 46\(3\)](#)
- F264** Words in s. 80(3) substituted (with effect in accordance with Sch. 39 para. 26 of the amending Act) by [Finance Act 2004 \(c. 12\), Sch. 39 para. 22\(4\)\(a\)](#) (which amending provision re-enacts, subject to certain changes, a corresponding amendment made by the now revoked [Stamp Duty and Stamp Duty Land Tax \(Variation of the Finance Act 2003\) \(No. 2\) Regulations 2003 \(S.I. 2003/2816\)](#), see Sch. 39 para. 14)
- F265** Words in s. 80(4) inserted (with effect in accordance with s. 2(2) of the amending Act) by [Stamp Duty Land Tax Act 2015 \(c. 1\), Sch. para. 4\(2\)](#) (with s. 2(3)-(6))
- F266** Words in s. 80(4) substituted (22.7.2004) by [Finance Act 2004 \(c. 12\), s. 299\(4\)](#)
- F267** S. 80(4A) inserted (with effect in accordance with Sch. 10 para. 16(5)-(9) of the amending Act) by [Finance \(No. 2\) Act 2005 \(c. 22\), Sch. 10 para. 15](#)
- F268** S. 80(5) added (with effect in accordance with Sch. 39 para. 26 of the amending Act) by [Finance Act 2004 \(c. 12\), Sch. 39 para. 22\(4\)\(b\)](#) (which amending provision re-enacts, subject to certain

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changes, a corresponding amendment made by the now revoked [Stamp Duty and Stamp Duty Land Tax \(Variation of the Finance Act 2003\) \(No. 2\) Regulations 2003 \(S.I. 2003/2816\)](#), see Sch. 39 para. 14)

#### **Modifications etc. (not altering text)**

**C24** S. 80 excluded (1.12.2003) by [The Stamp Duty Land Tax \(Administration\) Regulations 2003 \(S.I. 2003/2837\)](#), regs. 1, 26

#### **Commencement Information**

**I49** Pt. 4 wholly in force at Royal Assent subject to Sch. 19, see s. 124, Sch. 19 para. 1(1)

## **81 Further return where relief withdrawn**

(1) Where relief is withdrawn to any extent under—

- [<sup>F269</sup>(za) paragraph 11 of Schedule 6A (relief for certain acquisitions of residential property),]
  - (a) Part 1 of Schedule 7 (group relief),
  - (b) Part 2 of that Schedule (reconstruction or acquisition relief), <sup>F270</sup>...
- [<sup>F271</sup>(ba) paragraph 5, 7 or 8 of Schedule 7A (PAIF seeding relief),
  - (bb) paragraph 13, 17 or 18 of Schedule 7A (COACS seeding relief), or]
  - (c) Schedule 8 (charities relief),

the purchaser must deliver a further return before the end of the period of 30 days after the date on which the disqualifying event occurred.

[<sup>F272</sup>[<sup>F273</sup>(1A) Where relief is withdrawn to any extent under—

- (a) any of paragraphs 5G to 5L of Schedule 4A (relief from higher rate under Schedule 4A (higher rate for certain transactions)),
  - [ Part 3 of Schedule 6C (relief for freeport tax sites), other than in a case
- <sup>F274</sup>(aa) to which paragraph 11 of that Schedule (alternative finance arrangements) applies,]
  - (b) paragraph 6 of Schedule 7A (PAIF seeding relief), or
  - (c) paragraph 14 or 16 of Schedule 7A (COACS seeding relief),

the purchaser must deliver a further return before the end of the period of 30 days after the relevant date.]

(1B) In subsection (1A) “the relevant date” means—

- (a) in the case of relief under paragraph 5 of Schedule 4A (businesses of letting, trading in or redeveloping properties), the first day in the period mentioned in paragraph 5G(2) on which a requirement under paragraph 5G(3) was not met in the case of the chargeable interest in question;
- (b) in the case of relief under paragraph 5B of that Schedule (trades involving making a dwelling available to the public), the first day in the period mentioned in paragraph 5H(2) on which a requirement under paragraph 5H(3) was not met in the case of the chargeable interest in question;
- (c) in the case of relief under paragraph 5C of that Schedule (financial institutions acquiring dwellings in the course of lending), the first day in the period mentioned in paragraph 5I(2) on which a requirement under paragraph 5I(3) was not met in the case of the chargeable interest in question;
- [ <sup>F275</sup>(ca) in the case of relief under paragraph 5CA of that Schedule (acquisition under a regulated home reversion plan), the first day in the period mentioned in

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paragraph 5IA(2) of that Schedule on which the purchaser holds the higher threshold interest otherwise than for the purposes of the regulated home reversion plan, unless paragraph 5IA(3)(a) and (b) applies;]

- (d) in the case of relief under paragraph 5D of that Schedule (dwellings for occupation by certain employees etc), the first day in the period mentioned in paragraph 5J(2) on which a requirement under paragraph 5J(3) was not met in the case of the chargeable interest in question;
- <sup>F276</sup> [ (da) in the case of relief under paragraph 5EA of that Schedule (acquisition by management company of flat for occupation by caretaker), the first day in the period mentioned in paragraph 5JA(2) of that Schedule on which the purchaser holds the higher threshold interest otherwise than for the purpose of making the flat available for use as caretaker accommodation;]
- (e) in the case of relief under paragraph 5F of that Schedule (farmhouses), the first day in the period mentioned in paragraph 5K(2) on which a requirement under paragraph 5K(3) was not met in the case of the chargeable interest in question.
- <sup>F277</sup> [ (ea) in the case of relief under paragraph 5FA of that Schedule (qualifying housing co-operatives), the date determined in accordance with subsection (1C);]
- <sup>F278</sup> [ (eb) in the case of relief under Schedule 6C (relief for freeport tax sites), the last day in the control period on which the qualifying freeport land is used exclusively in a qualifying manner;]
- <sup>F279</sup> [ (f) in the case of relief under paragraph 6 of Schedule 7A (PAIF seeding relief: portfolio test)—
  - (i) where relief is withdrawn under paragraph 6(1), the last day of the seeding period (see paragraph 3 of that Schedule), or
  - (ii) where relief is withdrawn under paragraph 6(3), the first time mentioned in paragraph 6(3)(a) or (b) at which the portfolio test was not met;
- (g) in the case of relief under paragraph 14 of Schedule 7A (COACS seeding relief: genuine diversity of ownership condition), the first time mentioned in paragraph 14(1) at which the genuine diversity of ownership condition was not met;
- (h) in the case of relief under paragraph 16 of Schedule 7A (COACS seeding relief: portfolio test)—
  - (i) where relief is withdrawn under paragraph 16(1), the last day of the seeding period (see paragraph 11 of that Schedule), or
  - (ii) where relief is withdrawn under paragraph 16(3), the first time mentioned in paragraph 16(3)(a) or (b) at which the portfolio test was not met.]]

<sup>F280</sup>(1C) For the purposes of subsection (1B)(ea) (relief under paragraph 5FA of Schedule 4A withdrawn because the conditions in paragraph 5L(3) of that Schedule are met), the date is—

- (a) where paragraph 5L(4) of Schedule 4A does not apply, the first day in the period mentioned in paragraph 5L(3)(a) of that Schedule on which the purchaser is not a qualifying housing body;
- (b) where paragraph 5L(4) or (7) of that Schedule applies and relief is withdrawn because condition A in paragraph 5L(5) of that Schedule is met, the day of succession of the relevant successor;
- (c) where paragraph 5L(4) or (7) of that Schedule applies and relief is withdrawn because condition B in paragraph 5L(6) of that Schedule is met, the first day

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in the part of the control period that falls after the day of succession of the relevant successor on which the relevant successor is not a qualifying housing body.

(1D) Where relief is withdrawn to any extent under paragraph 5L of Schedule 4A in a case to which paragraph 5L(4) or (7) applies, the reference in subsection (1A) to the purchaser is to be read as a reference to the relevant successor.]

(2) The return must—

- (a) include a self-assessment of the amount of tax chargeable, <sup>F281</sup> ...
- <sup>F281</sup>(b) .....

<sup>F282</sup>(2A) [<sup>F283</sup>Where subsection (1) [<sup>F284</sup>or (1A)] applies any tax] payable must be paid not later than the filing date for the return.]

<sup>F285</sup>(3) The provisions of Schedule 10 (returns, assessments and other matters) apply for the purposes of this section with the following modifications—

- (a) references to a return under section 76 (general requirement to deliver land transaction return) are to be read as references to a return under subsection (1) or (1A);
- (b) references to the transaction to which a return relates are to be read as references to the withdrawal of relief in respect of which the return is required under subsection (1) or (1A);
- (c) references to a chargeable transaction to which (as yet) no return relates are to be read as references to the withdrawal of relief under any of the provisions mentioned in subsection (1) or (1A);
- (d) references to the effective date of a transaction—
  - (i) in relation to the withdrawal of relief under any of the provisions mentioned in subsection (1), are to be read as references to the date on which the disqualifying event occurs, and
  - (ii) in relation to the withdrawal of relief under any of the provisions mentioned in subsection (1A), are to be read as references to the relevant date (see subsections (1B) and (1C));
- (e) where, by virtue of subsection (1D), a return is to be made by the relevant successor, references to the purchaser are to be read as references to the relevant successor;
- (f) paragraph 36(5A) is to be read as if it also permitted an appeal under paragraph 35(1)(e) on the ground that no further return is required.]

(4) In this section “the disqualifying event” means—

- <sup>F286</sup>(za) in relation to the withdrawal of relief under Schedule 6A, an event mentioned in paragraph (a), (b) or (c) of paragraph 11(2), (3), (4) or (5) of that Schedule;]
- (a) in relation to the withdrawal of group relief, the purchaser ceasing to be a member of the same group as the vendor within the meaning of Part 1 of Schedule 7;
- (b) in relation to the withdrawal of reconstruction or acquisition relief, the change of control of the acquiring company mentioned in paragraph 9(1)(a) of Schedule 7 or, as the case may be, the event mentioned in paragraph 11(1)(a) or (2)(a) of that Schedule;
- <sup>F287</sup>(ba) in relation to the withdrawal of PAIF seeding relief—
  - (i) the purchaser ceasing to be a property AIF as mentioned in paragraph 5 of Schedule 7A,

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- (ii) a person making a relevant disposal of units as mentioned in paragraph 7 of that Schedule, or
  - (iii) the grant of permission to a non-qualifying individual to occupy a dwelling as mentioned in paragraph 8 of that Schedule;
  - (bb) in relation to the withdrawal of COACS seeding relief—
    - (i) the purchaser ceasing to be a co-ownership authorised contractual scheme as mentioned in paragraph 13 of Schedule 7A,
    - (ii) a person making a relevant disposal of units as mentioned in paragraph 17 of that Schedule, or
    - (iii) the grant of permission to a non-qualifying individual to occupy a dwelling as mentioned in paragraph 18 of that Schedule;]
  - (c) in relation to the withdrawal of charities relief, a disqualifying event as defined in paragraph 2(3) [<sup>F288</sup>or 3(2)] of Schedule 8.
- [<sup>F289</sup>(4A) Terms used in paragraph (eb) of subsection (1B) which are defined for the purposes of Schedule 6C have the same meaning in that paragraph as they have in that Schedule.
- (4B) Paragraph 10 of Schedule 6C applies for the purposes of subsection (1B)(eb) as it applies for the purposes of paragraph 8 of that Schedule.]
- <sup>F290</sup>(5) . . . . .
- [<sup>F291</sup>(6) In subsections (1C), (1D) and (3)(e) (which relate to the withdrawal of relief under paragraph 5L of Schedule 4A) “the relevant successor” means the person who is the most recent successor in the chain of succession at the time relief is withdrawn (and that person could be the first successor, the second successor or a subsequent successor).
- (7) Terms used in subsections (1C) and (6) which are defined for the purposes of paragraph 5L of Schedule 4A have the same meaning in those subsections as they have in that paragraph.]

#### Textual Amendments

- F269** S. 81(1)(za) inserted (with effect in accordance with Sch. 39 para. 26 of the amending Act) by [Finance Act 2004 \(c. 12\)](#), [Sch. 39 para. 17\(3\)\(a\)](#) (which amending provision re-enacts, subject to certain changes, a corresponding amendment made by the now revoked [Stamp Duty and Stamp Duty Land Tax \(Variation of the Finance Act 2003\) \(No. 2\) Regulations 2003 \(S.I. 2003/2816\)](#), see Sch. 39 para. 14)
- F270** Word in s. 81(1)(b) omitted (with effect in accordance with Sch. 16 para. 15 of the amending Act) by virtue of [Finance Act 2016 \(c. 24\)](#), [Sch. 16 para. 7\(2\)\(a\)](#)
- F271** S. 81(1)(ba)(bb) inserted (with effect in accordance with Sch. 16 para. 15 of the amending Act) by [Finance Act 2016 \(c. 24\)](#), [Sch. 16 para. 7\(2\)\(b\)](#)
- F272** S. 81(1A) substituted (with effect in accordance with s. 89(4) of the amending Act) by [Finance Act 2021 \(c. 26\)](#), [Sch. 17 para. 2\(2\)](#)
- F273** S. 81(1A)(1B) inserted (with effect in accordance with Sch. 40 para. 8 of the amending Act) by [Finance Act 2013 \(c. 29\)](#), [Sch. 40 para. 3\(2\)](#)
- F274** S. 81(1A)(aa) inserted (10.6.2021) by [Finance Act 2021 \(c. 26\)](#), [Sch. 23 para. 3\(a\)](#)
- F275** S. 81(1B)(ca) inserted (with effect in accordance with s. 46(10) of the amending Act) by [Finance Act 2019 \(c. 1\)](#), [s. 46\(4\)\(a\)\(i\)](#)
- F276** S. 81(1B)(da) inserted (with effect in accordance with s. 46(10) of the amending Act) by [Finance Act 2019 \(c. 1\)](#), [s. 46\(4\)\(a\)\(ii\)](#)

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- F277** S. 81(1B)(ea) inserted (with effect in accordance with s. 89(4) of the amending Act) by [Finance Act 2021 \(c. 26\), Sch. 17 para. 2\(3\)](#)
- F278** S. 81(1B)(eb) inserted (10.6.2021) by [Finance Act 2021 \(c. 26\), Sch. 23 para. 3\(b\)](#)
- F279** S. 81(1B)(f)-(h) inserted (with effect in accordance with Sch. 16 para. 15 of the amending Act) by [Finance Act 2016 \(c. 24\), Sch. 16 para. 7\(4\)](#)
- F280** S. 81(1C)(1D) inserted (with effect in accordance with s. 89(4) of the amending Act) by [Finance Act 2021 \(c. 26\), Sch. 17 para. 2\(4\)](#)
- F281** S. 81(2)(b) and word repealed (with effect in accordance with s. 80(9) of the amending Act) by [Finance Act 2007 \(c. 11\), s. 80\(4\)\(a\), Sch. 27 Pt. 4\(4\)](#)
- F282** S. 81(2A) inserted (with effect in accordance with s. 80(9) of the amending Act) by [Finance Act 2007 \(c. 11\), s. 80\(4\)\(b\)](#)
- F283** Words in s. 81(2A) substituted (with effect in accordance with Sch. 40 para. 8 of the amending Act) by [Finance Act 2013 \(c. 29\), Sch. 40 para. 3\(3\)](#)
- F284** Words in s. 81(2A) inserted (with effect in accordance with s. 46(10) of the amending Act) by [Finance Act 2019 \(c. 1\), s. 46\(4\)\(b\)](#)
- F285** S. 81(3) substituted (with effect in accordance with s. 89(4) of the amending Act) by [Finance Act 2021 \(c. 26\), Sch. 17 para. 2\(5\)](#)
- F286** S. 81(4)(za) inserted (with effect in accordance with Sch. 39 para. 26 of the amending Act) by [Finance Act 2004 \(c. 12\), Sch. 39 para. 17\(3\)\(b\)](#) (which amending provision re-enacts, subject to certain changes, a corresponding amendment made by the now revoked [Stamp Duty and Stamp Duty Land Tax \(Variation of the Finance Act 2003\) \(No. 2\) Regulations 2003 \(S.I. 2003/2816\)](#), see Sch. 39 para. 14)
- F287** S. 81(4)(ba)(bb) inserted (with effect in accordance with Sch. 16 para. 15 of the amending Act) by [Finance Act 2016 \(c. 24\), Sch. 16 para. 7\(5\)](#)
- F288** Words in s. 81(4)(c) inserted (with effect in accordance with s. 302(7) of the amending Act) by [Finance Act 2004 \(c. 12\), s. 302\(5\)](#)
- F289** S. 81(4A)(4B) inserted (10.6.2021) by [Finance Act 2021 \(c. 26\), Sch. 23 para. 3\(c\)](#)
- F290** S. 81(5) omitted (with effect in accordance with s. 89(4) of the amending Act) by virtue of [Finance Act 2021 \(c. 26\), Sch. 17 para. 2\(6\)](#)
- F291** S. 81(6)(7) inserted (with effect in accordance with s. 89(4) of the amending Act) by [Finance Act 2021 \(c. 26\), Sch. 17 para. 2\(7\)](#)

#### Commencement Information

- I50** Pt. 4 wholly in force at Royal Assent subject to Sch. 19, see s. 124, Sch. 19 para. 1(1)

#### <sup>F292</sup>~~81Z~~ **Alternative finance arrangements: return where relief withdrawn**

(1) Where relief given in respect of a transaction entered into under alternative finance arrangements is withdrawn to any extent under any of paragraphs 6D, 6F, 6G <sup>F293</sup>, 6H or 6I] of Schedule 4A (higher rate of tax: alternative finance arrangements) <sup>F294</sup> or under Part 3 of Schedule 6C (relief for freeport tax sites) in a case to which paragraph 11 of that Schedule (alternative finance arrangements) applies]—

- (a) the relevant person must deliver a return to HMRC before the end of the period of 30 days after the date of the disqualifying event;
- (b) the return must contain a self-assessment of the additional tax chargeable as a result of the withdrawal of the relief;
- (c) the tax so chargeable is calculated <sup>F295</sup> [according to] the effective date of the transaction in respect of which the relief was allowed.

<sup>F296</sup>(2) The provisions of Schedule 10 (returns, assessments and other matters) apply for the purposes of this section with the following modifications—

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- (a) references to a return under section 76 (general requirement to deliver land transaction return) are to be read as references to a return under subsection (1);
  - (b) references to the transaction to which a return relates are to be read as references to the withdrawal of relief in respect of which the return is required under subsection (1);
  - (c) references to a chargeable transaction to which (as yet) no return relates are to be read as references to the withdrawal of relief under any of the provisions mentioned in subsection (1);
  - (d) references to the effective date of a transaction are to be read as references to the date of the disqualifying event;
  - (e) references to the purchaser are to be read as references to the relevant person so far as that is necessary as a result of subsection (1) of this section or section 85(3) (payment of additional tax by relevant person where relief withdrawn);
  - (f) paragraph 36(5A) is to be read as if it also permitted an appeal under paragraph 35(1)(e) on the ground that no further return is required.]
- (3) In this section “the date of the disqualifying event” means [<sup>F297</sup>—
- (a) where the relief was given under paragraph 5, 5B, 5C, 5D or 5F of Schedule 4A, the first day in the control period on which a relevant requirement was not met;
  - (b) where the relief was given under paragraph 5FA of Schedule 4A, the date determined in accordance with subsection (5A).]
- [<sup>F298</sup>(c) where the relief was given under Part 2 of Schedule 6C, the last day in the control period on which the qualifying freeport land is used exclusively in a qualifying manner.]
- (4) In [<sup>F299</sup>subsection (3)(a)] “relevant requirement” means—
- (a) where the relief was given under paragraph 5 of Schedule 4A (businesses of letting, trading in or redeveloping properties), a requirement under paragraph 5G(3) of that Schedule;
  - (b) where the relief was given under paragraph 5B of that Schedule (trades involving making a dwelling available to the public), a requirement under paragraph 5H(3) of that Schedule;
  - (c) where the relief was given under paragraph 5C of that Schedule (financial institutions acquiring dwellings in the course of lending), a requirement under paragraph 5I(3) of that Schedule;
  - (d) where the relief was given under paragraph 5D of that Schedule (dwellings for occupation by certain employees etc), a requirement under paragraph 5J(3) of that Schedule;
  - (e) where the relief was given under paragraph 5F of that Schedule (farmhouses), a requirement under paragraph 5K(3) of that Schedule.
- (5) In [<sup>F300</sup>subsection (3)(a)] “the control period” has the same meaning as in paragraph 5G, 5H, 5I, 5J or 5K (as the case requires) of Schedule 4A.
- [ For the purposes of subsection (3)(b) (relief withdrawn because the conditions in <sup>F301</sup>(5A) paragraph 6I(2) of Schedule 4A are met), the date is—
- (a) where paragraph 6I(3) of Schedule 4A does not apply, the first day in the period mentioned in paragraph 6I(2)(a) of that Schedule on which the relevant person is not a qualifying housing body;



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- (b) where paragraph 6I(3) or (6) of that Schedule applies and relief is withdrawn because condition A in paragraph 6I(4) of that Schedule is met, the day of succession of the relevant successor;
- (c) where paragraph 6I(3) or (6) of that Schedule applies and relief is withdrawn because condition B in paragraph 6I(5) of that Schedule is met, the first day in the part of the control period that falls after the day of succession of the relevant successor on which the relevant successor is not a qualifying housing body.]

(6) In this section—

“alternative finance arrangements” means any arrangements such as are mentioned in section 71A, 72, 72A or 73;

[<sup>F302</sup>“the relevant person” means—

- (a) the person (other than the financial institution) who entered into the arrangements in question, or
- (b) where relief is withdrawn to any extent under paragraph 6I of Schedule 4A in a case to which paragraph 6I(3) or (6) applies, the relevant successor;

“the relevant successor” means the person who is the most recent successor in the chain of succession at the time relief is withdrawn (and that person could be the first successor, the second successor or a subsequent successor). ]

[ Terms used in paragraph (c) of subsection (3) which are defined for the purposes of <sup>F303</sup>(6A) Schedule 6C have the same meaning in that paragraph as they have in that Schedule (as modified by paragraph 11 of that Schedule).

(6B) Paragraph 10 of Schedule 6C (as modified by paragraph 11 of that Schedule) applies for the purposes of subsection (3)(c) as it applies for the purposes of paragraph 8 of that Schedule.]

[ Terms used in subsection (5A), and in the definition of “the relevant successor” in <sup>F304</sup>(7) subsection (6), which are defined for the purposes of paragraph 6I of Schedule 4A have the same meaning in those provisions as they have in that paragraph.]]

#### Textual Amendments

- F292** S. 81ZA inserted (with effect in accordance with Sch. 40 para. 8 of the amending Act) by [Finance Act 2013 \(c. 29\)](#), [Sch. 40 para. 4](#)
- F293** Words in s. 81ZA(1) substituted (with effect in accordance with s. 89(4) of the amending Act) by [Finance Act 2021 \(c. 26\)](#), [Sch. 17 para. 3\(2\)](#)
- F294** Words in s. 81ZA(1) inserted (10.6.2021) by [Finance Act 2021 \(c. 26\)](#), [Sch. 23 para. 4\(a\)](#)
- F295** Words in s. 81ZA(1)(c) substituted (with effect in accordance with s. 2(2) of the amending Act) by [Stamp Duty Land Tax Act 2015 \(c. 1\)](#), [Sch. para. 5](#) (with s. 2(3)-(6))
- F296** S. 81ZA(2) substituted (with effect in accordance with s. 89(4) of the amending Act) by [Finance Act 2021 \(c. 26\)](#), [Sch. 17 para. 3\(3\)](#)
- F297** Words in s. 81ZA(3) substituted (with effect in accordance with s. 89(4) of the amending Act) by [Finance Act 2021 \(c. 26\)](#), [Sch. 17 para. 3\(4\)](#)
- F298** S. 81ZA(3)(c) inserted (10.6.2021) by [Finance Act 2021 \(c. 26\)](#), [Sch. 23 para. 4\(b\)](#)
- F299** Words in s. 81ZA(4) substituted (with effect in accordance with s. 89(4) of the amending Act) by [Finance Act 2021 \(c. 26\)](#), [Sch. 17 para. 3\(5\)](#)
- F300** Words in s. 81ZA(5) substituted (with effect in accordance with s. 89(4) of the amending Act) by [Finance Act 2021 \(c. 26\)](#), [Sch. 17 para. 3\(5\)](#)

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- F301** S. 81ZA(5A) inserted (with effect in accordance with s. 89(4) of the amending Act) by [Finance Act 2021 \(c. 26\), Sch. 17 para. 3\(6\)](#)
- F302** Words in s. 81ZA(6) substituted (with effect in accordance with s. 89(4) of the amending Act) by [Finance Act 2021 \(c. 26\), Sch. 17 para. 3\(7\)](#)
- F303** S. 81ZA(6A)(6B) inserted (10.6.2021) by [Finance Act 2021 \(c. 26\), Sch. 23 para. 4\(c\)](#)
- F304** S. 81ZA(7) inserted (with effect in accordance with s. 89(4) of the amending Act) by [Finance Act 2021 \(c. 26\), Sch. 17 para. 3\(8\)](#)

**Modifications etc. (not altering text)**

- C25** S. 81ZA(6) modified (17.7.2013) by [Finance Act 2013 \(c. 29\), Sch. 40 para. 9\(2\)](#)

**[<sup>F305</sup>81A Return or further return in consequence of later linked transaction**

- [<sup>F306</sup>(1)** Where the effect of a transaction (“the later transaction”) that is linked to an earlier transaction is that the earlier transaction becomes notifiable, the purchaser under the earlier transaction must deliver a return in respect of that transaction before the end of the period of 14 days after the effective date of the later transaction.
- (1A) Where the effect of a transaction (“the later transaction”) that is linked to an earlier transaction is that—
- (a) tax is payable in respect of the earlier transaction where none was payable before and subsection (1) does not apply, or
  - (b) additional tax is payable in respect of the earlier transaction,
- the purchaser under the earlier transaction must deliver a further return in respect of that transaction before the end of the period of 30 days after the effective date of the later transaction.
- (1B) For the purposes of subsections (1) and (1A), any tax or additional tax payable is calculated according to the effective date of the earlier transaction.
- (1C) Where a purchaser is required to deliver a return under subsection (1) or a further return under subsection (1A)—
- (a) that return must include a self-assessment of the amount of tax chargeable as a result of the later transaction, and
  - (b) the tax or additional tax payable must be paid not later than the filing date for that return.]
- (2) The provisions of Schedule 10 (returns, enquiries, assessments and other matters) apply to a return under this section as they apply to a return under section 76 (general requirement to deliver land transaction return), with the following adaptations—
- (a) in paragraph 5 (formal notice to deliver return), the requirement in subparagraph (2)(a) that the notice specify the transaction to which it relates shall be read as requiring both the earlier and later transactions to be specified;
  - (b) references to the effective date of the transaction to which the return relates shall be read as references to the effective date of the later transaction.
- (3) This section does not affect any requirement to make a return under section 76 in respect of the later transaction.]

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### Textual Amendments

- F305** S. 81A inserted (with effect in accordance with Sch. 39 para. 26 of the amending Act) by [Finance Act 2004 \(c. 12\)](#), [Sch. 39 para. 19\(1\)](#) (which amending provision re-enacts, subject to certain changes, a corresponding amendment made by the now revoked [Stamp Duty and Stamp Duty Land Tax \(Variation of the Finance Act 2003\) \(No. 2\) Regulations 2003 \(S.I. 2003/2816\)](#), see Sch. 39 para. 14)
- F306** Ss. 81A(1)-(1C) substituted for s. 81A(1) (with effect in accordance with s. 46(10) of the amending Act) by [Finance Act 2019 \(c. 1\)](#), [s. 46\(5\)](#)

## [<sup>F307</sup>81B Declaration by person authorised to act on behalf of individual

- (1) This section applies to the declaration mentioned in paragraph 1(1)(c) of Schedule 10 <sup>F308</sup>... (declaration that return <sup>F308</sup>... is correct and complete).
- (2) The requirement that an individual make such a declaration (alone or jointly with others) is treated as met if a declaration to that effect is made by a person authorised to act on behalf of that individual in relation to the matters to which the return or certificate relates.
- (3) For the purposes of this section a person is not regarded as authorised to act on behalf of an individual unless he is so authorised by a power of attorney in writing, signed by that individual.

In this subsection as it applies in Scotland “power of attorney” includes factory and commission.

- (4) Nothing in this section affects the making of a declaration in accordance with—
  - (a) section 100(2) (persons through whom a company acts), or
  - <sup>F309</sup>(b)] .....

### Textual Amendments

- F307** S. 81B inserted (with effect in accordance with Sch. 39 para. 26 of the amending Act) by [Finance Act 2004 \(c. 12\)](#), [Sch. 39 para. 20](#) (which amending provision re-enacts, subject to certain changes, a corresponding amendment made by the now revoked [Stamp Duty and Stamp Duty Land Tax \(Variation of the Finance Act 2003\) \(No. 2\) Regulations 2003 \(S.I. 2003/2816\)](#), see Sch. 39 para. 14)
- F308** Words in s. 81B(1) omitted (with effect in accordance with s. 94(5) of the amending Act) by virtue of [Finance Act 2008 \(c. 9\)](#), [Sch. 30 para. 3](#)
- F309** S. 81B(4)(b) omitted (with effect in accordance with s. 222(6) of the amending Act) by virtue of [Finance Act 2012 \(c. 14\)](#), [s. 222\(4\)\(e\)](#)

## 82 Loss or destruction of, or damage to, return etc

- (1) This section applies where—
  - (a) a return delivered to the Inland Revenue, or
  - (b) any other document relating to tax made by or provided to the Inland Revenue, has been lost or destroyed, or been so defaced or damaged as to be illegible or otherwise useless.
- (2) The Inland Revenue may treat the return as not having been delivered or the document as not having been made or provided.

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- (3) Anything done on that basis shall be as valid and effective for all purposes as it would have been if the return had not been made or the document had not been made or provided.
- (4) But if as a result a person is charged with tax and he proves to the satisfaction of the [<sup>F310</sup>tribunal] that he has already paid tax in respect of the transaction in question, relief shall be given, by reducing the charge or by repayment as the case may require.

#### Textual Amendments

**F310** Word in s. 82(4) substituted (1.4.2009) by [The Transfer of Tribunal Functions and Revenue and Customs Appeals Order 2009 \(S.I. 2009/56\)](#), art. 1(2), **Sch. 1 para. 367**

#### Commencement Information

**I51** Pt. 4 wholly in force at Royal Assent subject to Sch. 19, see s. 124, Sch. 19 para. 1(1)

### [<sup>F311</sup>82A Claims not included in returns

Schedule 11A has effect with respect to claims not included in returns.]

#### Textual Amendments

**F311** S. 82A inserted (22.7.2004) by [Finance Act 2004 \(c. 12\)](#), s. **299(2)**

### 83 Formal requirements as to assessments, penalty determinations etc

- (1) An assessment, determination, notice or other document required to be used in assessing, charging, collecting and levying tax or determining a penalty under this Part must be in accordance with the forms prescribed from time to time by the Board and a document in the form so prescribed and supplied or approved by the Board is valid and effective.
- (2) Any such assessment, determination, notice or other document purporting to be made under this Part is not ineffective—
- for want of form, or
  - by reason of any mistake, defect or omission in it,
- if it is substantially in conformity with this Part and its intended effect is reasonably ascertainable by the person to whom it is directed.
- (3) The validity of an assessment or determination is not affected—
- by any mistake in it as to—
    - the name of a person liable, or
    - the amount of the tax charged, or
  - by reason of any variance between the notice of assessment or determination and the assessment or determination itself.

#### Commencement Information

**I52** Pt. 4 wholly in force at Royal Assent subject to Sch. 19, see s. 124, Sch. 19 para. 1(1)

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## 84 Delivery and service of documents

- (1) A notice or other document to be served under this Part on a person may be delivered to him or left at his usual or last known place of abode.
- (2) A notice or other document to be given, served or delivered under this Part may be served by post.
- (3) For the purposes of section 7 of the Interpretation Act 1978 (c. 30) (general provisions as to service by post) any such notice or other document to be given or delivered to, or served on, any person by the Inland Revenue is properly addressed if it is addressed to that person—
  - (a) in the case of an individual, at his usual or last known place of residence or his place of business;
  - (b) in the case of a company—
    - (i) at its principal place of business,
    - (ii) if a liquidator has been appointed, at his address for the purposes of the liquidation, or
    - (iii) at any place prescribed by regulations made by the Inland Revenue.

### Commencement Information

**I53** Pt. 4 wholly in force at Royal Assent subject to Sch. 19, see s. 124, Sch. 19 para. 1(1)

## *Liability for and payment of tax*

## 85 Liability for tax

- (1) The purchaser is liable to pay the tax in respect of a chargeable transaction.
- (2) As to the liability of purchasers acting jointly see—
  - section 103(2)(c) (joint purchasers);
  - Part 2 of Schedule 15 (partners); and
  - paragraph 5 of Schedule 16 (trustees).
- [<sup>F312</sup>(2A) Where relief is withdrawn to any extent under paragraph 5L of Schedule 4A (qualifying housing co-operatives) in a case to which paragraph 5L(4) or (7) applies—
  - (a) subsection (1) does not apply in relation to the additional tax payable as a result of the withdrawal of the relief, and
  - (b) the relevant successor is liable to pay that additional tax.
- (2B) In subsection (2A) “the relevant successor” has the same meaning as it has in subsections (1C), (1D) and (3)(e) of section 81 (see subsections (6) and (7) of that section).]
- [<sup>F313</sup>(3) Where relief given in respect of a transaction entered into under alternative finance arrangements is withdrawn to any extent under any of paragraphs 6D, 6F, 6G [<sup>F314</sup>, 6H and 6I] of Schedule 4A (higher rate: alternative finance arrangements) [<sup>F315</sup> or under Part 3 of Schedule 6C (relief for freeport tax sites) in a case to which paragraph 11 of that Schedule (alternative finance arrangements) applies]—
  - (a) subsection (1) does not apply in relation to the additional tax payable as a result of the withdrawal of the relief, and

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(b) the relevant person is liable to pay that additional tax.

(4) In subsection (3) “the relevant person” [<sup>F316</sup>has the same meaning as in section 81ZA (see subsections (6) and (7) of that section)].

#### Textual Amendments

**F312** S. 85(2A)(2B) inserted (with effect in accordance with s. 89(4) of the amending Act) by Finance Act 2021 (c. 26), Sch. 17 para. 4(2)

**F313** S. 85(3)(4) inserted (with effect in accordance with Sch. 40 para. 8 of the amending Act) by Finance Act 2013 (c. 29), Sch. 40 para. 5

**F314** Words in s. 85(3) substituted (with effect in accordance with s. 89(4) of the amending Act) by Finance Act 2021 (c. 26), Sch. 17 para. 4(3)

**F315** Words in s. 85(3) inserted (10.6.2021) by Finance Act 2021 (c. 26), Sch. 23 para. 5

**F316** Words in s. 85(4) substituted (with effect in accordance with s. 89(4) of the amending Act) by Finance Act 2021 (c. 26), Sch. 17 para. 4(4)

#### Commencement Information

**I54** Pt. 4 wholly in force at Royal Assent subject to Sch. 19, see s. 124, Sch. 19 para. 1(1)

## 86 Payment of tax

(1) Tax payable in respect of a land transaction must be paid [<sup>F317</sup>not later than the filing date for the land transaction return relating to the transaction.]

(2) Tax payable as a result of the withdrawal of relief under—

[<sup>F318</sup>(za) any of paragraphs 5G to [<sup>F319</sup>5L] of Schedule 4A (higher rate for certain transactions),]

[<sup>F320</sup>(zb) Part 3 of Schedule 6C (relief for freeport tax sites), other than in a case to which paragraph 11 of that Schedule (alternative finance arrangements) applies,]

(a) Part 1 of Schedule 7 (group relief),

(b) Part 2 of that Schedule (reconstruction or acquisition relief), <sup>F321</sup>...

[<sup>F322</sup>(ba) Part 1 of Schedule 7A (PAIF seeding relief),

(bb) Part 2 of Schedule 7A (COACS seeding relief), or]

(c) Schedule 8 (charities relief),

must be paid [<sup>F323</sup>not later than the filing date for the return relating to the withdrawal] (see section 81).

[<sup>F324</sup>(2A) Tax payable as a result of a withdrawal of relief under any of paragraphs 6D, 6F, 6G [<sup>F325</sup>, 6H and 6I] of Schedule 4A (higher rate: alternative finance arrangements) [<sup>F326</sup>or under Part 3 of Schedule 6C (relief for freeport tax sites) in a case to which paragraph 11 of that Schedule (alternative finance arrangements) applies] must be paid not later than the filing date for the return relating to the withdrawal (see section 81ZA(1)).]

(3) Tax payable as a result of the amendment of a return must be paid forthwith or, if the amendment is made before the filing date for the return, not later than that date.

(4) Tax payable in accordance with a determination or assessment by the Inland Revenue must be paid within 30 days after the determination or assessment is issued.

(5) The above provisions are subject to—

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- (a) section 90 (application to defer payment of tax in case of contingent or uncertain consideration), and
- (b) paragraphs 39 and 40 of Schedule 10 (postponement of payment pending determination of appeal).

[<sup>F327</sup>(5A) The above provisions are also subject to paragraph 7 of Schedule 61 to the Finance Act 2009 (payment of tax where land ceases to qualify for relief in respect of alternative finance investment bonds).]

- (6) This section does not affect the date from which interest is payable (as to which, see section 87).

#### Textual Amendments

- F317** Words in s. 86(1) substituted (with effect in accordance with s. 80(9) of the amending Act) by [Finance Act 2007 \(c. 11\), s. 80\(6\)\(a\)](#)
- F318** S. 86(2)(za) inserted (with effect in accordance with s. 46(10) of the amending Act) by [Finance Act 2019 \(c. 1\), s. 46\(6\)](#)
- F319** Word in s. 86(2)(za) substituted (with effect in accordance with s. 89(4) of the amending Act) by [Finance Act 2021 \(c. 26\), Sch. 17 para. 5\(2\)](#)
- F320** S. 86(2)(zb) inserted (10.6.2021) by [Finance Act 2021 \(c. 26\), Sch. 23 para. 6\(a\)](#)
- F321** Word in s. 86(2)(b) omitted (with effect in accordance with Sch. 16 para. 15 of the amending Act) by virtue of [Finance Act 2016 \(c. 24\), Sch. 16 para. 8\(a\)](#)
- F322** S. 86(2)(ba)(bb) inserted (with effect in accordance with Sch. 16 para. 15 of the amending Act) by [Finance Act 2016 \(c. 24\), Sch. 16 para. 8\(b\)](#)
- F323** Words in s. 86(2) substituted (with effect in accordance with s. 80(9) of the amending Act) by [Finance Act 2007 \(c. 11\), s. 80\(6\)\(b\)](#)
- F324** S. 86(2A) inserted (with effect in accordance with Sch. 40 para. 8 of the amending Act) by [Finance Act 2013 \(c. 29\), Sch. 40 para. 6](#)
- F325** Words in s. 86(2A) substituted (with effect in accordance with s. 89(4) of the amending Act) by [Finance Act 2021 \(c. 26\), Sch. 17 para. 5\(3\)](#)
- F326** Words in s. 86(2A) inserted (10.6.2021) by [Finance Act 2021 \(c. 26\), Sch. 23 para. 6\(b\)](#)
- F327** S. 86(5A) inserted (with effect in accordance with Sch. 61 para. 29(2)(c) of the amending Act) by [Finance Act 2009 \(c. 10\), Sch. 61 para. 26](#)

#### Commencement Information

- I55** Pt. 4 wholly in force at Royal Assent subject to Sch. 19, see s. 124, Sch. 19 para. 1(1)

## 87 Interest on unpaid tax

- (1) Interest is payable on the amount of any unpaid tax from the end of the period of 30 days after the relevant date until the tax is paid.

[<sup>F328</sup>(1A) But where the relevant date is determined by subsection (3)(aa), (aaa), (ab) or (c), and a return is required to be delivered before the end of the period of 14 days after that relevant date, interest is instead payable on the amount of any unpaid tax from the end of that period until the tax is paid.]

- (2) The Inland Revenue may by regulations amend subsection (1) [<sup>F329</sup>or (1A)] so as to make interest run from the end of such shorter period after the relevant date as may be prescribed or, if the regulations so provide, from that date.

- (3) For the purposes of this section “the relevant date” is—

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- [<sup>F330</sup>(za) in the case of an amount payable because relief is withdrawn under any of paragraphs 5G to [<sup>F331</sup>5L] of Schedule 4A (higher rate for certain transactions), the date which is the relevant date for the purposes of section 81(1A);]
- [<sup>F332</sup>(zb) in the case of an amount payable because relief is withdrawn under any of paragraphs 6D, 6F, 6G, 6H and 6I of Schedule 4A, the date which is the date of the disqualifying event for the purposes of section 81ZA (see subsection (3) of that section);]
- (a) in the case of an amount payable because relief is withdrawn under—
- [<sup>F333</sup>(ia) Schedule 6A (relief for certain acquisitions of residential property),]
- (i) Part 1 of Schedule 7 (group relief),
- (ii) Part 2 of that Schedule (reconstruction or acquisition relief), <sup>F334</sup> ...
- [<sup>F335</sup>(iia) paragraph 5, 7 or 8 of Schedule 7A (PAIF seeding relief),
- (iib) paragraph 13, 17 or 18 of Schedule 7A (COACS seeding relief), or]
- (iii) Schedule 8 (charities relief),
- the date of the disqualifying event;
- [<sup>F336</sup>(aza) in the case of an amount payable by virtue of paragraph 6 of Schedule 6B (adjustment for change of circumstances), the date of the event;]
- [<sup>F337</sup>(azaa) in the case of an amount payable because relief is withdrawn under Part 3 of Schedule 6C (relief for freeport tax sites), other than in a case to which paragraph 11 of that Schedule (alternative finance arrangements) applies, the date which is the relevant date for the purposes of section 81(1A);
- (azab) in the case of an amount payable because relief is withdrawn under Part 3 of Schedule 6C (relief for freeport tax sites) in a case to which paragraph 11 of that Schedule (alternative finance arrangements) applies, the date which is the date of the disqualifying event for the purposes of section 81ZA (see subsection (3) of that section);]
- [<sup>F338</sup>(azb) in the case of an amount payable under paragraph 6(3) of Schedule 7A (PAIF seeding relief: portfolio test), the first time mentioned in paragraph 6(3)(a) or (b) at which the portfolio test was not met;
- (azc) in the case of an amount payable under paragraph 14(1) of Schedule 7A (COACS seeding relief: genuine diversity of ownership condition) because the genuine diversity of ownership condition was not met at a time mentioned in paragraph 14(1)(b) or (c), the first time mentioned in paragraph 14(1)(b) or (c) at which that condition was not met;
- (azd) in the case of an amount payable under paragraph 16(3) of Schedule 7A (COACS seeding relief: portfolio test), the first time mentioned in paragraph 16(3)(a) or (b) at which the portfolio test was not met;]
- [<sup>F339</sup>(aa) in the case of an amount payable under section 81A in respect of an earlier transaction because of the effect of a later linked transaction, the effective date of the later transaction;]
- [<sup>F340</sup>(aaa) in the case of an amount payable under paragraph 3(3) of Schedule 17A (leases that continue after a fixed term) by reason of the continuation of a lease for a period (or further period) under paragraph 3(2) or (6) of that Schedule, the final day of the period (or further period);]
- [<sup>F341</sup>(ab) in the case of an amount payable under paragraph <sup>F342</sup>... 4(3) of Schedule 17A (<sup>F342</sup>... treatment of leases for an indefinite term), the day on which the lease becomes treated as being for a longer fixed term;]
- (b) in the case of a deferred payment under section 90, the date when the deferred payment is due;



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- (c) in any other case, the effective date of the transaction.
- (4) In subsection (3)(a) “the disqualifying event” [<sup>F343</sup> has the same meaning as in section 81(4).]
- (5) Subsection (3)(c) applies in a case within section 51 (contingent, uncertain or unascertained consideration) if payment is not deferred under section 90, with the result that interest on any tax payable under section 80 (adjustment where contingency ceases or consideration is ascertained) runs from the effective date of the transaction.
- (6) If an amount is lodged with the Inland Revenue in respect of the tax, the amount on which interest is payable is reduced by that amount.
- (7) Interest is calculated at the rate applicable under section 178 of the Finance Act 1989 (c. 26) (power of Treasury to prescribe rates of interest).

#### Textual Amendments

- F328** S. 87(1A) inserted (with effect in accordance with s. 46(10) of the amending Act) by [Finance Act 2019 \(c. 1\), s. 46\(7\)\(a\)](#)
- F329** Words in s. 87(2) inserted (with effect in accordance with s. 46(10) of the amending Act) by [Finance Act 2019 \(c. 1\), s. 46\(7\)\(b\)](#)
- F330** S. 87(3)(za) inserted (with effect in accordance with s. 46(10) of the amending Act) by [Finance Act 2019 \(c. 1\), s. 46\(7\)\(c\)](#)
- F331** Word in s. 87(3)(za) substituted (with effect in accordance with s. 89(4) of the amending Act) by [Finance Act 2021 \(c. 26\), Sch. 17 para. 6\(a\)](#)
- F332** S. 87(3)(zb) inserted (with effect in accordance with s. 89(4) of the amending Act) by [Finance Act 2021 \(c. 26\), Sch. 17 para. 6\(b\)](#)
- F333** S. 87(3)(a)(ia) inserted (with effect in accordance with Sch. 39 para. 26 of the amending Act) by [Finance Act 2004 \(c. 12\), Sch. 39 para. 17\(4\)\(a\)](#) (which amending provision re-enacts, subject to certain changes, a corresponding amendment made by the now revoked [Stamp Duty and Stamp Duty Land Tax \(Variation of the Finance Act 2003\) \(No. 2\) Regulations 2003 \(S.I. 2003/2816\)](#), see Sch. 39 para. 14)
- F334** Word in s. 87(3)(a)(ii) omitted (with effect in accordance with Sch. 16 para. 15 of the amending Act) by virtue of [Finance Act 2016 \(c. 24\), Sch. 16 para. 9\(2\)\(a\)\(i\)](#)
- F335** S. 87(3)(a)(iia)(iib) inserted (with effect in accordance with Sch. 16 para. 15 of the amending Act) by [Finance Act 2016 \(c. 24\), Sch. 16 para. 9\(2\)\(a\)\(ii\)](#)
- F336** S. 87(3)(aza) inserted (with effect in accordance with Sch. 22 para. 9 of the amending Act) by [Finance Act 2011 \(c. 11\), Sch. 22 para. 5](#)
- F337** S. 87(3)(azaa)(azab) inserted (10.6.2021) by [Finance Act 2021 \(c. 26\), Sch. 23 para. 7](#)
- F338** S. 87(3)(azb)-(azd) inserted (with effect in accordance with Sch. 16 para. 15 of the amending Act) by [Finance Act 2016 \(c. 24\), Sch. 16 para. 9\(2\)\(b\)](#)
- F339** S. 87(3)(aa) inserted (with effect in accordance with Sch. 39 para. 26 of the amending Act) by [Finance Act 2004 \(c. 12\), Sch. 39 para. 19\(3\)](#) (which amending provision re-enacts, subject to certain changes, a corresponding amendment made by the now revoked [Stamp Duty and Stamp Duty Land Tax \(Variation of the Finance Act 2003\) \(No. 2\) Regulations 2003 \(S.I. 2003/2816\)](#), see Sch. 39 para. 14)
- F340** S. 87(3)(aaa) inserted (with effect in accordance with Sch. 41 para. 8(3) of the amending Act) by [Finance Act 2013 \(c. 29\), Sch. 41 para. 4\(a\)](#)
- F341** S. 87(3)(ab) inserted (with effect in accordance with Sch. 39 para. 26 of the amending Act) by [Finance Act 2004 \(c. 12\), Sch. 39 para. 22\(5\)](#) (which amending provision re-enacts, subject to certain changes, a corresponding amendment made by the now revoked [Stamp Duty and Stamp Duty Land Tax \(Variation of the Finance Act 2003\) \(No. 2\) Regulations 2003 \(S.I. 2003/2816\)](#), see Sch. 39 para. 14)
- F342** Words in s. 87(3)(ab) omitted (with effect in accordance with Sch. 41 para. 8(3) of the amending Act) by virtue of [Finance Act 2013 \(c. 29\), Sch. 41 para. 4\(b\)](#)

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**F343** Words in s. 87(4) substituted (with effect in accordance with Sch. 16 para. 15 of the amending Act) by Finance Act 2016 (c. 24), **Sch. 16 para. 9(3)**

**Commencement Information**

**I56** Pt. 4 wholly in force at Royal Assent subject to Sch. 19, see s. 124, Sch. 19 para. 1(1)

**88 Interest on penalties**

A penalty under this Part shall carry interest at the rate applicable under section 178 of the Finance Act 1989 from the date it is determined until payment.

**Commencement Information**

**I57** Pt. 4 wholly in force at Royal Assent subject to Sch. 19, see s. 124, Sch. 19 para. 1(1)

**89 Interest on repayment of tax overpaid etc**

- (1) A repayment by the Inland Revenue to which this section applies shall be made with interest at the rate applicable under section 178 of the Finance Act 1989 for the period between the relevant time (as defined below) and the date when the order for repayment is issued.
- (2) This section applies to—
  - (a) any repayment of tax, and
  - (b) any repayment of a penalty under this Part.

In that case the relevant time is the date on which the payment of tax or penalty was made.
- (3) This section also applies to a repayment by the Inland Revenue of an amount lodged with them in respect of the tax payable in respect of a transaction. In that case the relevant time is the date on which the amount was lodged with them.
- (4) No interest is payable under this section in respect of a payment made in consequence of an order or judgment of a court having power to allow interest on the payment.
- (5) Interest paid to any person under this section is not income of that person for any tax purposes.

**Commencement Information**

**I58** Pt. 4 wholly in force at Royal Assent subject to Sch. 19, see s. 124, Sch. 19 para. 1(1)

**90 Application to defer payment in case of contingent or uncertain consideration**

- (1) The purchaser may apply to the Inland Revenue to defer payment of tax in a case where the amount payable depends on the amount or value of chargeable consideration that—
  - (a) at the effective date of the transaction is contingent or uncertain, and
  - (b) falls to be paid or provided on one or more future dates of which at least one falls, or may fall, more than six months after the effective date of the transaction.

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- (2) The Inland Revenue may make provision by regulations for carrying this section into effect.
- (3) The regulations may in particular—
- (a) specify when an application is to be made;
  - (b) impose requirements as to the form and contents of an application;
  - (c) require the applicant to provide such information as the Inland Revenue may reasonably require for the purposes of determining whether to accept an application;
  - (d) specify the grounds on which an application may be refused;
  - (e) specify the procedure for reaching a decision on an application;
  - (f) make provision for postponing payment of tax when an application has been made;
  - (g) provide for an appeal to the [<sup>F344</sup>tribunal] against a refusal to accept an application, and make provision in relation to such an appeal corresponding to any provision made in relation to appeals under Part 7 of Schedule 10 (appeals against Revenue decisions on tax);
  - (h) provide for the effect of accepting an application;
  - (i) require the purchaser to make a return or further return, and to make such payments or further payments of tax as may be specified, in such circumstances as may be specified.
- (4) The provisions of Schedule 10 (returns, enquiries, assessments and other matters) apply to a return under this section as they apply to a land transaction return.
- (5) An application under this section does not affect the purchaser's obligations as regards payment of tax in respect of chargeable consideration that has already been paid or provided or is not contingent and whose amount is ascertained or ascertainable at the time the application is made.

This applies as regards both the time of payment and the calculation of the amount payable.

- (6) Regulations under this section may provide that where—
- (a) a payment is made as mentioned in subsection (5), and
  - (b) an application under this section is accepted in respect of other chargeable consideration taken into account in calculating the amount of that payment,
- section 80 (adjustment where contingency ceases or consideration is ascertained) does not apply in relation to the payment and, instead, any necessary adjustment shall be made in accordance with the regulations.

[<sup>F345</sup>(7) This section does not apply so far as the consideration consists of rent.]

#### Textual Amendments

**F344** Word in s. 90(3)(g) substituted (1.4.2009) by [The Transfer of Tribunal Functions and Revenue and Customs Appeals Order 2009 \(S.I. 2009/56\)](#), art. 1(2), **Sch. 1 para. 368**

**F345** S. 90(7) added (with effect in accordance with Sch. 39 para. 26 of the amending Act) by [Finance Act 2004 \(c. 12\)](#), **Sch. 39 para. 22(6)** (which amending provision re-enacts, subject to certain changes, a corresponding amendment made by the now revoked [Stamp Duty and Stamp Duty Land Tax \(Variation of the Finance Act 2003\) \(No. 2\) Regulations 2003 \(S.I. 2003/2816\)](#), see Sch. 39 para. 14)

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**Commencement Information**

**I59** Pt. 4 wholly in force at Royal Assent subject to Sch. 19, see s. 124, Sch. 19 para. 1(1)

**91 Collection and recovery of tax etc**

(1) The provisions of Schedule 12 have effect with respect to the collection and recovery of tax.

In that Schedule—

Part 1 contains general provisions, and

Part 2 relates to court proceedings.

(2) The provisions of that Schedule have effect in relation to the collection and recovery of any unpaid amount by way of—

(a) penalty under this Part, or

(b) interest under this Part (on unpaid tax or penalty),

as if it were an amount of unpaid tax.

**Commencement Information**

**I60** Pt. 4 wholly in force at Royal Assent subject to Sch. 19, see s. 124, Sch. 19 para. 1(1)

**92 Payment by cheque**

For the purposes of this Part where—

(a) payment to the Inland Revenue is made by cheque, and

(b) the cheque is paid on its first presentation to the banker on whom it is drawn, the payment is treated as made on the day on which the cheque was received by the Inland Revenue.

**Commencement Information**

**I61** Pt. 4 wholly in force at Royal Assent subject to Sch. 19, see s. 124, Sch. 19 para. 1(1)

*Compliance*

**93 Information powers**

(1) Schedule 13 has effect with respect to the powers of the Inland Revenue to call for documents and information for the purposes of stamp duty land tax.

(2) In that Schedule—

- F346 .....
- F346 .....
- F347 .....
- F347 .....
- F347 .....
- F346 .....

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Part 6 provides for an order of a judicial authority for the delivery of documents;  
F346 .....

Part 8 relates to falsification etc of documents.

F348(3) .....

F348(4) .....

F348(5) .....

F348(6) .....

#### Textual Amendments

**F346** S. 93(2) entries omitted (1.4.2010) by virtue of [The Finance Act 2009, Section 96 and Schedule 48 \(Appointed Day, Savings and Consequential Amendments\) Order 2009 \(S.I. 2009/3054\)](#), art. 1, **Sch. para. 11(2)(a)(i)**

**F347** Words in s. 93(2) omitted (1.4.2013) by virtue of [Finance Act 2012 \(c. 14\)](#), s. 223, **Sch. 38 para. 58(2)(a)** (with [Sch. 38 para. 43](#)); [S.I. 2013/279](#), art. 2

**F348** S. 93(3)-(6) omitted (1.4.2013) by virtue of [Finance Act 2012 \(c. 14\)](#), s. 223, **Sch. 38 para. 58(2)(b)** (with [Sch. 38 para. 43](#)); [S.I. 2013/279](#), art. 2

#### Commencement Information

**I62** Pt. 4 wholly in force at Royal Assent subject to Sch. 19, see s. 124, Sch. 19 para. 1(1)

### F349 94 Power to inspect premises

.....

#### Textual Amendments

**F349** S. 94 omitted (1.4.2010) by virtue of [The Finance Act 2009, Section 96 and Schedule 48 \(Appointed Day, Savings and Consequential Amendments\) Order 2009 \(S.I. 2009/3054\)](#), art. 1, **Sch. para. 11(3)** (with [art. 7\(5\)](#))

### 95 Offence of fraudulent evasion of tax

(1) A person commits an offence if he is knowingly concerned in the fraudulent evasion of tax by him or any other person.

(2) A person guilty of an offence under this section is liable—

(a) on summary conviction to imprisonment for a term not exceeding six months or a fine not exceeding the statutory maximum, or both;

(b) on conviction on indictment, to imprisonment for a term not exceeding seven years or a fine, or both.

#### Commencement Information

**I63** Pt. 4 wholly in force at Royal Assent subject to Sch. 19, see s. 124, Sch. 19 para. 1(1)

*Status: Point in time view as at 15/03/2023.*

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## <sup>F350</sup> 96 Penalty for assisting in preparation of incorrect return etc

.....

### Textual Amendments

**F350** S. 96 omitted (1.4.2013) by virtue of Finance Act 2012 (c. 14), s. 223, Sch. 38 para. 58(3) (with Sch. 38 para. 43); S.I. 2013/279, art. 2

## 97 Power to allow further time and reasonable excuse for failure

- (1) For the purposes of this Part a person shall be deemed not to have failed to do anything required to be done within a limited time if he did it within such further time, if any, as the Inland Revenue may allow.
- (2) Where a person had a reasonable excuse for not doing anything required to be done for the purposes of this Part—
  - (a) he shall be deemed not to have failed to do it unless the excuse ceased, and
  - (b) after the excuse ceased, he shall be deemed not to have failed to do it if he did it without unreasonably delay after the excuse had ceased.

### Commencement Information

**I64** Pt. 4 wholly in force at Royal Assent subject to Sch. 19, see s. 124, Sch. 19 para. 1(1)

## 98 Admissibility of evidence not affected by offer of settlement etc

- (1) Statements made or documents produced by or on behalf of a person are not inadmissible in proceedings to which this section applies by reason only that it has been drawn to his attention—
  - (a) that where serious tax fraud has been committed the Board may accept a money settlement and that the Board will accept such a settlement, and will not pursue a criminal prosecution, if he makes a full confession of all tax irregularities, or
  - (b) that the extent to which he is helpful and volunteers information is a factor that will be taken into account in determining the amount of any penalty,
 and that he was or may have been induced thereby to make the statements or produce the documents.
- (2) The proceedings to which this section applies are—
  - (a) any criminal proceedings against the person in question for any form of fraudulent conduct in connection with or in relation to tax;
  - (b) any proceedings against him for the recovery of any tax due from him;
  - (c) any proceedings for a penalty or on appeal against the determination of a penalty.

### Commencement Information

**I65** Pt. 4 wholly in force at Royal Assent subject to Sch. 19, see s. 124, Sch. 19 para. 1(1)

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## 99 General provisions about penalties

(1) Schedule 14 has effect with respect to the determination of penalties under this Part and related appeals.

(2) The Board may in their discretion mitigate a penalty under this Part, or stay or compound any proceedings for the recovery of such a penalty.

They may also, after judgment, further mitigate or entirely remit the penalty.

[<sup>F351</sup>(2A) Where a person is liable to more than one tax-related penalty in respect of the same land transaction, each penalty after the first shall be reduced so that his liability to such penalties, in total, does not exceed the amount of whichever is (or, but for this subsection, would be) the greatest one.]

(3) Nothing in the provisions of this Part relating to penalties affects any criminal proceedings for an offence.

### Textual Amendments

**F351** S. 99(2A) inserted (22.7.2004) by [Finance Act 2004 \(c. 12\), s. 298\(4\)](#)

### Commencement Information

**I66** Pt. 4 wholly in force at Royal Assent subject to Sch. 19, see s. 124, Sch. 19 para. 1(1)

### *Application of provisions*

## 100 Companies

(1) In this Part “company”, except as otherwise expressly provided, means any body corporate or unincorporated association, but does not include a partnership.

(2) Everything to be done by a company under this Part shall be done by the company acting through—

(a) the proper officer of the company, or

(b) another person having for the time being having the express, implied or apparent authority of the company to act on its behalf for the purpose.

Paragraph (b) does not apply where a liquidator has been appointed for the company.

(3) Service on a company of any document under or in pursuance of this Part may be effected by serving it on the proper officer.

(4) Tax due from a company that—

(a) is not a body corporate, or

(b) is incorporated under the law of a country or territory outside the United Kingdom,

may, without prejudice to any other method of recovery, be recovered from the proper officer of the company.

(5) The proper officer may retain out of any money coming into his hands on behalf of the company sufficient sums to pay that tax and, so far as he is not so reimbursed, he is entitled to be indemnified by the company in respect of the liability imposed on him.

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- (6) For the purposes of this Part—
- (a) the proper officer of a body corporate is the secretary, or person acting as secretary, of the company, and
  - (b) the proper officer of an unincorporated association, or of a body corporate that does not have a proper officer within paragraph (a), is the treasurer, or person acting as treasurer, of the company.
- This subsection does not apply if a liquidator or administrator has been appointed for the company.
- (7) If a liquidator or administrator has been appointed for the company, then, for the purposes of this Part—
- (a) the liquidator or, as the case may be, the administrator is the proper officer, and
  - (b) if two or more persons are appointed to act jointly or concurrently as the administrator of the company, the proper officer is—
    - (i) such one of them as is specified in a notice given to the Inland Revenue by those persons for the purposes of this section, or
    - (ii) where the Inland Revenue is not so notified, such one or more of those persons as the Inland Revenue may designate as the proper officer for those purposes.

#### **Commencement Information**

**I67** Pt. 4 wholly in force at Royal Assent subject to Sch. 19, see s. 124, Sch. 19 para. 1(1)

## **101 Unit trust schemes**

- (1) This Part (with the exception of the [<sup>F352</sup>provision] mentioned in subsection (7) below) applies in relation to a unit trust scheme as if—
- (a) the trustees were a company, and
  - (b) the rights of the unit holders were shares in the company.
- (2) Each of the parts of an umbrella scheme is regarded for the purposes of this Part as a separate unit trust scheme and the scheme as a whole is not so regarded.
- (3) An “umbrella scheme” means a unit trust scheme—
- (a) that provides arrangements for separate pooling of the contributions of participants and the profits or income out of which payments are to be made for them, and
  - (b) under which the participants are entitled to exchange rights in one pool for rights in another.
- A “part” of an umbrella scheme means such of the arrangements as relate to a separate pool.
- (4) In this Part, subject to any regulations under subsection (5)—
- “unit trust scheme” has the same meaning as in the Financial Services and Markets Act 2000 (c. 8), and
- “unit holder” means a person entitled to a share of the investments subject to the trusts of a unit trust scheme.



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- (5) The Treasury may by regulations provide that a scheme of a description specified in the regulations is to be treated as not being a unit trust scheme for the purposes of this Part.

Any such regulations may contain such supplementary and transitional provisions as appear to the Treasury to be necessary or expedient.

- (6) [<sup>F353</sup>Section 620 of the Corporation Tax Act 2010 (court investment funds treated as authorised unit trusts)] applies for the purposes of this Part as it applies for the purposes of that Act, with the substitution for references to an authorised unit trust of references to a unit trust scheme.
- (7) An unit trust scheme is not to be treated as a company for the purposes of—  
<sup>F354</sup>  
...  
Schedule 7 (group relief, reconstruction relief or acquisition relief) [<sup>F355</sup>, or  
Schedule 9A (increased rates for non-resident transactions).]

#### Textual Amendments

- F352** Words in s. 101(1) substituted (with effect in accordance with s. 166(4)-(8) of the amending Act) by [Finance Act 2006 \(c. 25\), s. 166\(3\)\(a\)](#)
- F353** Words in s. 101(6) substituted (with effect in accordance with s. 1184(1) of the amending Act) by [Corporation Tax Act 2010 \(c. 4\), s. 1184\(1\), Sch. 1 para. 408](#) (with [Sch. 2](#))
- F354** Words in s. 101(7) repealed (with effect in accordance with s. 166(4)-(8) of the amending Act) by [Finance Act 2006 \(c. 25\), s. 166\(3\)\(b\), Sch. 26 Pt. 7\(3\)](#)
- F355** Words in s. 101(7) inserted (with effect in accordance with Sch. 16 para. 6 of the amending Act) by [Finance Act 2021 \(c. 26\), Sch. 16 para. 3](#)

#### Commencement Information

- I68** Pt. 4 wholly in force at Royal Assent subject to Sch. 19, see s. 124, Sch. 19 para. 1(1)

## 102 Open-ended investment companies

- (1) The Treasury may by regulations make such provision as they consider appropriate for securing that the provisions of this Part have effect in relation to—
- open-ended investment companies of such description as may be prescribed in the regulations, and
  - transactions involving such companies,
- in a manner corresponding, subject to such modifications as the Treasury consider appropriate, to the manner in which they have effect in relation to unit trust schemes and transactions involving such trusts.
- (2) The regulations may, in particular, make provision—
- modifying the operation of any prescribed provision in relation to open-ended investment companies so as to secure that arrangements for treating the assets of such a company as assets comprised in separate pools are given an effect corresponding to that of equivalent arrangements constituting the separate parts of an umbrella scheme;
  - treating the separate parts of the undertaking of an open-ended investment company in relation to which such provision is made as distinct companies for the purposes of this Part.

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- (3) Regulations under this section may—
- (a) make different provision for different cases, and
  - (b) contain such incidental, supplementary, consequential and transitional provision as the Treasury think fit.
- (4) In this section—
- “open-ended investment company” has the meaning given by section 236 of the Financial Services and Markets Act 2000 (c. 8);
- “prescribed” means prescribed by regulations under this section; and
- “unit trust scheme” and “umbrella scheme” have the same meaning as in section 101.

#### Commencement Information

**I69** Pt. 4 wholly in force at Royal Assent subject to Sch. 19, see s. 124, Sch. 19 para. 1(1)

### [<sup>F356</sup>102A] Co-ownership authorised contractual schemes

- (1) This section has effect for the purposes of this Part.
- (2) This Part, with the exception of Schedule 7 (see subsection (10)), applies in relation to a co-ownership authorised contractual scheme as if—
  - (a) the scheme were a company, and
  - (b) the rights of the participants were shares in the company.
- (3) An “umbrella COACS” means a co-ownership authorised contractual scheme—
  - (a) whose arrangements provide for separate pooling of the contributions of the participants and the profits or income out of which payments are made to them (“pooling arrangements”), and
  - (b) under which the participants are entitled to exchange rights in one pool for rights in another.
- (4) A “sub-scheme”, in relation to an umbrella COACS, means such of the pooling arrangements as relate to a separate pool.
- (5) Each of the sub-schemes of an umbrella COACS is regarded as a separate co-ownership authorised contractual scheme, and the umbrella COACS as a whole is not so regarded.
- (6) In relation to a sub-scheme of an umbrella COACS—
  - (a) references to chargeable interests are references to such of the chargeable interests as under the pooling arrangements form part of the separate pool to which the sub-scheme relates, and
  - (b) references to the scheme documents are references to such parts of the documents as apply to the sub-scheme.
- (7) References to a co-ownership authorised contractual scheme are treated as including a collective investment scheme which—
  - (a) is constituted under the law of an EEA State <sup>F357</sup>... by a contract,
  - (b) is managed by a body corporate incorporated under the law of [<sup>F358</sup>any part of the United Kingdom or of] an EEA State, and

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- (c) is authorised under the law of the EEA State mentioned in paragraph (a) in a way which makes it, under that law, the equivalent of a co-ownership authorised contractual scheme as defined in subsection (8),  
provided that, apart from this section, no charge to tax is capable of arising to the scheme under this Part.
- (8) Subject to any regulations under subsection (9)—  
“co-ownership authorised contractual scheme” means a co-ownership scheme which is authorised for the purposes of FSMA 2000 by an authorisation order in force under section 261D(1) of that Act;  
“co-ownership scheme” has the same meaning as in FSMA 2000 (see section 235A of that Act).
- (9) The Treasury may by regulations provide that a scheme of a description specified in the regulations is to be treated as not being a co-ownership authorised contractual scheme for the purposes of this Part.  
Any such regulations may contain such supplementary and transitional provisions as appear to the Treasury to be necessary or expedient.
- (10) A co-ownership authorised contractual scheme is not to be treated as a company for the purposes of Schedule 7 (group relief, reconstruction relief or acquisition relief).
- (11) In relation to a land transaction in respect of which a co-ownership authorised contractual scheme is treated as the purchaser by virtue of this section, references to the purchaser in the following provisions are to be read as references to the operator of the scheme—  
(a) sections 76, 80, 81, 81A and 108(2) and Schedule 10 (provisions about land transaction returns and further returns, enquiries, assessments and related matters),  
(b) section 85 (liability for tax), and  
(c) section 90 (application to defer payment in case of contingent or unascertained consideration).
- (12) In this section—  
“collective investment scheme” has the meaning given by section 235 of FSMA 2000;  
“FSMA 2000” means the Financial Services and Markets Act 2000;  
“operator”—  
(a) in relation to a co-ownership authorised contractual scheme constituted under the law of the United Kingdom, has the meaning given by section 237(2) of FSMA 2000, and  
(b) in relation to a collective investment scheme treated as a co-ownership authorised contractual scheme by virtue of subsection (7) (equivalent EEA schemes), means the corporate body responsible for the management of the scheme (however described);  
“participant” is to be read in accordance with section 235 of FSMA 2000.]

#### Textual Amendments

**F356** S. 102A inserted (15.9.2016) by [Finance Act 2016 \(c. 24\)](#), [Sch. 16 para. 1](#)

*Status: Point in time view as at 15/03/2023.*

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- F357** Words in s. 102A(7)(a) omitted (31.12.2020) by virtue of [The Taxes \(Amendments\) \(EU Exit\) Regulations 2019 \(S.I. 2019/689\)](#), regs. 1, **11(3)(a)** (with regs. 39-41); 2020 c. 1, Sch. 5 para. 1(1)
- F358** Words in s. 102A(7)(b) inserted (31.12.2020) by [The Taxes \(Amendments\) \(EU Exit\) Regulations 2019 \(S.I. 2019/689\)](#), regs. 1, **11(3)(b)** (with regs. 39-41); 2020 c. 1, Sch. 5 para. 1(1)

### 103 Joint purchasers

- (1) This section applies to a land transaction where there are two or more purchasers who are or will be jointly entitled to the interest acquired.
- (2) The general rules are that—
- (a) any obligation of the purchaser under this Part in relation to the transaction is an obligation of the purchasers jointly but may be discharged by any of them,
  - (b) anything required or authorised by this Part to be done in relation to the purchaser must be done by or in relation to all of them, and
  - (c) any liability of the purchaser under this Part in relation to the transaction (in particular, any liability arising by virtue of the failure to fulfil an obligation within paragraph (a)), is a joint and several liability of the purchasers.

These rules are subject to the following provisions.

- (3) If the transaction is a notifiable transaction, a single land transaction return is required.
- (4) The declaration required by paragraph 1(1)(c) of Schedule 10 <sup>F359</sup>... (declaration that return <sup>F359</sup>... is complete and correct) must be made by all the purchasers.
- (5) If the Inland Revenue give notice of an enquiry into the return <sup>F360</sup>...—
- (a) the notice must be given to each of the purchasers,
  - (b) the powers of the Inland Revenue as to the production of documents and provision of information for the purposes of the enquiry are exercisable separately (and differently) in relation to each of the purchasers,
  - (c) any of the purchasers may apply for a direction that a closure notice be given (and all of them are entitled to [<sup>F361</sup>to be parties to the application]), and
  - (d) the closure notice must be given to each of the purchasers.
- (6) A Revenue determination or discovery assessment relating to the transaction must be made against all the purchasers and is not effective against any of them unless notice of it is given to each of them whose identity is known to the Inland Revenue.
- (7) In the case of an appeal arising from proceedings under this Part relating to the transaction—
- (a) the appeal may be brought by any of the purchasers,
  - (b) notice of the appeal must be given to any of them by whom it is not brought,
  - (c) the agreement of all the purchasers is required if the appeal is to be settled by agreement,
  - [<sup>F362</sup>(d) if it is not settled, and is notified to the tribunal, any of them are entitled to be parties to the appeal, and]
  - [<sup>F363</sup>(e) the tribunal's decision on the appeal binds all of them.]
- [<sup>F364</sup>(7A) In a case where subsection (7) applies and some (but not all) of the purchasers require HMRC to undertake a review under paragraph 36B or 36C of Schedule 10—
- (a) notification of the review must be given by HMRC to each of the other purchasers whose identity is known to HMRC,

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- (b) any of the other purchasers may be a party to the review if they notify HMRC in writing,
  - (c) the notice of HMRC's conclusions must be given to each of the other purchasers whose identity is known to HMRC,
  - (d) paragraph 36F of Schedule 10 (effect of conclusions of review) applies in relation to all of the purchasers, and
  - (e) any of the purchasers may notify the appeal to the tribunal under paragraph 36G.]
- (8) This section has effect subject to—  
the provisions of Schedule 15 relating to partnerships, and  
the provisions of Schedule 16 relating to trustees.

#### Textual Amendments

- F359** Words in s. 103(4) omitted (with effect in accordance with s. 94(5) of the amending Act) by virtue of [Finance Act 2008 \(c. 9\)](#), [Sch. 30 para. 4\(2\)](#)
- F360** Words in s. 103(5) omitted (with effect in accordance with s. 94(5) of the amending Act) by virtue of [Finance Act 2008 \(c. 9\)](#), [Sch. 30 para. 4\(3\)](#)
- F361** Words in s. 103(5)(c) substituted (1.4.2009) by [The Transfer of Tribunal Functions and Revenue and Customs Appeals Order 2009 \(S.I. 2009/56\)](#), art. 1(2), [Sch. 1 para. 369\(2\)](#)
- F362** S. 103(7)(d) substituted (1.4.2009) by [The Transfer of Tribunal Functions and Revenue and Customs Appeals Order 2009 \(S.I. 2009/56\)](#), art. 1(2), [Sch. 1 para. 369\(3\)\(a\)](#)
- F363** S. 103(7)(e) substituted (1.4.2009) by [The Transfer of Tribunal Functions and Revenue and Customs Appeals Order 2009 \(S.I. 2009/56\)](#), art. 1(2), [Sch. 1 para. 369\(3\)\(b\)](#)
- F364** S. 103(7A) inserted (1.4.2009) by [The Transfer of Tribunal Functions and Revenue and Customs Appeals Order 2009 \(S.I. 2009/56\)](#), art. 1(2), [Sch. 1 para. 369\(4\)](#)

#### Commencement Information

- I70** Pt. 4 wholly in force at Royal Assent subject to Sch. 19, see s. 124, Sch. 19 para. 1(1)

## 104 Partnerships

- (1) Schedule 15 has effect with respect to the application of this Part in relation to partnerships.
- (2) In that Schedule—  
Part 1 defines “partnership” and contains other general provisions, and  
Part 2 deals with ordinary partnership transactions, and  
Part 3 [<sup>F365</sup> makes special provision for certain transactions].

#### Textual Amendments

- F365** Words in s. 104(2) substituted (with effect in accordance with Sch. 41 para. 3 of the amending Act) by [Finance Act 2004 \(c. 12\)](#), [Sch. 41 para. 2\(a\)](#)

#### Commencement Information

- I71** Pt. 4 wholly in force at Royal Assent subject to Sch. 19, see s. 124, Sch. 19 para. 1(1)

*Status: Point in time view as at 15/03/2023.*

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## 105 Trustees

Schedule 16 has effect with respect to the application of this Part in relation to trustees.

### Commencement Information

**I72** Pt. 4 wholly in force at Royal Assent subject to Sch. 19, see s. 124, Sch. 19 para. 1(1)

## 106 Persons acting in a representative capacity etc

<sup>F366</sup>(1) . . . . .

<sup>F367</sup>(2) . . . . .

- (3) The personal representatives of a person who is the purchaser under a land transaction—
- (a) are responsible for discharging the obligations of the purchaser under this Part in relation to the transaction, and
  - (b) may deduct any payment made by them under this Part out of the assets and effects of the deceased person.
- (4) A receiver appointed by a court in the United Kingdom having the direction and control of any property is responsible for discharging any obligations under this Part in relation to a transaction affecting that property as if the property were not under the direction and control of the court.

### Textual Amendments

**F366** S. 106(1) omitted (with effect in accordance with s. 222(6) of the amending Act) by virtue of [Finance Act 2012 \(c. 14\), s. 222\(2\)](#)

**F367** S. 106(2) omitted (with effect in accordance with s. 222(6) of the amending Act) by virtue of [Finance Act 2012 \(c. 14\), s. 222\(2\)](#)

### Commencement Information

**I73** Pt. 4 wholly in force at Royal Assent subject to Sch. 19, see s. 124, Sch. 19 para. 1(1)

## 107 Crown application

[<sup>F368</sup>(1) This Part binds the Crown, subject to the following provisions of this section.]

- (2) A land transaction under which the purchaser is any of the following is exempt from charge:

### **Government**

A Minister of the Crown

The Scottish Ministers

A Northern Ireland department

[<sup>F369</sup>The Welsh Ministers, the First Minister for Wales and the Counsel General to the Welsh Government]

*Status: Point in time view as at 15/03/2023.*

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### **Parliament etc**

The Corporate Officer of the House of Lords

The Corporate Officer of the House of Commons

The Scottish Parliamentary Corporate Body

The Northern Ireland Assembly Commission

[<sup>F370</sup>The National Assembly for Wales Commission]

(3) The powers conferred by Part 7 of Schedule 13 (entry with warrant to obtain information) are not exercisable in relation to premises occupied for the purposes of the Crown.

[<sup>F371</sup>(4) Nothing in this section shall be read as making the Crown liable to prosecution for an offence.]

### **Textual Amendments**

**F368** S. 107(1) substituted (with effect in accordance with Sch. 39 para. 26 of the amending Act) by [Finance Act 2004 \(c. 12\)](#), [Sch. 39 para. 21\(2\)](#) (which amending provision re-enacts, subject to certain changes, a corresponding amendment made by the now revoked [Stamp Duty and Stamp Duty Land Tax \(Variation of the Finance Act 2003\) \(No. 2\) Regulations 2003 \(S.I. 2003/2816\)](#), see Sch. 39 para. 14)

**F369** Words in s. 107(2) inserted by [Government of Wales Act 2006 \(c. 32\)](#), s. 160, [Sch. 10 para. 65\(a\)](#) (with [Sch. 11 para. 22](#)), the amending provision coming into force immediately after "the 2007 election" (held on 3.5.2007) subject to s. 161(1)(4)(5) of the amending Act, which provides for certain provisions to come into force for specified purposes immediately after the end of "the initial period" (which ended with the day of the first appointment of a First Minister on 25.5.2007) - see [ss. 46, s. 161\(4\)\(5\)](#) of the amending Act.

**F370** Words in s. 107(2) substituted by [Government of Wales Act 2006 \(c. 32\)](#), s. 160, [Sch. 10 para. 65\(b\)](#) (with [Sch. 11 para. 22](#)), the amending provision coming into force immediately after "the 2007 election" (held on 3.5.2007) subject to s. 161(1)(4)(5) of the amending Act, which provides for certain provisions to come into force for specified purposes immediately after the end of "the initial period" (which ended with the day of the first appointment of a First Minister on 25.5.2007) - see [ss. 46, s. 161\(4\)\(5\)](#) of the amending Act.

**F371** S. 107(4) added (with effect in accordance with Sch. 39 para. 26 of the amending Act) by [Finance Act 2004 \(c. 12\)](#), [Sch. 39 para. 21\(3\)](#) (which amending provision re-enacts, subject to certain changes, a corresponding amendment made by the now revoked [Stamp Duty and Stamp Duty Land Tax \(Variation of the Finance Act 2003\) \(No. 2\) Regulations 2003 \(S.I. 2003/2816\)](#), see Sch. 39 para. 14)

### **Commencement Information**

**I74** Pt. 4 wholly in force at Royal Assent subject to Sch. 19, see s. 124, Sch. 19 para. 1(1)

## *Supplementary provisions*

### **108 Linked transactions**

(1) Transactions are "linked" for the purposes of this Part if they form part of a single scheme, arrangement or series of transactions between the same vendor and purchaser or, in either case, persons connected with them.

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[<sup>F372</sup>Section 1122 of the Corporation Tax Act 2010] (connected persons) has effect for the purposes of this subsection

- [<sup>F373</sup>(1A) A transaction is not a linked transaction if [<sup>F374</sup>—
- (a) the transaction relates to land in Scotland, or
  - (b) the transaction relates to land in Wales (whether by virtue of section 48A(2) or otherwise)].]

(2) Where there are two or more linked transactions with the same effective date, the purchaser, or all of the purchasers if there is more than one, may make a single land transaction return as if all of those transactions that are notifiable were a single notifiable transaction.

(3) Where two or more purchasers make a single return in respect of linked transactions, section 103 (joint purchasers) applies as if—

    - (a) the transactions in question were a single transaction, and
    - (b) those purchasers were purchasers acting jointly.

[<sup>F375</sup>(4) This section is subject to section 47(1).]

#### Textual Amendments

- F372** Words in s. 108(1) substituted (with effect in accordance with s. 1184(1) of the amending Act) by [Corporation Tax Act 2010 \(c. 4\), s. 1184\(1\), Sch. 1 para. 409](#) (with [Sch. 2](#))
- F373** S. 108(1A) inserted (with effect in accordance with s. 29(4) of the amending Act) by [Scotland Act 2012 \(c. 11\), s. 44\(2\)\(b\)\(3\)\(b\), Sch. 3 para. 19](#) (with s. 29(5)(6)); S.I. 2015/637, art. 2
- F374** Words in s. 108(1A) substituted (1.4.2018 with effect in accordance with s. 16(4)(5) of the amending Act) by [Wales Act 2014 \(c. 29\), s. 29\(2\)\(b\)\(3\), Sch. 2 para. 7](#); S.I. 2018/214, art. 2(a)
- F375** S. 108(4) inserted (with effect in accordance with s. 76(3) of the amending Act) by [Finance Act 2007 \(c. 11\), s. 76\(2\)](#)

#### Commencement Information

- I75** Pt. 4 wholly in force at Royal Assent subject to Sch. 19, see s. 124, Sch. 19 para. 1(1)
- I76** S. 108(1) has effect as specified by [The Stamp Duty Land Tax \(Appointment of the Implementation Date\) Order 2003 \(S.I. 2003/2899\), art. 2](#)

## 109 General power to vary this Part by regulations

- (1) The Treasury may if they consider it expedient in the public interest make provision by regulations for the variation of this Part in its application to land transactions of any description.
- (2) The power conferred by this section includes, in particular, power to alter—
- (a) the descriptions of land transaction that are chargeable or notifiable;
  - (b) the descriptions of land transaction in respect of which tax is chargeable at any existing rate or amount [<sup>F376</sup>, or in respect of which tax is calculated in accordance with any particular provision].
- [<sup>F377</sup>(2A) The power under subsection (2)(b) includes power to alter the conditions for the application to a chargeable transaction of paragraph 3 of Schedule 4A (higher rate for certain transactions), other than the condition that the transaction must be a high-value residential transaction.]



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- (3) The power conferred by this section does not, except as mentioned in [<sup>F378</sup>subsections (2)(b) and (2A),] include power to vary any threshold, rate or amount specified in—
- (a) section 55 (amount of tax chargeable: general), <sup>F379</sup>...
  - [<sup>F380</sup>(aa) section 74(1A) (exercise of collective rights by tenants of flats),
  - (ab) Schedule 4A (amount of tax chargeable: high-value interests in dwellings), or]
  - (b) Schedule 5 (amount of tax chargeable: rent).
- (4) This section has effect subject to section 110 (approval of regulations by House of Commons).
- (5) Regulations under this section do not apply in relation to any transaction of which the effective date is after the end of—
- (a) the period of 18 months beginning with the day on which the regulations were made, or
  - (b) such shorter period as may be specified in the regulations.
- This does not affect the power to make further provision by regulations<sup>F378</sup> under this section to the same or similar effect.
- (6) Regulations under this section may include such supplementary, transitional and incidental provision as appears to the Treasury to be necessary or expedient.
- (7) The power conferred by this section may be exercised at any time after the passing of this Act.

#### Textual Amendments

**F376** Words in s. 109(2)(b) inserted (with effect in accordance with s. 2(2) of the amending Act) by [Stamp Duty Land Tax Act 2015 \(c. 1\)](#), [Sch. para. 11](#) (with s. 2(3)-(6))

**F377** S. 109(2A) inserted (with effect in accordance with Sch. 35 para. 10 of the amending Act) by [Finance Act 2012 \(c. 14\)](#), [Sch. 35 para. 6\(2\)](#)

**F378** Words in s. 109(3) substituted (with effect in accordance with Sch. 35 para. 10 of the amending Act) by [Finance Act 2012 \(c. 14\)](#), [Sch. 35 para. 6\(3\)\(a\)](#)

**F379** Word in s. 109(3)(a) omitted (with effect in accordance with Sch. 35 para. 10 of the amending Act) by virtue of [Finance Act 2012 \(c. 14\)](#), [Sch. 35 para. 6\(3\)\(b\)](#)

**F380** S. 109(3)(aa)(ab) inserted (with effect in accordance with Sch. 35 para. 10 of the amending Act) by [Finance Act 2012 \(c. 14\)](#), [Sch. 35 para. 6\(3\)\(c\)](#)

#### Commencement Information

**I77** Pt. 4 wholly in force at Royal Assent subject to Sch. 19, see s. 124, Sch. 19 para. 1(1)

## 110 Approval of regulations under general power

- (1) An instrument containing regulations under section 109 (general power to vary this Part by regulations) must be laid before the House of Commons after being made.
- (2) If the regulations are not approved by the House of Commons before the end of the period of 28 days beginning with the day on which they are made, they shall cease to have effect at the end of that period (if they have not already ceased to have effect under subsection (3)).

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- (3) If on any day during that period of 28 days the House of Commons, in proceedings on a motion that (or to the effect that) the regulations be approved, comes to a decision rejecting the regulations, they shall cease to have effect at the end of that day.
- (4) In reckoning any such period of 28 days take no account of any time during which—
- (a) Parliament is prorogued or dissolved, or
  - (b) the House of Commons is adjourned for more than four days.
- (5) Where regulations cease to have effect under this section, their ceasing to have effect is without prejudice to anything done in reliance on them.

As to claims for repayment, see section 111.

<sup>F381</sup>(6) . . . . .

[<sup>F382</sup>(7) This section does not apply to regulations containing only provision varying Schedule 6ZA or paragraph 16 of Schedule 9 which does not increase any person's liability to tax.]

#### Textual Amendments

**F381** S. 110(6) repealed (15.3.2018) by [Finance Act 2018 \(c. 3\)](#), s. 41(6)(c)

**F382** S. 110(7) inserted (with effect in accordance with s. 41(8) of the amending Act) by [Finance Act 2018 \(c. 3\)](#), s. 41(4)

#### Commencement Information

**I78** Pt. 4 wholly in force at Royal Assent subject to Sch. 19, see s. 124, Sch. 19 para. 1(1)

### 111 Claim for repayment if regulations under general power not approved

- (1) Where regulations cease to have effect under section 110, [<sup>F383</sup>a claim may be made to the Inland Revenue for repayment of any tax, interest or penalty that would not have been payable but for the regulations].
- (2) Section 89 (interest on repayment of tax overpaid etc) applies to a repayment under this section.
- (3) A claim for repayment must be made within two years after the effective date of the transaction in question.
- (4) The Inland Revenue may make provision by regulations—
- (a) for varying the time limit for making a claim;
  - (b) as to any other conditions that must be met before repayment is made.

#### Textual Amendments

**F383** Words in s. 111(1) substituted (22.7.2004) by [Finance Act 2004 \(c. 12\)](#), s. 299(5)

#### Commencement Information

**I79** Pt. 4 wholly in force at Royal Assent subject to Sch. 19, see s. 124, Sch. 19 para. 1(1)

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## 112 Power to amend certain provisions before implementation

- (1) The Treasury may by regulations amend the following provisions of this Part—
  - (a) Schedule 5 (amount of tax chargeable: rent);
  - (b) subsection (2) of section 55 (amount of tax chargeable: general) so far as relating to the thresholds at which different rates of tax become payable.

<sup>F384</sup>(2) .....

- (3) A statutory instrument containing regulations under this section shall not be made unless a draft of the instrument has been laid before and approved by resolution of the House of Commons.

- (4) The power conferred by this section is not exercisable after the implementation date.

### Textual Amendments

**F384** S. 112(2) omitted (with effect in accordance with Sch. 39 para. 10(4) of the amending Act) by virtue of [Finance Act 2012 \(c. 14\)](#), [Sch. 39 para. 8\(2\)\(b\)\(i\)](#) (with [Sch. 39 paras. 11-13](#))

### Commencement Information

**I80** Pt. 4 wholly in force at Royal Assent subject to Sch. 19, see s. 124, Sch. 19 para. 1(1)

## 113 Functions conferred on “the Inland Revenue”

- (1) References in this Part to “the Inland Revenue” are to any officer of the Board, except as otherwise provided.

- (2) Any power of the Inland Revenue to make regulations is exercisable only by the Board.

- (3) In Schedule 10 (returns, assessments and other administrative matters)—

- (a) functions of the Inland Revenue under these provisions are exercisable by the Board or an officer of the Board—

- (i) paragraph 28 (discovery assessment),
- (ii) paragraph 29 (assessment to recover excessive repayment);

- (b) functions of the Inland Revenue under these provisions are functions of the Board—

- (i) paragraph 33 (relief in case of double assessment),

<sup>F385</sup>(ii) .....

- <sup>F386</sup>(3A) The following functions of the Inland Revenue under Schedule 11A (claims not included in returns) are functions of the Board—

- (a) functions under paragraph 2(1) (form of claims),
- (b) functions relating to a claim made to the Board.]

- (4) Nothing in this section affects any provision of this Part that expressly confers functions on the Board, an officer of the Board, a collector or a specific officer of the Board.

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#### Textual Amendments

- F385** S. 113(3)(b)(ii) omitted (with effect in accordance with s. 28(2) of the amending Act) by virtue of [Finance \(No. 3\) Act 2010 \(c. 33\)](#), [Sch. 12 para. 3](#)
- F386** S. 113(3A) inserted (22.7.2004) by [Finance Act 2004 \(c. 12\)](#), [s. 299\(6\)](#)

#### Commencement Information

- I81** Pt. 4 wholly in force at Royal Assent subject to Sch. 19, see s. 124, Sch. 19 para. 1(1)

## 114 Orders and regulations made by the Treasury or the Inland Revenue

- (1) Except as otherwise provided, any power of the Treasury or the Inland Revenue to make an order or regulations under this Part, or under any other enactments relating to stamp duty land tax (including enactments passed after this Act), is exercisable by statutory instrument.
- (2) Subsection (1) does not apply in relation to the power conferred by—
  - paragraph 8 of Schedule 5 to this Act (tax chargeable in respect of rent: power to prescribe temporal discount rate),
  - section 178(5) of the Finance Act 1989 (c. 26) (power to prescribe rates of interest).
- (3) Except as otherwise provided, a statutory instrument containing any order or regulations made by the Treasury or the Inland Revenue under this Part, or under any other enactments relating to stamp duty land tax (including enactments passed after this Act), shall be subject to annulment in pursuance of a resolution of the House of Commons.
- (4) Subsection (3) does not apply to a statutory instrument made under the power conferred by—
  - section 61(3) (compliance with planning obligations: power to add to list of public authorities);
  - paragraph 1(3) of Schedule 9 (right to buy transactions: power to add to list of relevant public sector bodies);
  - paragraph 2(2) of Schedule 19 (commencement and transitional provisions: power to appoint implementation date).
- [<sup>F387</sup>(5) The first set of regulations under section 58B (new zero-carbon homes) may not be made unless a draft has been laid before and approved by resolution of the House of Commons.
- (6) An order or regulations under this Part—
  - (a) may make provision having effect generally or only in specified cases or circumstances,
  - (b) may make different provision for different cases or circumstances, and
  - (c) may include incidental, consequential or transitional provision or savings.]

#### Textual Amendments

- F387** S. 114(5)(6) inserted (19.7.2007) by [Finance Act 2007 \(c. 11\)](#), [s. 19\(2\)](#)

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**Modifications etc. (not altering text)**

**C26** S. 114(3) excluded (20.7.2005) by [Finance \(No. 2\) Act 2005 \(c. 22\), s. 48\(6\)](#)

**Commencement Information**

**I82** Pt. 4 wholly in force at Royal Assent subject to Sch. 19, see s. 124, Sch. 19 para. 1(1)

<sup>F388</sup> **115 General and Special Commissioners, appeals and other proceedings**

.....

**Textual Amendments**

**F388** S. 115 omitted (1.4.2009) by virtue of [The Transfer of Tribunal Functions and Revenue and Customs Appeals Order 2009 \(S.I. 2009/56\)](#), art. 1(2), [Sch. 1 para. 370](#)

*Interpretation etc*

**116 Meaning of “residential property”**

- (1) In this Part “residential property” means—
- (a) a building that is used or suitable for use as a dwelling, or is in the process of being constructed or adapted for such use, and
  - (b) land that is or forms part of the garden or grounds of a building within paragraph (a) (including any building or structure on such land), or
  - (c) an interest in or right over land that subsists for the benefit of a building within paragraph (a) or of land within paragraph (b);
- and “non-residential property” means any property that is not residential property.
- This is subject to the rule in subsection (7) in the case of a transaction involving six or more dwellings.
- (2) For the purposes of subsection (1) a building used for any of the following purposes is used as a dwelling—
- (a) residential accommodation for school pupils;
  - (b) residential accommodation for students, other than accommodation falling within subsection (3)(b);
  - (c) residential accommodation for members of the armed forces;
  - (d) an institution that is the sole or main residence of at least 90% of its residents and does not fall within any of paragraphs (a) to (f) of subsection (3).
- (3) For the purposes of subsection (1) a building used for any of the following purposes is not used as a dwelling—
- (a) a home or other institution providing residential accommodation for children;
  - (b) a hall of residence for students in further or higher education;
  - (c) a home or other institution providing residential accommodation with personal care for persons in need of personal care by reason of old age, disablement, past or present dependence on alcohol or drugs or past or present mental disorder;

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- (d) a hospital or hospice;
  - (e) a prison or similar establishment;
  - (f) a hotel or inn or similar establishment.
- (4) Where a building is used for a purpose specified in subsection (3), no account shall be taken for the purposes of subsection (1)(a) of its suitability for any other use.
- (5) Where a building that is not in use is suitable for use for at least one of the purposes specified in subsection (2) and at least one of those specified in subsection (3)—
- (a) if there is one such use for which it is most suitable, or if the uses for which it is most suitable are all specified in the same sub-paragraph, no account shall be taken for the purposes of subsection (1)(a) of its suitability for any other use,
  - (b) otherwise, the building shall be treated for those purposes as suitable for use as a dwelling.
- (6) In this section “building” includes part of a building.
- (7) Where six or more separate dwellings are the subject of a single transaction involving the transfer of a major interest in, or the grant of a lease over, them, then, for the purposes of this Part as it applies in relation to that transaction, those dwellings are treated as not being residential property.
- (8) The Treasury may by order—
- (a) amend subsections (2) and (3) so as to change or clarify the cases where use of a building is, or is not to be, use of a building as a dwelling for the purposes of subsection (1);
  - (b) amend or repeal subsection (7) and the reference to that subsection in subsection (1).

Any such order may contain such incidental, supplementary, consequential or transitional provision as appears to the Treasury to be necessary or expedient.

**Modifications etc. (not altering text)**

**C27** S. 116(8)(a) modified (17.7.2013) by [Finance Act 2013 \(c. 29\), s. 114\(2\)](#)

**Commencement Information**

**I83** Pt. 4 wholly in force at Royal Assent subject to Sch. 19, see s. 124, Sch. 19 para. 1(1)

**117 Meaning of “major interest” in land**

(1) References in this Part to a “major interest” in land shall be construed as follows.

(2) In relation to land in England <sup>F389</sup> ..., the references are to—

- (a) an estate in fee simple absolute, or
- (b) a term of years absolute,

whether subsisting at law or in equity.

<sup>F390</sup>(3) .....

(4) In relation to land in Northern Ireland, the references are to—

- (a) any freehold estate, or
- (b) any leasehold estate,

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whether subsisting at law or in equity.

#### Textual Amendments

**F389** Words in s. 117(2) omitted (1.4.2018 with effect in accordance with s. 16(4)(5) of the amending Act) by virtue of [Wales Act 2014 \(c. 29\)](#), s. 29(2)(b)(3), [Sch. 2 para. 8](#); S.I. 2018/214, art. 2(a)

**F390** S. 117(3) omitted (with effect in accordance with s. 29(4) of the amending Act) by virtue of [Scotland Act 2012 \(c. 11\)](#), s. 44(2)(b)(3)(b), [Sch. 3 para. 20](#) (with s. 29(5)(6)); S.I. 2015/637, art. 2

#### Commencement Information

**I84** Pt. 4 wholly in force at Royal Assent subject to Sch. 19, see s. 124, Sch. 19 para. 1(1)

### 118 Meaning of “market value”

[<sup>F391</sup>(1)] For the purposes of this Part “market value” shall be determined as for the purposes of the Taxation of Chargeable Gains Act 1992 (c. 12) (see sections 272 to 274 of that Act).

[<sup>F392</sup>(2) This is subject to paragraphs 7(7) and 17(7) of Schedule 7A (which define “market value” for certain purposes of PAIF seeding relief and COACS seeding relief).]

#### Textual Amendments

**F391** S. 118 renumbered as s. 118(1) (with effect in accordance with Sch. 16 para. 15 of the amending Act) by [Finance Act 2016 \(c. 24\)](#), [Sch. 16 para. 10\(a\)](#)

**F392** S. 118(2) inserted (with effect in accordance with Sch. 16 para. 15 of the amending Act) by [Finance Act 2016 \(c. 24\)](#), [Sch. 16 para. 10\(b\)](#)

#### Commencement Information

**I85** Pt. 4 wholly in force at Royal Assent subject to Sch. 19, see s. 124, Sch. 19 para. 1(1)

### 119 Meaning of “effective date” of a transaction

(1) Except as otherwise provided, the effective date of a land transaction for the purposes of this Part is

[<sup>F393</sup>(a) the date of completion, or

(b) such alternative date as the Commissioners for Her Majesty's Revenue and Customs may prescribe by regulations.]

(2) Other provision as to the effective date of certain descriptions of land transaction is made by—

section 44(4) (contract and conveyance: contract substantially performed without having been completed), <sup>F394</sup> ...

[<sup>F395</sup>section 44A(3) (contract providing for conveyance to third party),

section 45A(8) (contract providing for conveyance to third party: effect of transfer of rights),]

section 46(3) (options and rights of pre-emption).

[<sup>F396</sup>paragraph 5 of Schedule 2A,]

[<sup>F397</sup>paragraph 3(4) of Schedule 17A (leases that continue after a fixed term),]

[<sup>F398</sup>paragraph 12A(2) of Schedule 17A (agreement for lease followed by substantial performance),

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paragraph 12B(3) of that Schedule (assignment of agreement for lease occurring after agreement substantially performed), and

<sup>F399</sup> ...]

**Textual Amendments**

- F393** Words in s. 119(1) substituted (20.7.2005) by [Finance \(No. 2\) Act 2005 \(c. 22\), s. 47\(3\)](#)
- F394** Word in s. 119(2) repealed (with effect in accordance with Sch. 39 para. 13 of the amending Act) by [Finance Act 2004 \(c. 12\), Sch. 42 Pt. 4\(2\)](#)
- F395** Words in s. 119(2) inserted (with effect in accordance with Sch. 39 para. 13 of the amending Act) by [Finance Act 2004 \(c. 12\), Sch. 39 para. 8\(a\)](#)
- F396** Words in s. 119(2) inserted (with effect in accordance with Sch. 39 para. 11 of the amending Act) by [Finance Act 2013 \(c. 29\), Sch. 39 para. 7](#)
- F397** Words in s. 119(2) inserted (with effect in accordance with Sch. 41 para. 8(2) of the amending Act) by [Finance Act 2013 \(c. 29\), Sch. 41 para. 5](#)
- F398** Words in s. 119(2) inserted (with effect in accordance with Sch. 39 para. 13 of the amending Act) by [Finance Act 2004 \(c. 12\), Sch. 39 para. 8\(b\)](#)
- F399** Words in s. 119(2) omitted (with effect in accordance with s. 29(4) of the amending Act) by virtue of [Scotland Act 2012 \(c. 11\), s. 44\(2\)\(b\)\(3\)\(b\), Sch. 3 para. 21](#) (with s. 29(5)(6)); S.I. 2015/637, art. 2

**Commencement Information**

- I86** Pt. 4 wholly in force at Royal Assent subject to Sch. 19, see s. 124, Sch. 19 para. 1(1)

<sup>F400</sup> **120 Further provisions relating to leases**

Schedule 17A contains further provisions relating to leases.]

**Textual Amendments**

- F400** S. 120 substituted (with effect in accordance with Sch. 39 para. 26 of the amending Act) by [Finance Act 2004 \(c. 12\), Sch. 39 para. 22\(1\)](#) (which amending provision re-enacts, subject to certain changes, a corresponding amendment made by the now revoked [Stamp Duty and Stamp Duty Land Tax \(Variation of the Finance Act 2003\) \(No. 2\) Regulations 2003 \(S.I. 2003/2816\)](#), see Sch. 39 para. 14)

**121 Minor definitions**

In this Part—

- <sup>F401</sup> .....
- <sup>F402</sup> .....

“employee” includes an office-holder and related expressions have a corresponding meaning;

[<sup>F403</sup>“HMRC” means Her Majesty’s Revenue and Customs;]

“jointly entitled” means—

- (a) in England <sup>F404</sup> ..., beneficially entitled as joint tenants or tenants in common,
- (b) <sup>F405</sup> .....
- (c) in Northern Ireland, beneficially entitled as joint tenants, tenants in common or coparceners;

“land” includes—



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- (a) buildings and structures, and
  - (b) land covered by water;  
“registered social landlord” means—
    - (a) in relation to England and Wales, a body registered as a social landlord in a register maintained under section 1(1) of the Housing Act 1996 (c. 52);
    - (b) in relation to Scotland, a body registered in the register maintained under <sup>F406</sup>section 20(1) of the Housing (Scotland) Act 2010 (asp 17)];
    - (c) in relation to Northern Ireland, a housing association registered in the register maintained under Article 14 of the Housing (Northern Ireland) Order 1992 (S.I. 1992/1725 (N.I. 15));
- <sup>F407</sup> .....
- “statutory provision” means any provision made by or under an Act of Parliament, an Act of the Scottish Parliament or any Northern Ireland legislation;
- <sup>F408</sup> .....
- “tax”, unless the context otherwise requires, means tax under this Part.
- <sup>F409</sup>“tribunal” means the First-tier Tribunal or, where determined by or under Tribunal Procedure Rules, the Upper Tribunal.]

#### Textual Amendments

- F401** Words in s. 121 omitted (with effect in accordance with s. 29(4) of the amending Act) by virtue of Scotland Act 2012 (c. 11), s. 44(2)(b)(3)(b), **Sch. 3 para. 22(a)** (with s. 29(5)(6)); S.I. 2015/637, art. 2
- F402** Words in s. 121 omitted (with effect in accordance with s. 29(4) of the amending Act) by virtue of Scotland Act 2012 (c. 11), s. 44(2)(b)(3)(b), **Sch. 3 para. 22(b)** (with s. 29(5)(6)); S.I. 2015/637, art. 2
- F403** Words in s. 121 inserted (1.4.2009) by The Transfer of Tribunal Functions and Revenue and Customs Appeals Order 2009 (S.I. 2009/56), art. 1(2), **Sch. 1 para. 371(2)**
- F404** Words in s. 121 omitted (1.4.2018 with effect in accordance with s. 16(4)(5) of the amending Act) by virtue of Wales Act 2014 (c. 29), s. 29(2)(b)(3), **Sch. 2 para. 9**; S.I. 2018/214, art. 2(a)
- F405** Words in s. 121 omitted (with effect in accordance with s. 29(4) of the amending Act) by virtue of Scotland Act 2012 (c. 11), s. 44(2)(b)(3)(b), **Sch. 3 para. 22(c)** (with s. 29(5)(6)); S.I. 2015/637, art. 2
- F406** Words in s. 121 substituted (1.4.2012) by The Housing (Scotland) Act 2010 (Consequential Provisions and Modifications) Order 2012 (S.I. 2012/700), art. 1(3), **Sch. para. 7(2)**
- F407** Words in s. 121 omitted (with effect in accordance with s. 29(4) of the amending Act) by virtue of Scotland Act 2012 (c. 11), s. 44(2)(b)(3)(b), **Sch. 3 para. 22(d)** (with s. 29(5)(6)); S.I. 2015/637, art. 2
- F408** Words in s. 121 omitted (with effect in accordance with s. 29(4) of the amending Act) by virtue of Scotland Act 2012 (c. 11), s. 44(2)(b)(3)(b), **Sch. 3 para. 22(e)** (with s. 29(5)(6)); S.I. 2015/637, art. 2
- F409** Words in s. 121 inserted (1.4.2009) by The Transfer of Tribunal Functions and Revenue and Customs Appeals Order 2009 (S.I. 2009/56), art. 1(2), **Sch. 1 para. 371(3)**

#### Commencement Information

- I87** Pt. 4 wholly in force at Royal Assent subject to Sch. 19, see s. 124, Sch. 19 para. 1(1)

## 122 Index of defined expressions

In this Part the expressions listed below are defined or otherwise explained by the provisions indicated—

acquisition relief

Schedule 7, paragraph 8(1)

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<b>F410</b>	<b>F410</b>
...	...
bare trust	Schedule 16, paragraph 1(2)
the Board (in relation to the Inland Revenue)	section 42(3)
chargeable consideration	section 50 and Schedule 4
chargeable interest	section 48(1)
chargeable transaction	section 49
charities relief	Schedule 8, paragraph 1(1)
closure notice	Schedule 10, paragraph 23(1) (in relation to a land transaction return); F411
	...
[ <sup>F412</sup> COACS seeding relief	Schedule 7A, paragraph 10(1)]
[ <sup>F412</sup> co-ownership authorised contractual scheme	section 102A]
company	section 100 (except as otherwise expressly provided)
<b>F413</b>	<b>F413</b>
...	...
contingent (in relation to consideration)	section 51(3)
delivery (in relation to a land transaction return)	Schedule 10, paragraph 2(2)
discovery assessment	Schedule 10, paragraph 28(1)
effective date (in relation to a land transaction)	section 119
employee	section 121
exempt interest	section 48(2) to (5)
filing date (in relation to a land transaction return)	Schedule 10, paragraph 2(1)
implementation date	Schedule 19, paragraph 2(2)
the Inland Revenue	section 113
jointly entitled	section 121
land	section 121
land transaction	section 43(1)
land transaction return	section 76(1)
lease (and related expressions)	[ <sup>F414</sup> Schedule 17A]
linked transactions	section 108

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main subject-matter (in relation to a land transaction)	section 43(6)
major interest (in relation to land)	section 117
market value	section 118
[ <sup>F415</sup> non-resident transaction]	[ <sup>F415</sup> Schedule 9A, paragraph 2]
notice of enquiry	Schedule 10, paragraph 12(1) (in relation to a land transaction return); <sup>F416</sup>
	...
notifiable (in relation to a land transaction)	section 77 [ <sup>F417</sup> (see too sections 71A(7) and 72A(7))][ <sup>F418</sup> and paragraph 30 of Schedule 15]
[ <sup>F412</sup> operator (in relation to a co-ownership authorised contractual scheme)	section 102A ]
[ <sup>F412</sup> PAIF seeding relief	Schedule 7A, paragraph 1(1)]
partnership (and related expressions)	Schedule 15, paragraphs 1 to 4
purchaser <sup>F419</sup>	section 43(4) <sup>F419</sup>
...	...
reconstruction relief	Schedule 7, paragraph 7(1)
registered social landlord	section 121
residential property	section 116
[ <sup>F420</sup> Revenue certificate	section 79(3)(a)]
Revenue determination	Schedule 10, paragraph 25(1)
self-assessment <sup>F421</sup>	section 76(3)(a) <sup>F421</sup>
...	...
settlement <sup>F423</sup>	Schedule 16, paragraph 1(1) [ <sup>F422</sup> (except as otherwise expressly provided)] <sup>F423</sup>
...	...
statutory provision	section 121
subject-matter (in relation to a land transaction)	section 43(6)
substantial performance (in relation to a contract) <sup>F424</sup>	section 44(5) to (7) <sup>F424</sup>
...	...
tax	section 121

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[ <sup>F425</sup> tribunal	section 121]
uncertain (in relation to consideration)	section 51(3)
unit holder	section 101(4)
unit trust scheme	section 101(4)
vendor	section 43(4) [ <sup>F426</sup> (see too <sup>F427</sup> section 45A(9) and paragraphs 8, 10 and 11 of Schedule 2A)]

### Textual Amendments

- F410** Words in s. 122 omitted (with effect in accordance with s. 29(4) of the amending Act) by virtue of [Scotland Act 2012 \(c. 11\)](#), s. 44(2)(b)(3)(b), **Sch. 3 para. 23(a)** (with s. 29(5)(6)); S.I. 2015/637, art. 2
- F411** Words in s. 122 omitted (with effect in accordance with s. 94(5) of the amending Act) by virtue of [Finance Act 2008 \(c. 9\)](#), **Sch. 30 para. 5(2)**
- F412** Words in s. 122 inserted (with effect in accordance with Sch. 16 para. 15 of the amending Act) by [Finance Act 2016 \(c. 24\)](#), **Sch. 16 para. 11**
- F413** Words in s. 122 omitted (with effect in accordance with s. 29(4) of the amending Act) by virtue of [Scotland Act 2012 \(c. 11\)](#), s. 44(2)(b)(3)(b), **Sch. 3 para. 23(b)** (with s. 29(5)(6)); S.I. 2015/637, art. 2
- F414** Words in s. 122 substituted (with effect in accordance with Sch. 39 para. 26 of the amending Act) by [Finance Act 2004 \(c. 12\)](#), **Sch. 39 para. 22(7)** (which amending provision re-enacts, subject to certain changes, a corresponding amendment made by the now revoked [Stamp Duty and Stamp Duty Land Tax \(Variation of the Finance Act 2003\) \(No. 2\) Regulations 2003 \(S.I. 2003/2816\)](#), see Sch. 39 para. 14)
- F415** Words in s. 122 inserted (with effect in accordance with Sch. 16 para. 6 of the amending Act) by [Finance Act 2021 \(c. 26\)](#), **Sch. 16 para. 4**
- F416** Words in s. 122 omitted (with effect in accordance with s. 94(5) of the amending Act) by virtue of [Finance Act 2008 \(c. 9\)](#), **Sch. 30 para. 5(3)**
- F417** Words in s. 122 inserted (with effect in accordance with Sch. 8 para. 7 of the amending Act) by [Finance Act 2005 \(c. 7\)](#), **Sch. 8 para. 6**
- F418** Words in s. 122 inserted (with effect in accordance with s. 94(5) of the amending Act) by [Finance Act 2008 \(c. 9\)](#), **Sch. 30 para. 5(4)**
- F419** Words in s. 122 omitted (with effect in accordance with s. 2(2) of the amending Act) by virtue of [Stamp Duty Land Tax Act 2015 \(c. 1\)](#), **Sch. para. 12** (with s. 2(3)-(6))
- F420** Words in s. 122 inserted (with effect in accordance with Sch. 39 para. 26 of the amending Act) by [Finance Act 2004 \(c. 12\)](#), **Sch. 39 para. 25(4)** (which amending provision re-enacts, subject to certain changes, a corresponding amendment made by the now revoked [Stamp Duty and Stamp Duty Land Tax \(Variation of the Finance Act 2003\) \(No. 2\) Regulations 2003 \(S.I. 2003/2816\)](#), see Sch. 39 para. 14)
- F421** Words in s. 122 omitted (with effect in accordance with s. 94(5) of the amending Act) by virtue of [Finance Act 2008 \(c. 9\)](#), **Sch. 30 para. 5(5)**
- F422** Words in s. 122 inserted (with effect in accordance with Sch. 40 para. 8 of the amending Act) by [Finance Act 2013 \(c. 29\)](#), **Sch. 40 para. 7**
- F423** Words in s. 122 omitted (with effect in accordance with s. 29(4) of the amending Act) by virtue of [Scotland Act 2012 \(c. 11\)](#), s. 44(2)(b)(3)(b), **Sch. 3 para. 23(c)** (with s. 29(5)(6)); S.I. 2015/637, art. 2
- F424** Words in s. 122 omitted (with effect in accordance with s. 29(4) of the amending Act) by virtue of [Scotland Act 2012 \(c. 11\)](#), s. 44(2)(b)(3)(b), **Sch. 3 para. 23(d)** (with s. 29(5)(6)); S.I. 2015/637, art. 2
- F425** Words in s. 122 inserted (1.4.2009) by [The Transfer of Tribunal Functions and Revenue and Customs Appeals Order 2009 \(S.I. 2009/56\)](#), art. 1(2), **Sch. 1 para. 372**
- F426** Words in s. 122 inserted (with effect in accordance with Sch. 39 para. 13(2) of the amending Act) by [Finance Act 2004 \(c. 12\)](#), **Sch. 39 para. 5(6)**

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**F427** Words in s. 122 substituted (with effect in accordance with [Sch. 39 para. 11](#) of the amending Act) by virtue of [Finance Act 2013 \(c. 29\)](#), [Sch. 39 para. 8](#)

**Commencement Information**

**I88** Pt. 4 wholly in force at Royal Assent subject to Sch. 19, see s. 124, Sch. 19 para. 1(1)

*Final provisions*

**123 Consequential amendments**

- (1) Schedule 18 contains certain amendments consequential on the provisions of this Part.
- (2) The Treasury may by regulations make such other amendments and repeals as appear to them appropriate in consequence of the provisions of this Part.
- (3) The regulations may, in particular, make such provision as the Treasury think fit for reproducing in relation to stamp duty land tax the effect of enactments providing for exemption from stamp duty.

**Commencement Information**

**I89** Pt. 4 wholly in force at Royal Assent subject to Sch. 19, see s. 124, Sch. 19 para. 1(1)

**124 Commencement and transitional provisions**

Schedule 19 makes provision for and in connection with the coming into force of the provisions of this Part.

**Commencement Information**

**I90** Pt. 4 wholly in force at Royal Assent subject to Sch. 19, see s. 124, Sch. 19 para. 1(1)

**PART 5**

**STAMP DUTY**

**125 Abolition of stamp duty except on instruments relating to stock or marketable securities**

- (1) Stamp duty is chargeable under Schedule 13 of the Finance Act 1999 (c. 16) only on instruments relating to stock or marketable securities.
- (2) Section 12 of the Finance Act 1895 (c. 16) (collection of stamp duty in cases of property vested by Act or purchased under statutory powers) does not apply to property other than stock or marketable securities.
- (3) This section shall be construed as one with the Stamp Act 1891 (c. 39).
- (4) Part 1 of Schedule 20 to this Act contains provisions supplementing this section and Part 2 of that Schedule provides for consequential amendments and repeals.

*Status: Point in time view as at 15/03/2023.*

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- (5) This section and that Schedule have effect—
- (a) in relation to an instrument effecting a land transaction [<sup>F428</sup>(or any duplicate or counterpart of such an instrument)], if the transaction—
    - (i) is an SDLT transaction within the meaning of Schedule 19 to this Act (stamp duty land tax: commencement and transitional provisions), or
    - (ii) would be such a transaction but for an exemption or relief from stamp duty land tax;
  - (b) in relation to an instrument effecting a transaction other than a land transaction [<sup>F429</sup>(or any duplicate or counterpart of such an instrument)], if the instrument is executed on or after the implementation date for the purposes of stamp duty land tax (see paragraph 2(2) of that Schedule).
- For this purpose an instrument effecting both a land transaction and a transaction other than a land transaction [<sup>F430</sup>(or any duplicate or counterpart of such an instrument)] is treated as if it were two instruments to which paragraph (a) and paragraph (b) above respectively applied.
- (6) Where in the case of an instrument effecting both a land transaction and a transaction other than a land transaction the result of applying subsection (5) is that stamp duty is chargeable on either or both of the deemed instruments, the enactments relating to stamp duty have effect as if—
- (a) there were two instruments as mentioned in the closing words of that subsection,
  - (b) the consideration had been apportioned between them in a just and reasonable manner, and
  - (c) the amount found on that apportionment to be attributable to the chargeable instrument, or (as the case may be) to each of them, had been set forth distinctly in that instrument.
- (7) In subsections (5) and (6) “land transaction” has the same meaning as in Part 4 of this Act.
- (8) This section and Schedule 20 have effect subject to [<sup>F431</sup>paragraph 31] of Schedule 15 to this Act (continued application of stamp duty in relation to certain partnership transactions).

#### Textual Amendments

- F428** Words in s. 125(5)(a) inserted (with effect in accordance with Sch. 39 para. 26 of the amending Act) by Finance Act 2004 (c. 12), **Sch. 39 para. 23(a)** (which amending provision re-enacts, subject to certain changes, a corresponding amendment made by the now revoked [Stamp Duty and Stamp Duty Land Tax \(Variation of the Finance Act 2003\) \(No. 2\) Regulations 2003 \(S.I. 2003/2816\)](#), see Sch. 39 para. 14)
- F429** Words in s. 125(5)(b) inserted (with effect in accordance with Sch. 39 para. 26 of the amending Act) by Finance Act 2004 (c. 12), **Sch. 39 para. 23(b)** (which amending provision re-enacts, subject to certain changes, a corresponding amendment made by the now revoked [Stamp Duty and Stamp Duty Land Tax \(Variation of the Finance Act 2003\) \(No. 2\) Regulations 2003 \(S.I. 2003/2816\)](#), see Sch. 39 para. 14)
- F430** Words in s. 125(5) inserted (with effect in accordance with Sch. 39 para. 26 of the amending Act) by Finance Act 2004 (c. 12), **Sch. 39 para. 23(c)** (which amending provision re-enacts, subject to certain changes, a corresponding amendment made by the now revoked [Stamp Duty and Stamp Duty Land](#)

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Tax (Variation of the Finance Act 2003) (No. 2) Regulations 2003 (S.I. 2003/2816), see Sch. 39 para. 14)

**F431** Words in s. 125(8) substituted (with effect in accordance with Sch. 41 para. 3 of the amending Act) by Finance Act 2004 (c. 12), **Sch. 41 para. 2(b)**

## 126 Circumstances in which group relief withdrawn

- (1) Section 111 of the Finance Act 2002 (c. 23) (stamp duty: withdrawal of group relief) is amended as follows.
- (2) In subsection (1)(b) (circumstances in which relief withdrawn: transferee company ceasing to be member of group within two years) for “two years” substitute “ three years ”.
- (3) In subsection (1)(c) (circumstances in which relief withdrawn: transferee company holding estate or interest when it ceases to be member of group)—
  - (a) in the opening words—
    - (i) for “it ceases” substitute “ the transferee company ceases ”, and
    - (ii) for “it holds” substitute “ it or a relevant associated company holds ”;
  - (b) in sub-paragraph (i) for “to it” substitute “ to the transferee company ”; and
  - (c) for the closing words substitute “ and that has not subsequently been transferred at market value by a duly stamped instrument on which *ad valorem* duty was paid and in respect of which group relief was not claimed ”.
- (4) In subsection (3)—
  - (a) after “transferred” insert “ to the transferee company ”, and
  - (b) for “what the transferee company holds at the time it ceases to be a member” substitute “ what is held by that company or, as the case may be, that company and any relevant associated companies, at the time it or they cease to be members ”.
- (5) After subsection (4) insert—

“(4A) In this section “relevant associated company”, in relation to the transferee company, means a company that—

  - (a) is a member of the same group as the transferee company immediately before that company ceases to be a member of the same group as the transferor company, and
  - (b) ceases to be a member of the same group as the transferor company in consequence of the transferee company so ceasing.”.
- (6) In paragraph 4(3) of Schedule 34 to the Finance Act 2002 (c. 23) (withdrawal of group relief: supplementary provisions), in paragraph (b)—
  - (a) in the opening words—
    - (i) for “it ceases” substitute “ the transferee company ceases ”, and
    - (ii) for “it holds” substitute “ it or a relevant associated company (as defined in sub-paragraph (4) below) holds ”;
  - (b) in sub-paragraph (i) for “to it” substitute “ to the transferee company ”; and
  - (c) for the closing words substitute “ and that has not subsequently been transferred at market value by a duly stamped instrument on which *ad valorem* duty was paid and in respect of which group relief was not claimed ”.

*Status: Point in time view as at 15/03/2023.*

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- (7) In the closing words of that sub-paragraph, for the words from “as if” to the end substitute “as if the transferee had then ceased to be a member of the same group as the transferor company and had then held the estate or interest referred to in paragraph (b).”.
- (8) After that sub-paragraph insert—
- “(4) In sub-paragraph (3)(b) “relevant associated company”, in relation to the transferee company, means a company that is in the same group as the transferee company immediately before the transferee company ceases to be a member of the new group and which ceases to be a member of the new group in consequence of the transferee company so ceasing.”.
- (9) This section applies to instruments executed after 14th April 2003.
- (10) But this section does not apply to an instrument giving effect to a contract made on or before 9th April 2003, unless—
- (a) the instrument is made in consequence of the exercise after that date of any option, right of pre-emption or similar right, or
  - (b) the instrument transfers the property in question to, or vests it in, a person other than the purchaser under the contract because of an assignment (or, in Scotland, assignation) or further contract made after that date.
- (11) This section shall be deemed to have come into force on 15th April 2003.

#### <sup>F432</sup>**127 Circumstances in which relief for company acquisitions withdrawn**

.....

##### **Textual Amendments**

**F432** S. 127 omitted (with effect in accordance with Sch. 39 para. 10(1) of the amending Act) by virtue of Finance Act 2012 (c. 14), **Sch. 39 para. 5(2)(e)(i)** (with Sch. 39 paras. 11-13)

#### <sup>F433</sup>**128 Exemption of certain leases granted by registered social landlords**

.....

##### **Textual Amendments**

**F433** S. 128 repealed (with effect in accordance with Sch. 39 para. 10(1) of the amending Act) by Finance Act 2012 (c. 14), **Sch. 39 para. 9(1)(a)** (with Sch. 39 paras. 11-13)

#### <sup>F434</sup>**129 Relief for certain leases granted before section 128 has effect**

.....



*Status: Point in time view as at 15/03/2023.*

*Changes to legislation: Finance Act 2003 is up to date with all changes known to be in force on or before 03 April 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)*

**Textual Amendments**

**F434** S. 129 repealed (with effect in accordance with Sch. 39 para. 10(2) of the amending Act) by [Finance Act 2012 \(c. 14\)](#), [Sch. 39 para. 9\(1\)\(b\)](#) (with [Sch. 39 paras. 11-13](#))

**130 Registered social landlords: treatment of certain leases granted between 1st January 1990 and 27 March 2000**

- (1) This section applies to a lease in relation to which the following conditions are met—
- (a) it is a lease of a dwelling to one or more individuals;
  - (b) it is for an indefinite term or is terminable by notice of a month or less;
  - (c) it was executed on or after 1st January 1990 and before 28th March 2000;
  - (d) at the time it was executed the rate or average rate of the rent (whether reserved as a yearly rent or not) was £5,000 a year or less; and
  - (e) the landlord’s interest has at any time before 26th June 2003 been held by a registered social landlord.

- (2) A lease to which this section applies (whether or not presented for stamping) shall be treated—
- (a) for the purposes of section 14 of the Stamp Act 1891 (c. 39) (production of instrument in evidence) as it applies in relation to proceedings begun after the day on which this Act is passed, and
  - (b) for the purposes of section 17 of that Act (enrolment etc of instrument) as it applies to any act done after that day,
- as if it had been duly stamped in accordance with the law in force at the time when it was executed.

<sup>F435</sup>(3) .....

<sup>F435</sup>(4) .....

<sup>F435</sup>(5) .....

<sup>F435</sup>(6) .....

- (7) This section shall be construed as one with the Stamp Act 1891.
- (8) The reference in subsection (1) above to the landlord’s interest being held by a “registered social landlord” is to its being held by a body that—
- (a) is registered in a register maintained under—
    - (i) Article 124 of the Housing (Northern Ireland) Order 1981 (S.I. 1981/156 (N.I. 3)),
    - (ii) section 3(1) of the Housing Associations Act 1985 (c. 69),
    - (iii) Article 14 of the Housing (Northern Ireland) Order 1992 (S.I. 1992/1725 (N.I. 15)),
    - (iv) section 1(1) of the Housing Act 1996 (c. 52), or
    - (v) section 57 of the Housing (Scotland) Act 2001 (asp 10), or
  - (b) is a body corporate whose objects correspond to those of a housing association and which, pursuant to a contract with Scottish Homes, is registered in a register kept for the purposes by Scottish Homes.

<sup>F436</sup>(9) .....

*Status: Point in time view as at 15/03/2023.*

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**Textual Amendments**

- F435** S. 130(3)-(6) repealed (with effect in accordance with Sch. 39 para. 10(2)(3) of the amending Act) by Finance Act 2012 (c. 14), **Sch. 39 para. 9(1)(c)** (with Sch. 39 paras. 11-13)
- F436** S. 130(9) repealed (with effect in accordance with Sch. 39 para. 10(2)(3) of the amending Act) by Finance Act 2012 (c. 14), **Sch. 39 para. 9(1)(c)** (with Sch. 39 paras. 11-13)

**PART 6**

INCOME TAX AND CORPORATION TAX: CHARGE AND RATE BANDS

*Income tax*

**F437** **131 Charge and rates for 2003-04**

.....

**Textual Amendments**

- F437** S. 131 repealed (6.4.2007) by *Income Tax Act 2007 (c. 3)*, s. 1034(1), **Sch. 3 Pt. 1** (with Sch. 2)

**F438** **132 Indexed rate bands for 2003-04: PAYE deductions etc**

.....

**Textual Amendments**

- F438** S. 132 repealed (6.4.2007) by *Income Tax Act 2007 (c. 3)*, s. 1034(1), **Sch. 3 Pt. 1** (with Sch. 2)

*Corporation tax*

**133 Charge and main rate for financial year 2004**

Corporation tax shall be charged for the financial year 2004 at the rate of 30%.

**F439** **134 Small companies' rate and fraction for financial year 2003**

.....

**Textual Amendments**

- F439** S. 134 repealed (with effect in accordance with s. 1184(1) of the amending Act) by *Corporation Tax Act 2010 (c. 4)*, s. 1184(1), **Sch. 3 Pt. 1** (with Sch. 2)

*Status: Point in time view as at 15/03/2023.*

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### **135 Corporation tax starting rate and fraction for financial year 2003**

For the financial year 2003—

- (a) the corporation tax starting rate shall be 0%, and
- (b) the fraction mentioned in section 13AA of the Taxes Act 1988 (marginal relief for small companies) shall be 19/400ths.

## **PART 7**

INCOME TAX, CORPORATION TAX AND CAPITAL GAINS TAX: GENERAL

### *Employment income and related matters*

### **136 Provision of services through intermediary**

- (1) Chapter 8 of Part 2 of the Income Tax (Earnings and Pensions) Act 2003 (c. 1) (provision of services through an intermediary) is amended as follows.
- (2) In section 49(1)(a) (services to which the Chapter applies), for “for the purposes of a business carried on by another person” substitute “for another person”.
- (3) In consequence of the above amendment—
  - (a) omit section 49(2) of that Act, and
  - (b) in section 56(7) of that Act—
    - (i) at the end of paragraph (a) insert “, and”, and
    - (ii) omit paragraph (c) and the word “and” preceding it.
- (4) This section applies in relation to services performed or due to be performed on or after 10th April 2003.

### **137 Exemption where homeworker’s additional expenses met by employer**

- (1) In Part 4 of the Income Tax (Earnings and Pensions) Act 2003 (c. 1) (employment income: exemptions), after section 316 insert—

#### **“316A Homeworker’s additional household expenses**

- (1) This section applies where an employer makes a payment to an employee in respect of reasonable additional household expenses which the employee incurs in carrying out duties of the employment at home under homeworking arrangements.
- (2) No liability to income tax arises in respect of the payment.
- (3) In this section, in relation to an employee—

“homeworking arrangements” means arrangements between the employee and the employer under which the employee regularly performs some or all of the duties of the employment at home; and

“household expenses” means expenses connected with the day to day running of the employee’s home.”

*Status: Point in time view as at 15/03/2023.*

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(2) This section applies to payments which the employer makes on or after 6th April 2003 in respect of expenses which the employee incurs on or after that date.

**138 Taxable benefits: lower threshold for cars with a CO<sub>2</sub> emissions figure**

(1) In section 139 of the Income Tax (Earnings and Pensions) Act 2003 (cash equivalent of the benefit of a car: calculation of the appropriate percentage for a year for cars with a CO<sub>2</sub> emissions figure) the table in subsection (4) (which specifies the lower threshold for each year for the purposes of that calculation) is amended as follows.

(2) In the entry relating to 2004-05 and subsequent tax years omit “and subsequent tax years”.

<sup>F440</sup>(3) .....

(4) In section 170(3) of that Act (power to provide by order for a lower threshold different from that specified in the table in section 139(4) to apply for tax years beginning on or after 6th April 2005) for “6th April 2005” substitute “ 6th April 2006 ”.

**Textual Amendments**  
**F440** S. 138(3) omitted (with effect in accordance with s. 47(3) of the amending Act) by virtue of [Finance Act 2008 \(c. 9\), s. 47\(2\)\(a\)](#)

**139 Approved share plans and schemes**

Schedule 21 to this Act (which contains amendments relating to share incentive plans, SAYE option schemes and CSOP schemes) has effect.

**140 Employee securities and options**

Schedule 22 to this Act (which makes provision about securities, and options to acquire securities, acquired by reason of employment) has effect.

<sup>F441</sup>**141 Corporation tax relief for employee share acquisitions**

.....

**Textual Amendments**  
**F441** S. 141 repealed (with effect in accordance with s. 1329(1) of the amending Act) by [Corporation Tax Act 2009 \(c. 4\), s. 1329\(1\), Sch. 1 para. 559, Sch. 3 Pt. 1](#) (with [Sch. 2 Pts. 1, 2](#))

**142 Ending of relief for contributions to QUESTS**

(1) Section 67 of the Finance Act 1989 (c. 26) (tax relief for contributions to trustees of qualifying employee share ownership trust) does not apply in relation to sums expended by a company in an accounting period of the company beginning on or after 1st January 2003.

(2) In section 69 of that Act (chargeable events)—

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- (a) the definitions in subsections (3AC) and (3AD) (by virtue of which certain transfers of shares by trustees of an employee share ownership trust to a SIP trust are not chargeable events) have effect in relation to 26th November 2002 as they had effect in relation to 20th March 2000;
  - (b) in relation to shares that are relevant shares by virtue of paragraph (a) above, subsection (3AB) (deemed order of disposal of shares) has effect as if the reference there to 21st March 2000 were to 27th November 2002; and
  - (c) the other provisions of that section have effect accordingly.
- (3) In consequence of subsection (2), in paragraph 78(2)(b) of Schedule 2 to the Income Tax (Earnings and Pensions) Act 2003 (c. 1) (reference to section 69(3AA) of the Finance Act 1989) after “21st March 2000” insert “ or, by virtue of section 142(2) of the Finance Act 2003, 27th November 2002 ”.

<sup>F442</sup>**143 Restriction of deductions for employee benefit contributions**

.....

**Textual Amendments**

**F442** S. 143 repealed (with effect in accordance with s. 1329(1) of the amending Act) by [Corporation Tax Act 2009 \(c. 4\)](#), s. 1329(1), Sch. 1 para. 560, **Sch. 3 Pt. 1** (with Sch. 2 Pts. 1, 2)

**144 PAYE on notional payments: reimbursement period**

- (1) In section 222(1)(c) of the Income Tax (Earnings and Pensions) Act 2003 (period within which employee must reimburse employer for amount to be accounted for to Inland Revenue in respect of income tax on notional payment), for “30 days” substitute “ 90 days ”.
- (2) This section has effect in relation to payments of income treated as made on or after 9th April 2003.

**145 PAYE: regulations and notional payments**

- (1) In the list in subsection (2) of section 684 of the Income Tax (Earnings and Pensions) Act 2003 (c. 1) (PAYE regulations)—
  - (a) for item 2 substitute—

“1A  
Provision—

- (a) for deductions to be made, if and to the extent that the payee does not object, with a view to securing that income tax payable in respect of any income of a payee for a tax year which is not PAYE income is deducted from PAYE income of the payee paid during that year; and
- (b) as to the circumstances and manner in which a payee may object to the making of deductions.

2  
Provision—

*Status: Point in time view as at 15/03/2023.*

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- (a) for repayments or deductions to be made, if and to the extent that the payee does not object, in respect of any amounts overpaid or remaining unpaid (or treated as overpaid or remaining unpaid) on account of—
- (i) income tax in respect of income for a previous tax year, or
  - (ii) capital gains tax in respect of chargeable gains for such a year; and
- (b) as to the circumstances in which repayments or deductions may be made, and the circumstances and manner in which a payee may object to the making of repayments or deductions.”;
- (b) after item 4 insert —
- “4A Provision authorising the recovery from the payee rather than the payer of any amount that the Inland Revenue considers should have been deducted by the payer.”;
- (c) for item 8 substitute as items 7A and 8—
- “7A Provision for excluding payments of such description as may be specified from the operation of the regulations in such circumstances as may be specified.
- 8 Provision for the making of decisions by the Board or the Inland Revenue as to any matter required to be decided for the purposes of the regulations and for appeals against such decisions.”.
- (2) After subsection (7) of that section insert—
- “(7A) Nothing in PAYE regulations may be read—
- (a) as preventing the making of arrangements for the collection of tax in such manner as may be agreed by, or on behalf of, the payer and the Inland Revenue, or
  - (b) as requiring the payer to comply with the regulations in circumstances in which the Inland Revenue is satisfied that it is unnecessary or not appropriate for the payer to do so.
- (7B) References in this section and section 685 to income tax in respect of PAYE income are references to income tax in respect of that income if reasonable assumptions are (when necessary) made about other income.
- (7C) In this section and section 685—
- “payer” means any person paying PAYE income and “payee” means any person in receipt of such income;
- “specified” means specified in PAYE regulations.”.
- (3) In subsection (2) of section 685 of that Act (tax tables), for paragraph (b) substitute—

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- “(b) subject to an adjustment in respect of amounts required to be deducted or repaid by PAYE regulations made under item 1A or 2 in the list in section 684(2).”.
- (4) After subsection (3) of that section insert—
- “(4) PAYE regulations may make provision, where it appears to the Inland Revenue that it is impracticable for a payer to deduct tax by reference to tax tables—
- (a) for deductions to be made by the payer in accordance with other arrangements agreed as mentioned in section 684(7A)(a), or
- (b) for the payee to be required to keep records and make payments and returns as if he were the payer.”.
- (5) In section 707 of that Act (interpretation of Chapter 5 of Part 11), in the definition of “employment”, for “this section” substitute “ this Chapter ”.
- (6) In section 710 of that Act (notional payments: accounting for tax)—
- (a) in subsections (1) and (4), after “must” insert “ , subject to and in accordance with PAYE regulations, ”;
- (b) in subsection (5)(b) and (c), for “accounted for” substitute “ deducted or accounted for (or required to be deducted or accounted for) ”; and
- (c) in subsection (6), for “an amount which” substitute “ an amount of tax which ” and for “is paid by the employee” substitute “ is deducted ”.
- (7) Substitute “ PAYE regulations ”
- (a) for “the said section 203” in subsection (8) of section 59A of the Taxes Management Act 1970 (c. 9) (payments on account of income tax); and
- (b) for “that section” in subsection (10) of that section and subsections (2) and (8) of section 59B of that Act (payments of income tax and capital gains tax).

<sup>F443</sup>**146 Payroll giving: extension of 10% supplement to 5th April 2004**

.....

**Textual Amendments**

**F443** S. 146 repealed (19.7.2011) by [Finance Act 2011 \(c. 11\)](#), [Sch. 26 para. 3\(2\)\(b\)](#)

**147 Sub-contractor deductions etc: interest on late payment or repayment**

<sup>F444</sup>(1) .....

- (2) In the Social Security Contributions and Benefits Act 1992 (c. 4) and the Social Security Contributions and Benefits (Northern Ireland) Act 1992 (c. 7), in paragraph 6 of Schedule 1 (power to combine collection of national insurance contributions with tax) after sub-paragraph (4A) insert—
- “(4B) Interest required to be paid, by virtue of sub-paragraph (2)(a) or (b) above, by regulations under sub-paragraph (1) above shall be paid without any deduction of income tax and shall not be taken into account in computing any income, profits or losses for any tax purposes.”.

*Status: Point in time view as at 15/03/2023.*

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(3) In section 22 of the Teaching and Higher Education Act 1998 (c. 30) (student loans), after subsection (9) insert—

“(10) Interest required to be paid, by virtue of subsection (5)(d), by regulations under this section shall be paid without any deduction of income tax and shall not be taken into account in computing any income, profits or losses for any tax purposes.”.

(4) In Article 3 of the Education (Student Support) (Northern Ireland) Order 1998 (S.I. 1998/1760 (N.I. 14)) (student loans), after paragraph (9) insert—

“(10) Interest required to be paid, by virtue of paragraph (5)(d), by regulations under this Article shall be paid without any deduction of income tax and shall not be taken into account in computing any income, profits or losses for any tax purposes.”.

(5) In its application to the computation of income, profits or losses for an accounting period (in the case of a company) or a year of assessment (in the case of a person who is not a company), this section has effect in relation to—

- (a) accounting periods ending on or after 9th April 2003, or
- (b) 2003-04 and subsequent years of assessment.

**Textual Amendments**  
**F444** S. 147(1) repealed (with effect in accordance with s. 77 of the amending Act) by [Finance Act 2004](#) (c. 12), [Sch. 42 Pt. 2\(7\)](#)

*Taxation of non-resident companies and related matters*

<sup>F445</sup>**148 Meaning of “permanent establishment”**

.....

**Textual Amendments**  
**F445** S. 148 repealed (with effect in accordance with s. 1184(1) of the amending Act) by [Corporation Tax Act 2010](#) (c. 4), s. 1184(1), [Sch. 1 para. 410](#), [Sch. 3 Pt. 1](#) (with [Sch. 2](#))

**149 Non-resident companies: basis of charge to corporation tax**

<sup>F446</sup>(1) .....

<sup>F446</sup>(2) .....

<sup>F446</sup>(3) .....

(4) After section 10A of the Taxation of Chargeable Gains Act 1992 (c. 12) insert—



*Status: Point in time view as at 15/03/2023.*

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**“10B Non-resident company with United Kingdom permanent establishment**

- (1) Subject to any exceptions provided by this Act, the chargeable profits for the purposes of corporation tax of a company not resident in the United Kingdom but carrying on a trade in the United Kingdom through a permanent establishment there include chargeable gains accruing to the company on the disposal of—
  - (a) assets situated in the United Kingdom and used in or for the purposes of the trade at or before the time the gain accrued, or
  - (b) assets situated in the United Kingdom and used or held for the purposes of the permanent establishment at or before the time the gain accrued or acquired for use by or for the purposes of the permanent establishment.
- (2) Subsection (1) does not apply unless the disposal is made at a time when the company is carrying on a trade in the United Kingdom through a permanent establishment there.
- (3) This section does not apply to a company that, by virtue of Part 18 of the Taxes Act (double taxation relief arrangements), is exempt from corporation tax for the chargeable period in respect of the profits of the permanent establishment.
- (4) In this section “trade” has the meaning given by section 6(4)(b) of the Taxes Act.”.

<sup>F447</sup>(5) .....

- (6) This section has effect in relation to accounting periods (of the non-resident company) beginning on or after 1st January 2003, and regulations under section 11AA(5) of the Taxes Act 1988 (inserted by subsection (2) above) may be made so as to have effect from that date.

**Textual Amendments**

**F446** S. 149(1)-(3) repealed (with effect in accordance with s. 1329(1) of the amending Act) by [Corporation Tax Act 2009](#) (c. 4), s. 1329(1), **Sch. 3 Pt. 1** (with **Sch. 2 Pts. 1, 2**)

**F447** S. 149(5) repealed (with effect in accordance with s. 1184(1) of the amending Act) by [Corporation Tax Act 2010](#) (c. 4), s. 1184(1), **Sch. 3 Pt. 1** (with **Sch. 2**)

<sup>F448</sup>**150 Non-resident companies: assessment, collection and recovery of corporation tax**

.....

**Textual Amendments**

**F448** S. 150 repealed (with effect in accordance with s. 1184(1) of the amending Act) by [Corporation Tax Act 2010](#) (c. 4), s. 1184(1), **Sch. 1 para. 411, Sch. 3 Pt. 1** (with **Sch. 2**)

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#### <sup>F449</sup> 151 Non-resident companies: extent of charge to income tax

.....

##### Textual Amendments

**F449** S. 151 repealed (6.4.2007) by [Income Tax Act 2007 \(c. 3\)](#), s. 1034(1), Sch. 1 para. 452, [Sch. 3 Pt. 1](#) (with [Sch. 2](#))

#### <sup>F450</sup> 152 Non-resident companies: transactions carried out through broker, investment manager or Lloyd’s agent

.....

##### Textual Amendments

**F450** S. 152 repealed (with effect in accordance with s. 1184(1) of the amending Act) by [Corporation Tax Act 2010 \(c. 4\)](#), s. 1184(1), Sch. 1 para. 412, [Sch. 3 Pt. 1](#) (with [Sch. 2](#))

### 153 General replacement of references to branch or agency of company

- (1) In the following provisions (which relate only to companies) for “branch or agency” or “branches or agencies”, wherever occurring, substitute “ permanent establishment ” or “ permanent establishments ”.

The provisions are—

- (a) in the Taxes Act 1988, sections <sup>F451</sup> ..., <sup>F452</sup> ... <sup>F453</sup> ... 442(1), <sup>F454</sup> ... <sup>F455</sup> ..., 748A(1) (c) and (2), <sup>F456</sup> ...; in Schedule 15, paragraphs 17(3)(c) and 25(2)(c); <sup>F457</sup> ... in Schedule 24, paragraphs 1 and 8; and in Schedule 25, paragraphs 6(2A) and (2C), 8 and 11(3);
- (b) in the Taxation of Chargeable Gains Act 1992 (c. 12), sections 140(1), 140C(1)(a), 173(3)(b), 175(1A)(b), 185(4) and 213(5A);
- <sup>F458</sup>(c) .....
- (d) in the Capital Allowances Act 2001 (c. 2), sections 560(2) and 561(1)(c);
- <sup>F459</sup>(e) .....

- (2) In the following provisions (which relate to companies and other persons), any reference to a branch or agency shall be read, in relation to a company, as a reference to a permanent establishment.

The provisions are—

- (a) in the Taxes Act 1988, sections <sup>F460</sup> ... <sup>F461</sup> ... 806K(1) <sup>F462</sup> ... <sup>F463</sup> ... <sup>F464</sup> ...;
- (b) in the Taxation of Chargeable Gains Act 1992, sections 25(2), (3) and (5), 80(4)(a) and (b) and (7)(b), 199(2) and (4) and 276(7);
- (c) in the Finance Act 1999 (c. 16), section 85(2)(a);
- <sup>F465</sup>(d) .....

- (3) Any reference to a branch or agency—

- (a) in subordinate legislation made under an enactment contained in the Tax Acts or relating to chargeable gains, or
- (b) that is to be construed as having the same meaning as in any such enactment,

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shall be read, in relation to a company, as a reference to a permanent establishment.

“Subordinate legislation” here has the same meaning as in the Interpretation Act 1978 (c. 30).

- (4) This section has effect in relation to accounting periods beginning on or after 1st January 2003.

#### Textual Amendments

- F451** Word in s. 153(1)(a) repealed (with effect in accordance with s. 1329(1) of the amending Act) by [Corporation Tax Act 2009 \(c. 4\)](#), s. 1329(1), **Sch. 3 Pt. 1** (with [Sch. 2 Pts. 1, 2](#))
- F452** Words in s. 153(1)(a) repealed (6.4.2007) by [Income Tax Act 2007 \(c. 3\)](#), s. 1034(1), **Sch. 3 Pt. 1** (with [Sch. 2](#))
- F453** Words in s. 153(1)(a) repealed (with effect in accordance with s. 1184(1) of the amending Act) by [Corporation Tax Act 2010 \(c. 4\)](#), s. 1184(1), **Sch. 3 Pt. 1** (with [Sch. 2](#))
- F454** Words in s. 153(1)(a) repealed (with effect in accordance with s. 26(3) of the amending Act) by [Finance Act 2012 \(c. 14\)](#), **s. 26(2)(c)**
- F455** Word in s. 153(1)(a) repealed (6.4.2005) by [Income Tax \(Trading and Other Income\) Act 2005 \(c. 5\)](#), s. 883(1), **Sch. 3** (with [Sch. 2](#))
- F456** Words in s. 153(1)(a) repealed (with effect in accordance with s. 381(1) of the amending Act) by [Taxation \(International and Other Provisions\) Act 2010 \(c. 8\)](#), s. 381(1), **Sch. 10 Pt. 1** (with [Sch. 9 paras. 1-9, 22](#))
- F457** Words in s. 153(1)(a) repealed (19.7.2007) by [Finance Act 2007 \(c. 11\)](#), **Sch. 27 Pt. 2(7)**
- F458** S. 153(1)(c) repealed (19.7.2007) by [Finance Act 2007 \(c. 11\)](#), **Sch. 27 Pt. 2(11)**
- F459** S. 153(1)(e) repealed (with effect in accordance with s. 1329(1) of the amending Act) by [Corporation Tax Act 2009 \(c. 4\)](#), s. 1329(1), **Sch. 3 Pt. 1** (with [Sch. 2 Pts. 1, 2](#))
- F460** Word in s. 153(2)(a) repealed (6.4.2006) by [Finance Act 2004 \(c. 12\)](#), **Sch. 42 Pt. 3** (with [Sch. 36](#))
- F461** Words in s. 153(2)(a) repealed (with effect in accordance with s. 381(1) of the amending Act) by [Taxation \(International and Other Provisions\) Act 2010 \(c. 8\)](#), s. 381(1), **Sch. 10 Pt. 1** (with [Sch. 9 paras. 1-9, 22](#))
- F462** Words in s. 153(2)(a) repealed (31.1.2013) by [Statute Law \(Repeals\) Act 2013 \(c. 2\)](#), s. 3(2), **Sch. 1 Pt. 10** Group 1
- F463** Words in s. 153(2)(a) repealed (with effect in accordance with s. 1329(1) of the amending Act) by [Corporation Tax Act 2009 \(c. 4\)](#), s. 1329(1), **Sch. 3 Pt. 1** (with [Sch. 2 Pts. 1, 2](#))
- F464** Words in s. 153(2)(a) repealed (with effect in accordance with s. 1184(1) of the amending Act) by [Corporation Tax Act 2010 \(c. 4\)](#), s. 1184(1), **Sch. 3 Pt. 1** (with [Sch. 2](#))
- F465** S. 153(2)(d) repealed (with effect in accordance with s. 1329(1) of the amending Act) by [Corporation Tax Act 2009 \(c. 4\)](#), s. 1329(1), **Sch. 3 Pt. 1** (with [Sch. 2 Pts. 1, 2](#))

#### <sup>F466</sup>154 Double taxation relief: profits attributable to overseas permanent establishment

.....

#### Textual Amendments

- F466** S. 154 repealed (with effect in accordance with s. 381(1) of the amending Act) by [Taxation \(International and Other Provisions\) Act 2010 \(c. 8\)](#), s. 381(1), **Sch. 10 Pt. 1** (with [Sch. 9 paras. 1-9, 22](#))

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## 155 Consequential amendments

- (1) Schedule 27 to this Act provides for amendments consequential on the provisions of sections 148 to 153.
- (2) The amendments made by that Schedule have effect in relation to accounting periods beginning on or after 1st January 2003.

## <sup>F467</sup>156 Overseas life insurance companies

.....

### Textual Amendments

**F467** S. 156 omitted (17.7.2012) by virtue of [Finance Act 2012 \(c. 14\)](#), [Sch. 16 para. 109](#)

### *Chargeable gains*

## 157 Life insurance policies and deferred annuity contracts

- (1) For section 210 of the Taxation of Chargeable Gains Act 1992 (c. 12) substitute—

### “210 Life insurance and deferred annuities

- (1) This section has effect in relation to any policy of insurance or contract for a deferred annuity on the life of any person.
- (2) A gain accruing on a disposal of, or of an interest in, the rights conferred by the policy of insurance or contract for a deferred annuity is not a chargeable gain unless subsection (3) below applies.
- (3) This subsection applies if—
  - (a) (in the case of a disposal of the rights) the rights or any interest in the rights, or
  - (b) (in the case of a disposal of an interest in the rights) the rights, the interest or any interest from which the interest directly or indirectly derives (in whole or in part),
 have or has at any time been acquired by any person for actual consideration (as opposed to consideration deemed to be given by any enactment relating to the taxation of chargeable gains).
- (4) For the purposes of subsection (3) above —
  - (a) (in the case of a policy of insurance) amounts paid under the policy by way of premiums, and
  - (b) (in the case of a contract for a deferred annuity) amounts paid under the contract, whether by way of premiums or as lump sum consideration,
 do not constitute actual consideration.
- (5) And for those purposes actual consideration for—
  - (a) a disposal which is made by one spouse to the other or is an approved post-marriage disposal, or

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- (b) a disposal to which section 171(1) applies,  
is to be treated as not constituting actual consideration.
- (6) For the purposes of subsection (5)(a) above a disposal is an approved post-marriage disposal if—
  - (a) it is made in consequence of the dissolution or annulment of a marriage by one person who was a party to the marriage to the other,
  - (b) it is made with the approval, agreement or authority of a court (or other person or body) having jurisdiction under the law of any country or territory or pursuant to an order of such a court (or other person or body), and
  - (c) the rights disposed of were, or the interest disposed of was, held by the person by whom the disposal is made immediately before the marriage was dissolved or annulled.
- (7) Subsection (8) below applies for the purposes of tax on chargeable gains where—
  - (a) (if that subsection did not apply) a loss would accrue on a disposal of, or of an interest in, the rights conferred by the policy of insurance or contract for a deferred annuity, but
  - (b) if sections 37 and 39 were disregarded, there would accrue on the disposal a loss of a smaller amount, a gain or neither a loss nor a gain.
- (8) If (disregarding those sections) a loss of a smaller amount would accrue, that smaller amount is to be taken to be the amount of the loss accruing on the disposal; and in any other case, neither a loss nor a gain is to be taken to accrue on the disposal.
- (9) But subsection (8) above does not affect the treatment for the purposes of tax on chargeable gains of the person who acquired rights, or an interest in rights, on the disposal.
- (10) The occasion of—
  - (a) the receipt of the sum or sums assured by the policy of insurance,
  - (b) the transfer of investments or other assets to the owner of the policy of insurance in accordance with the policy, or
  - (c) the surrender of the policy of insurance,is for the purposes of tax on chargeable gains an occasion of a disposal of the rights (or of all of the interests in the rights) conferred by the policy of insurance.
- (11) The occasion of—
  - (a) the receipt of the first instalment of the annuity under the contract for a deferred annuity, or
  - (b) the surrender of the rights conferred by the contract for a deferred annuity,is for the purposes of tax on chargeable gains an occasion of a disposal of the rights (or of all of the interests in the rights) conferred by the contract for a deferred annuity.
- (12) Where there is a disposal on the occasion of the receipt of the first instalment of the annuity under the contract for a deferred annuity—

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- (a) in the case of a disposal of the rights conferred by the contract, the consideration for the disposal is the aggregate of the amount or value of the first instalment and the market value at the time of the disposal of the right to receive the further instalments of the annuity, and
- (b) in the case of a disposal of an interest in the rights, the consideration for the disposal is such proportion of that aggregate as is just and reasonable;

and no gain accruing on any subsequent disposal of, or of any interest in, the rights is a chargeable gain (even if subsection (3) above applies).

- (13) In this section “interest”, in relation to rights conferred by a policy of insurance or contract for a deferred annuity, means an interest as a co-owner of the rights (whether the rights are owned jointly or in common and whether or not the interests of the co-owners are equal).”.

- (2) This section has effect in relation to disposals on or after 9th April 2003.

## **158 Application of market value rule in case of exercise of option**

- (1) In Chapter 3 of Part 4 of the Taxation of Chargeable Gains Act 1992 (c. 12) (miscellaneous provisions relating to options and other matters), after section 144 insert—

### **“144ZA Application of market value rule in case of exercise of option**

- (1) This section applies where—
- (a) an option is exercised, so that by virtue of section 144(2) or (3) the grant or acquisition of the option and the transaction resulting from its exercise are treated as a single transaction, and
  - (b) section 17(1) (“the market value rule”) applies, or would apply but for this section, in relation to—
    - (i) the grant of the option,
    - (ii) the acquisition of the option (whether directly from the grantor or not) by the person exercising it, or
    - (iii) the transaction resulting from its exercise.
- (2) If the option binds the grantor to sell—
- (a) the market value rule does not apply for determining the consideration for the sale, except, where the rule applies for determining the consideration for the option, to that extent (in accordance with section 144(2)(a));
  - (b) the market value rule does not apply for determining the cost to the person exercising the option of acquiring what is sold, except, where the rule applies for determining the cost of acquiring the option, to that extent (in accordance with section 144(3)(a)).
- (3) If the option binds the grantor to buy—
- (a) the market value rule does not apply for determining the cost of acquisition incurred by the grantor, but without prejudice to its application (in accordance with section 144(2)(b)) where the rule applies for determining the consideration for the option;

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- (b) the market value rule does not apply for determining the consideration for the disposal of what is bought, but without prejudice to its application (in accordance with section 144(3)(b)) where the rule applies for determining the cost of the option.
  - (4) To the extent that, by virtue of this section, the market value rule does not apply for determining an amount or value, the amount or value to be taken into account is (subject to section 120) the actual amount or value.
  - (5) In this section “option” has the same meaning as in section 144.”.
- (2) This section applies in relation to the exercise of an option on or after 10th April 2003.

### 159 Reporting limits and annual exempt amount

- (1) The Taxation of Chargeable Gains Act 1992 (c. 12) is amended in accordance with Schedule 28 to this Act.
- (2) In that Schedule—
  - Part 1 makes provision as to the cases in which a return of information about chargeable gains is required,
  - Part 2 contains minor and consequential amendments of the provisions relating to the annual exempt amount, and
  - Part 3 provides for commencement.

### <sup>F468</sup>160 Taper relief: assets qualifying as business assets

.....

#### Textual Amendments

**F468** S. 160 omitted (with effect in accordance with Sch. 2 para. 56(3) of the amending Act) by virtue of Finance Act 2008 (c. 9), Sch. 2 para. 55(f)(i)

### 161 Earn-out rights to be treated as securities unless contrary election

- (1) Section 138A of the Taxation of Chargeable Gains Act 1992 (c. 12) (use of earn-out rights for exchange of securities) is amended as follows.
- (2) In subsection (2) (seller’s right to elect for earn-out right to be treated as security of new company)—
  - (a) at the end of paragraph (a) insert “ and ”; and
  - (b) omit paragraph (c) (the seller’s right of election) and the word “and” immediately preceding it.
- (3) After subsection (2) insert—

“(2A) Subsection (2) above does not have effect if the seller elects under this section for the earn-out right not to be treated as a security of the new company.”.
- (4) In subsection (4) (election for corresponding treatment where old right extinguished in consideration of new right)—
  - (a) at the end of paragraph (c) insert “ and ”;

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- (b) omit paragraph (e) (right of election of person on whom the new right is conferred) and the word “and” immediately preceding it; and
  - (c) in the closing words, for “that person” substitute “ the person on whom the new right is conferred ”.
- (5) After subsection (4) insert—
- “(4A) Subsection (4) above does not have effect if the person on whom the new right is conferred elects under this section for it not to be treated as a security of the new company.”.
- (6) The amendments made by this section have effect in relation to rights conferred on or after 10th April 2003.

## 162 Deferred unascertainable consideration: election for treatment of loss

- (1) After section 279 of the Taxation of Chargeable Gains Act 1992 insert—

### **“279A Deferred unascertainable consideration: election for treatment of loss**

- (1) Where—
- (a) a person (“the taxpayer”) makes a disposal of a right to which this section applies (see subsection (2) below),
  - (b) on that disposal an allowable loss (“the relevant loss”) would, apart from section 279C, accrue to him in any year (“the year of the loss”), and
  - (c) the year of the loss is a year in which the taxpayer is within the charge to capital gains tax (see section 279B(1)),
- the taxpayer may make an election under this section for the relevant loss to be treated as accruing in an earlier year in accordance with section 279C if condition 1 in subsection (3) below and condition 2 in subsection (5) below are satisfied.
- (2) This section applies to a right if each of the following conditions is satisfied—
- (a) the right was, in whole or in part, acquired by the taxpayer as the whole or part of the consideration for a disposal (the “original disposal”) by him of another asset (the “original asset”),
  - (b) the original disposal was made in a year (“the year of the original disposal”) earlier than the year in which the disposal mentioned in subsection (1)(a) above is made (“the year of the right’s disposal”),
  - (c) where the right was acquired by the taxpayer as the whole or part of the consideration for two or more disposals (each of which is accordingly an “original disposal”), the condition in paragraph (b) above is satisfied with respect to each of those disposals (the “original disposals”),
  - (d) on the taxpayer’s acquisition of the right, there was no corresponding disposal of it,
  - (e) the right is a right to unascertainable consideration (see section 279B(2) to (6)).



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- (3) Condition 1 for making an election in relation to the relevant loss is that a chargeable gain accrued to the taxpayer on any one or more of the following events—
- (a) the original disposal,
  - (b) an earlier disposal of the original asset by the taxpayer in the year of the original disposal,
  - (c) a later disposal of the original asset by the taxpayer in a year earlier than the year of the right’s disposal,
- or would have so accrued but for paragraph 2(2)(a) of Schedule 5B or 5C (postponement of original gain). This subsection is subject to subsection (4) below.
- (4) If the right to which this section applies was acquired by the taxpayer as the whole or part of the consideration for two or more original disposals (including cases where there are two or more original assets (the “original assets”))—
- (a) any reference in subsection (3) above to the original disposal is a reference to any of the original disposals,
  - (b) any reference in that subsection to the original asset is a reference to the asset which is the original asset in relation to that original disposal, and
  - (c) any reference in that subsection to the year of the original disposal shall be construed accordingly.
- (5) Condition 2 for making an election in relation to the relevant loss is that there is a year (an “eligible year”)—
- (a) which is earlier than the year of the loss but not earlier than the year 1992-93,
  - (b) in which a chargeable gain falling within subsection (3) above or subsection (6) below accrued to the taxpayer, and
  - (c) for which, immediately before the election, there remains a relevant amount on which capital gains tax is chargeable (see subsection (7) below).
- (6) A chargeable gain falling within this subsection accrues to the taxpayer in a year if—
- (a) in that year a chargeable gain (the “revived gain”) is treated as accruing to the taxpayer in accordance with paragraphs 4 and 5 of Schedule 5B or 5C (chargeable gain accruing to person on chargeable event), and
  - (b) the gain which, in determining the amount of the revived gain in accordance with those paragraphs, is the original gain consists of or represents the whole or some part of a gain that would have accrued as mentioned in subsection (3) above but for paragraph 2(2)(a) of Schedule 5B or 5C.
- (7) For the purposes of subsection (5)(c) above, a year is one for which, immediately before an election, there remains a relevant amount on which capital gains tax is chargeable if, immediately before the making of that election, there remains an amount in respect of which the taxpayer is chargeable to capital gains tax for the year—

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- (a) after taking account of any previous elections made by the taxpayer under this section,
- (b) after excluding any amounts that fall to be brought into account for that year under section 2(4)(b) by virtue of section 2(5)(b), and
- (c) on the assumption that no part of the relevant loss (or of any other loss in respect of which an election under this section may be, but has not been, made) falls to be deducted in consequence of an election under this section from the chargeable gains accruing to the taxpayer in that year.

(8) In this section “year” means year of assessment.

(9) This section and sections 279B to 279D are to be construed as one.

### **279B Provisions supplementary to section 279A**

- (1) For the purposes of section 279A(1)(c) a person is within the charge to capital gains tax in any year if—
  - (a) he is chargeable to capital gains tax in respect of chargeable gains accruing to him in that year, or
  - (b) on the assumption that there accrue to him in that year any chargeable gains (excluding amounts in relation to which section 2(4)(a) applies), he would be so chargeable apart from—
    - (i) any deductions that fall to be made from the total amount referred to in section 2(2), and
    - (ii) section 3 (annual exempt amount).
- (2) Subsections (3) to (6) below have effect for the purposes of section 279A(2)(e) (right to unascertainable consideration).
- (3) A right is a right to unascertainable consideration if, and only if,—
  - (a) it is a right to consideration the amount or value of which is unascertainable at the time when the right is conferred, and
  - (b) that amount or value is unascertainable at that time on account of its being referable, in whole or in part, to matters which are uncertain at that time because they have not yet occurred.

This subsection is subject to subsections (4) to (6) below.

- (4) The amount or value of any consideration is not to be regarded as being unascertainable by reason only—
  - (a) that the right to receive the whole or any part of the consideration is postponed or contingent, if the consideration or, as the case may be, that part of it is, in accordance with section 48, brought into account in the computation of the gain accruing to the taxpayer on the disposal of an asset, or
  - (b) in a case where the right to receive the whole or any part of the consideration is postponed and is to be, or may be, to any extent satisfied by the receipt of property of one description or property of some other description, that some person has a right to select the property, or the description of property, that is to be received.

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- (5) A right is not to be taken to be a right to unascertainable consideration by reason only that either the amount or the value of the consideration has not been fixed, if—
  - (a) the amount will be fixed by reference to the value, and the value is ascertainable, or
  - (b) the value will be fixed by reference to the amount, and the amount is ascertainable.
- (6) A right which is by virtue of subsection (2) or (4) of section 138A (use of earn-out rights for exchange of securities) assumed in accordance with subsection (3)(a) of that section to be a security, within the definition in section 132, is not to be regarded as a right to unascertainable consideration.
- (7) For the purposes of section 279A, any question as to—
  - (a) whether a chargeable gain or a loss is one that accrues (or would, apart from any particular provision, accrue) on a particular disposal or a disposal of any particular description, or
  - (b) the time at which, or year in which, any particular disposal takes place, is to be determined without regard to section 10A(2) (chargeable gains and losses accruing during temporary non-residence to be treated as accruing in year of return). This subsection is subject to subsection (8) below.
- (8) Subsection (7) above does not affect the determination of any question—
  - (a) as to the year in which the chargeable gain or loss is, by virtue of section 10A(2), to be treated as accruing (apart from section 279C), or
  - (b) where (apart from section 279C) a loss is to be treated by virtue of section 10A(2) as accruing in a particular year, whether the loss is an allowable loss.

### **279C Effect of election under section 279A**

- (1) This section applies where an election is made under section 279A by the taxpayer for the relevant loss to be treated as accruing in an earlier year in accordance with this section.
- (2) Where this section applies, the relevant loss shall be treated for the purposes of capital gains tax as if it were a loss accruing to the taxpayer in the earliest year which is an eligible year (the “first eligible year”), instead of in the year of the loss (but subject to, and in accordance with, the following provisions of this section).
- (3) The amount of the relevant loss that falls to be deducted from chargeable gains of the first eligible year in accordance with section 2(2)(a) is limited to the amount (the “first year limit”) found by taking the following steps—
  - Step 1:* take the total amount of chargeable gains accruing to the taxpayer in the first eligible year,
  - Step 2:* exclude from that amount any amounts that fall to be disregarded in accordance with section 2(4)(a) for that year,
  - Step 3:* deduct from the amount remaining any amounts in respect of allowable losses (other than the relevant loss or any part of it) that fall to be deducted from that amount in accordance with section 2(2) otherwise than

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by virtue of section 2(5)(aa)(i) (taking account of any previous elections under section 279A).

The amount so found is the first year limit, unless the first eligible year is a year in relation to which section 2(5)(aa) has effect, in which case the further steps in subsection (4) below must also be taken.

(4) Those further steps are—

*Step 4:* add to the amount found by taking steps 1 to 3 in subsection (3) above every amount which is treated by virtue of section 77 or 86 as an amount of chargeable gains accruing to the taxpayer for the first eligible year (the “attributed amounts”),

*Step 5:* deduct from the resulting amount any amounts (other than the relevant loss or any part of it) that fall to be deducted from the attributed amounts in accordance with section 2(5)(aa)(i) (taking account of any previous elections under section 279A).

The amount so found is the first year limit in a case where section 2(5)(aa) applies in relation to the first eligible year.

(5) As respects any later year before the year of the loss, the relevant loss (so far as not previously allowed as a deduction from chargeable gains accruing in any previous year) falls to be deducted in accordance with section 2(2)(b) only if that later year is an eligible year.

(6) The amount of the relevant loss that falls to be deducted from chargeable gains of that later eligible year in accordance with section 2(2)(b) is limited to the amount (the “later year limit”) in respect of which the taxpayer would be chargeable to capital gains tax for that later year—

- (a) on the assumption in subsection (7) below,
- (b) taking account of any previous elections under section 279A, and
- (c) apart from the provisions specified in subsection (8) below.

(7) The assumption is that no part of—

- (a) the relevant loss, or
- (b) any loss in respect of which an election under section 279A may be, but has not been, made,

falls to be deducted, in consequence of an election under section 279A, from any chargeable gains accruing to the taxpayer in that later eligible year.

The assumption falls to be made immediately after the making of the election in respect of the relevant loss.

(8) The provisions are—

- (a) section 2(5)(a)(ii) (taper relief),
- (b) section 2(5)(aa)(ii) (taper relief),
- (c) section 2(5)(b) (addition of certain amounts treated as amounts of chargeable gains), and
- (d) section 2A (taper relief),

except that paragraphs (b) and (d) above are not to affect the operation of section 2(7) for the purposes of subsection (6) above.

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- (9) All such adjustments shall be made, whether by discharge or repayment of tax, the making of assessments or otherwise, as are required to give effect to the election under section 279A made by the taxpayer for the relevant loss to be treated as accruing in an earlier year in accordance with this section.
- (10) Any reference in this section or section 279D to deduction in accordance with section 2(2)(a), section 2(2)(b) or section 2(2) includes a reference to such deduction by virtue of section 2(5)(a)(i) or (aa)(i).

### **279D Elections under section 279A**

- (1) An election under section 279A is irrevocable.
- (2) Any election under that section must be made by giving a notice in accordance with this section.
- (3) The notice must be given to an officer of the Board.
- (4) Subsections (5) to (8) below have effect in relation to the notice given by the taxpayer in respect of the relevant loss.
- (5) The notice must specify each of the following—
  - (a) the amount of the relevant loss;
  - (b) the right disposed of;
  - (c) the year of the right's disposal;
  - (d) the year of the loss (if different from the year of the right's disposal);
  - (e) the year in which the right was acquired;
  - (f) the original asset or assets.
- (6) The notice must also specify each of the following—
  - (a) the eligible year in which the relevant loss is to be treated in accordance with section 279C(2) as accruing to the taxpayer;
  - (b) the first year limit (see section 279C(3) and (4));
  - (c) how much of the relevant loss falls to be deducted in accordance with section 2(2)(a) from chargeable gains accruing to the taxpayer in that year.
- (7) If, in accordance with section 279C, any part of the relevant loss falls to be deducted in accordance with section 2(2)(b) from chargeable gains accruing to the taxpayer in any later eligible year, the notice must also specify—
  - (a) each such year;
  - (b) in the case of each such year, the later year limit (see section 279C(6));
  - (c) how much of the relevant loss falls to be deducted in accordance with section 2(2)(b) in each such year from chargeable gains accruing to the taxpayer in that year.
- (8) The notice must be given on or before the first anniversary of the 31st January next following the year of the loss.
- (9) An election under section 279A is made on the date on which the notice of the election is given.
- (10) Different notices must be given in respect of different losses.

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- (11) Where a person makes two or more elections under section 279A on the same day, the notices must specify the order in which the elections are made.
- (12) For the purposes of any provisions of sections 279A to 279C whose operation is affected by the order in which any elections under section 279A are made, elections made by a person on the same day shall be treated as made at different times and in the order specified in accordance with subsection (11) above.”.
- (2) Where—
- (a) on the disposal of a right to which section 279A of the Taxation of Chargeable Gains Act 1992 (c. 12) applies, an allowable loss would, apart from section 279C of that Act, accrue to a person in any year of assessment,
  - (b) an election is made under section 279A of that Act for the loss to be treated as accruing in an earlier year in accordance with section 279C, and
  - (c) the right is an earn-out right, within the meaning of section 138A of that Act, which was conferred before 10th April 2003,
- no election may be made under section 138A of that Act (election for earn-out right to be treated as security etc) in respect of the right, whether at the same time as the election under section 279A or subsequently.
- (3) The amendment made by subsection (1) has effect in relation to allowable losses that would, apart from that amendment, accrue on or after 10th April 2003.
- For this purpose, losses that would, apart from that amendment, be treated by virtue of section 10A of the Taxation of Chargeable Gains Act 1992 as accruing in the year 2003-04 shall be treated as so accruing on or after 10th April 2003.
- (4) Subsection (2) shall be deemed to have come into force on 10th April 2003.

### **163 Transfers of value: attribution of gains to beneficiaries**

- (1) For section 85A of the Taxation of Chargeable Gains Act 1992 (c. 12) substitute—

**“85A Transfers of value: attribution of gains to beneficiaries and treatment of losses**

- (1) Schedule 4C to this Act has effect with respect to the attribution of gains to beneficiaries where there has been a transfer of value to which Schedule 4B applies.
- (2) Sections 86A to 95 have effect subject to the provisions of Schedule 4C.
- (3) No account shall be taken of any chargeable gains or allowable losses accruing by virtue of Schedule 4B in computing the trust gains for a year of assessment in accordance with sections 87 to 89, except in computing for the purposes of paragraph 7A(2) of Schedule 4C the amount on which the trustees would have been chargeable to tax under section 2(2) if they had been resident or ordinarily resident in the United Kingdom.
- (4) No account shall be taken of any chargeable gains or allowable losses to which sections 87 to 89 apply in computing the gains or losses accruing by virtue of Schedule 4B.”.

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(2) Schedule 4C to that Act (transfers of value: attribution of gains to beneficiaries) is amended in accordance with Schedule 29 to this Act.

<sup>F469</sup>(3) .....

(4) The following provisions have effect with respect to the coming into force of the amendments made by this section and Schedule 29—

- (a) the amendments apply where the trustees of a settlement have made a transfer to which Schedule 4B applies at any time on or after 21st March 2000;
- (b) where there has been a transfer of value to which Schedule 4B applies before 9th April 2003, the transferor settlement shall be treated as having a Schedule 4C pool as from that date containing such Schedule 4C gains as would fall to be included in the pool if—
  - (i) a year of assessment had ended with 8th April 2003, and
  - (ii) the reference in paragraph 1(2)(b) of Schedule 4C as amended to the end of the year of assessment in which the transfer of value was made were to that date;
- (c) where a transferor settlement ceased to exist on or after 21st March 2000 and before 9th April 2003, Schedule 4C as amended applies as if it had ceased to exist on 8th April 2003 (so that paragraph (b) above applies);
- (d) so much of Schedule 4C as amended as provides—
  - (i) that gains treated as accruing to beneficiaries who are not chargeable to tax are treated as outstanding section 87/89 gains, or
  - (ii) that gains in a settlement's Schedule 4C pool are not to be treated as accruing to such beneficiaries,applies only in relation to capital payments made on or after 9th April 2003;
- (e) gains included in a settlement's Schedule 4C pool by virtue of paragraph 1(2)(b) of that Schedule as amended shall only be attributed in accordance with the provisions of that Schedule to beneficiaries who receive capital payments on or after 9th April 2003.

(5) Paragraph 8A(3) and (4) of Schedule 4C, inserted by paragraph 4 of Schedule 29 to this Act, applies only where the transfer referred to in that provision occurs on or after 9th April 2003.

(6) Expressions used in subsection (4) that are defined for the purposes of Schedule 4C to the Taxation of Chargeable Gains Act 1992 (c. 12) as amended by Schedule 29 to this Act have the same meaning as in that Schedule.

#### Textual Amendments

**F469** S. 163(3) omitted (with effect in accordance with Sch. 7 para. 115 of the amending Act) by virtue of Finance Act 2008 (c. 9), Sch. 7 para. 114(c)

### *Capital allowances and related matters*

#### **164 Avoidance affecting proceeds of balancing event**

(1) In Chapter 5 of Part 12 of the Capital Allowances Act 2001 (c. 2) (miscellaneous supplementary provisions), after section 570 insert—

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*“Anti-avoidance*

**570A Avoidance affecting proceeds of balancing event**

- (1) This section applies where an event occurs in relation to an asset (a “balancing event”) as a result of which a balancing allowance would (but for this section) fall to be made to a person (“the taxpayer”) under Part 3, 4, 4A, 5 or 10.
- (2) The taxpayer is not entitled to any balancing allowance if, as a result of a tax avoidance scheme, the amount to be brought into account as the proceeds from the event is less than it would otherwise have been.
- (3) In subsection (2) a “tax avoidance scheme” means a scheme or arrangement the main purpose, or one of the main purposes, of which is the obtaining of a tax advantage by the taxpayer.
- (4) Where this section applies to deny a balancing allowance, the residue of qualifying expenditure immediately after the balancing event is nevertheless calculated as if the balancing allowance had been made.
- (5) In this section as it applies for the purposes of Part 5 (mineral extraction allowances)—
  - (a) the references to the proceeds from the balancing event that are to be brought into account shall be read as references to the disposal value to be brought into account, and
  - (b) the reference to the residue of qualifying expenditure shall be read as a reference to the unrelieved qualifying expenditure.”.
- (2) This section applies in relation to any balancing event (within the meaning of section 570A, inserted by subsection (1) above) occurring on or after 27th November 2002, except where the event—
  - (a) occurs in pursuance of a contract entered into before that date, and
  - (b) does not occur in consequence of the exercise on or after that date of an option, right of pre-emption or similar right.

<sup>F470</sup>**165 Extension of first-year allowances for ICT expenditure by small enterprises**

.....

**Textual Amendments**

**F470** S. 165 omitted (21.7.2008) by virtue of [Finance Act 2008 \(c. 9\)](#), [s. 76\(6\)\(b\)](#) (with [s. 76\(7\)\(8\)](#))

<sup>F471</sup>**166 Expenditure on software for sub-licensing**

.....

**Textual Amendments**

**F471** S. 166 omitted (21.7.2008) by virtue of [Finance Act 2008 \(c. 9\)](#), [s. 76\(6\)\(b\)](#) (with [s. 76\(7\)\(8\)](#))



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## 167 First-year allowances for expenditure on environmentally beneficial plant or machinery

Schedule 30 to this Act (first-year allowances for expenditure on environmentally beneficial plant or machinery) has effect in relation to expenditure incurred on or after 1st April 2003.

## <sup>F472</sup>168 Relief for research and development

.....

### Textual Amendments

**F472** S. 168 repealed (with effect in accordance with s. 1329(1) of the amending Act) by [Corporation Tax Act 2009 \(c. 4\)](#), s. 1329(1), **Sch. 3 Pt. 1** (with Sch. 2 Pts. 1, 2)

## 169 Tonnage tax: extension of capital allowance restrictions on lessors of ships

Schedule 32 to this Act (tonnage tax: restrictions on capital allowances for lessors of ships) has effect.

### *Life insurance and pensions*

## 170 Insurance companies

Schedule 33 to this Act (which makes provision about the taxation of insurance companies, including companies which have ceased to be insurance companies after a transfer of business) has effect.

## <sup>F473</sup>171 Policies of life insurance etc: miscellaneous amendments

.....

### Textual Amendments

**F473** S. 171 omitted (with effect in accordance with Sch. 14 para. 18 of the amending Act) by virtue of [Finance Act 2008 \(c. 9\)](#), **Sch. 14 para. 17(l)**

## 172 Charges under life insurance policies for exceptional risk of disability

- (1) In Schedule 15 to the Taxes Act 1988 (provisions for determining whether an insurance policy is a “qualifying policy”)—
  - (a) in paragraph 12(a) (disregard of so much of premium as is charged on the grounds of exceptional risk of death), and
  - (b) in paragraph 12(b) (disregard of provision in policy charging, on those grounds, a sum as a debt against capital sum guaranteed on death),  
after “death” insert “ or disability ”.
- (2) Accordingly, in the heading before paragraph 12 of that Schedule, for “mortality risk” substitute “ risk of death or disability ”.

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- (3) In paragraph 3 of that Schedule (friendly society policies), omit paragraphs (b)(iii) and (c) of sub-paragraph (8) (which make provision corresponding to paragraph 12(a) and (b) but are unnecessary).
- (4) In paragraph 18 of that Schedule (rules about substituted policies applied where policies are varied) insert after sub-paragraph (3)—
  - “(4) For the purposes of this paragraph there is no variation in the terms of a policy where—
    - (a) an amount of premium chargeable on the grounds that an exceptional risk of death or disability is involved becomes or ceases to be payable, or
    - (b) the policy is amended by the insertion, variation or removal of a provision under which, on those grounds, any sum may become chargeable as a debt against the capital sum guaranteed by the policy on death or disability.”.
- (5) In section 460 of that Act (registered friendly societies: exemption from tax in respect of life or endowment business), in subsection (3)(b) (which makes provision corresponding to paragraph 12(a) of Schedule 15) after “death” insert “ or disability ”.
- (6) The amendments made by this section shall be deemed always to have had effect; but this section shall be disregarded to the extent that it would prevent a policy from being a qualifying policy at any time before 9th April 2003.

**173 Gains on policies of life insurance etc: rate of tax**

- (1) Schedule 35 to this Act (which makes provision for and in connection with charging certain gains on policies of life insurance etc at the lower rate) has effect.
- (2) The amendments made by that Schedule have effect in relation to gains treated as arising under Chapter 2 of Part 13 of the Taxes Act 1988 on the happening of chargeable events on or after 6th April 2004.

<sup>F474</sup>**174 Personal pension arrangements: limit on contributions**

.....

**Textual Amendments**  
**F474** S. 174 repealed (6.4.2006) by [Finance Act 2004 \(c. 12\)](#), [Sch. 42 Pt. 3](#) (with [Sch. 36](#))

*Miscellaneous*

<sup>F475</sup>**175 Payments to adopters**

.....

*Status: Point in time view as at 15/03/2023.*

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#### Textual Amendments

**F475** S. 175 repealed (6.4.2005) by [Income Tax \(Trading and Other Income\) Act 2005 \(c. 5\)](#), s. 883(1), [Sch. 3](#) (with [Sch. 2](#))

#### <sup>F476</sup>176 Foster carers

.....

#### Textual Amendments

**F476** S. 176 repealed (6.4.2005) by [Income Tax \(Trading and Other Income\) Act 2005 \(c. 5\)](#), s. 883(1), [Sch. 1](#) para. 623, [Sch. 3](#) (with [Sch. 2](#))

#### 177 Currency contracts and currency options

(1) This section applies in any case where at any time on or after 30th September 2002—

- (a) a qualifying company becomes party to a qualifying contract which is a currency contract or currency option, or
- (b) the terms of such a qualifying contract held by such a company are varied, and the conditions in subsection (2) are, or subsequently become, satisfied.

(2) The conditions are that—

- (a) in accordance with generally accepted accounting practice, the company in preparing its statutory accounts uses the exchange rate implied by the qualifying contract (“the accounting rate”);
- (b) there is a difference between the accounting rate and the final payment rate; and
- (c) the difference between those exchange rates is more than 1 per cent of the final payment rate.

(3) In subsection (2) “the final payment rate” means the exchange rate found by reference only to the amounts which fall or would, apart from this section and the provisions specified in subsection (4), fall to be regarded for the purposes of subsection (2) or, as the case may be, (7) of section 150 of the Finance Act 1994 (c. 9) as the amounts of the currency to be received, and the currency to be paid in exchange, under the qualifying contract as mentioned in that subsection.

(4) Where this section first applies in relation to the qualifying contract in an accounting period of the company which begins before 1st October 2002 (“the relevant contract period”), the following provisions of the Finance Act 2002 (c. 23), namely—

- (a) section 79(1)(b) (repeal of forex),
- (b) section 80 and Schedule 24 (corporation tax: currency), and
- (c) section 83 and Schedules 26 and 27 (derivative contracts),

shall be taken to have effect in the case of the company, so far as relating to that contract, in relation to that accounting period and any subsequent accounting periods.

[<sup>F477</sup>(4A) In relation to a subsequent accounting period ending on or after 1 April 2009, the reference in subsection (4)(c) to Schedule 26 is to be read as a reference to Part 7 of the Corporation Tax Act 2009.]

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(5) Where—

- (a) the qualifying contract is a currency contract which arises from the exercise of a currency option which is or was itself a qualifying contract (or a series of such currency options), and
- (b) that currency option was entered into or varied on or after 30th September 2002 (or, in the case of a series of currency options, any of them was entered into or varied on or after that date),

the provisions specified in subsection (4) shall be taken to have effect in the case of the company, so far as relating to the currency option (or, in the case of a series of currency options, each of the options entered into or varied on or after 30th September 2002), in relation to the earliest accounting period (“the relevant options period”) in which the option (or any of the options) was so entered into or varied and any subsequent accounting periods.

(6) Where the provisions specified in subsection (4) have effect by virtue of this section in relation to a currency contract or currency option the following provisions of the Finance Act 2002, namely—

- (a) section 81 (transitional provision), so far as relating to section 80 and Schedule 24, and
- (b) Schedule 28 (derivative contracts: transitional provisions etc),

shall have effect accordingly.

(7) In the application of Schedule 28 to the Finance Act 2002 by virtue of this section, any reference to the company’s commencement day is to be taken—

- (a) in the case of a currency contract, as a reference to the first day of the relevant contract period; or
- (b) in the case of a currency option, as a reference to the first day of the relevant options period.

(8) This section does not apply in relation to any contract entered into or varied in an accounting period beginning on or after 1st October 2002 unless the contract arises from the exercise of a currency option which was entered into or varied on or after 30th September 2002 and in an accounting period beginning on or before that date.

(9) In this section the following expressions, namely—

- (a) qualifying company,
- (b) qualifying contract,
- (c) currency contract,
- (d) currency option,

have the same meaning as in Chapter 2 of Part 4 of the Finance Act 1994 (c. 9), (disregarding for this purpose the provisions specified in subsection (4)) and references to the exercise of an option shall be construed accordingly.

(10) In this section “statutory accounts” has the meaning given by paragraph 52 of Schedule 26 to the Finance Act 2002 (c. 23).

(11) This section shall be deemed to have come into force on 30th September 2002.

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**Textual Amendments**

**F477** S. 177(4A) inserted (with effect in accordance with s. 1329(1) of the amending Act) by [Corporation Tax Act 2009 \(c. 4\)](#), s. 1329(1), **Sch. 1 para. 564** (with Sch. 2 Pts. 1, 2)

**F478** **178 Loan relationships: amendments**

.....

**Textual Amendments**

**F478** S. 178 repealed (with effect in accordance with s. 1329(1) of the amending Act) by [Corporation Tax Act 2009 \(c. 4\)](#), s. 1329(1), **Sch. 3 Pt. 1** (with Sch. 2 Pts. 1, 2)

**F479** **179 Derivative contracts: transactions within groups**

.....

**Textual Amendments**

**F479** S. 179 repealed (with effect in accordance with s. 1329(1) of the amending Act) by [Corporation Tax Act 2009 \(c. 4\)](#), s. 1329(1), **Sch. 3 Pt. 1** (with Sch. 2 Pts. 1, 2)

**180 Contributions to urban regeneration companies**

**F480** (1) .....

(2) In section 828(4) of the Taxes Act 1988 (orders or regulations under specified provisions not to be subject to Commons negative resolution parliamentary procedure) after “section 1(6),” insert “ 79B(5), ”.

**Textual Amendments**

**F480** S. 180(1) repealed (with effect in accordance with s. 1329(1) of the amending Act) by [Corporation Tax Act 2009 \(c. 4\)](#), s. 1329(1), **Sch. 3 Pt. 1** (with Sch. 2 Pts. 1, 2)

**181 Repos etc**

Schedule 38 to this Act (which contains amendments relating to arrangements for the sale and repurchase of securities etc) has effect.

**182 Relevant discounted securities: withdrawal of relief for costs and losses, etc**

Schedule 39 to this Act (relevant discounted securities: withdrawal of relief for costs and losses, and extension of definition of “strip”) has effect.

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## <sup>F481</sup> 183 Court common investment funds

.....

### Textual Amendments

**F481** S. 183 repealed (with effect in accordance with s. 1184(1) of the amending Act) by [Corporation Tax Act 2010 \(c. 4\)](#), s. 1184(1), [Sch. 3 Pt. 1](#) (with [Sch. 2](#))

## <sup>F482</sup> 184 Intangible fixed assets: tax avoidance arrangements and related parties

.....

### Textual Amendments

**F482** S. 184 repealed (with effect in accordance with s. 1329(1) of the amending Act) by [Corporation Tax Act 2009 \(c. 4\)](#), s. 1329(1), [Sch. 3 Pt. 1](#) (with [Sch. 2 Pts. 1, 2](#))

## PART 8

### OTHER TAXES

#### *Inheritance tax*

## 185 Gifts with reservation

- (1) Section 102 of the Finance Act 1986 (c. 41) (gifts with reservation) is amended as follows.
- (2) In subsection (5) (section not to apply where disposal is an exempt transfer by virtue of any of the provisions of the Inheritance Tax Act 1984 specified in the paragraphs of that subsection) at the end of paragraph (a) (section 18: transfers between spouses) insert “, except as provided by subsections (5A) and (5B) below”.
- (3) After subsection (5) insert—
  - “(5A) Subsection (5)(a) above does not prevent this section from applying if or, as the case may be, to the extent that—
    - (a) the property becomes settled property by virtue of the gift,
    - (b) by reason of the donor’s spouse (“the relevant beneficiary”) becoming beneficially entitled to an interest in possession in the settled property, the disposal is or, as the case may be, is to any extent an exempt transfer by virtue of section 18 of the 1984 Act in consequence of the operation of section 49 of that Act (treatment of interests in possession),
    - (c) at some time after the disposal, but before the death of the donor, the relevant beneficiary’s interest in possession comes to an end, and
    - (d) on the occasion on which that interest comes to an end, the relevant beneficiary does not become beneficially entitled to the settled property or to another interest in possession in the settled property.

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- (5B) If or, as the case may be, to the extent that this section applies by virtue of subsection (5A) above, it has effect as if the disposal by way of gift had been made immediately after the relevant beneficiary's interest in possession came to an end.
- (5C) For the purposes of subsections (5A) and (5B) above—
- (a) section 51(1)(b) of the 1984 Act (disposal of interest in possession treated as coming to end of interest) applies as it applies for the purposes of Chapter 2 of Part 3 of that Act; and
  - (b) references to any property or to an interest in any property include references to part of any property or interest.”.
- (4) The amendments made by this section have effect in relation to disposals made on or after 20th June 2003.

## **186 Authorised unit trusts, OEICs and common investment funds**

- (1) The Inheritance Tax Act 1984 (c. 51) is amended as follows.
- (2) In section 6 (excluded property), after subsection (1) insert—
- “(1A) A holding in an authorised unit trust and a share in an open-ended investment company is excluded property if the person beneficially entitled to it is an individual domiciled outside the United Kingdom.”.
- (3) In section 48 (settlements: excluded property), after subsection (3) insert—
- “(3A) Where property comprised in a settlement is a holding in an authorised unit trust or a share in an open-ended investment company—
- (a) the property (but not a reversionary interest in the property) is excluded property unless the settlor was domiciled in the United Kingdom at the time the settlement was made, and
  - (b) section 6(1A) above applies to a reversionary interest in the property but does not otherwise apply in relation to the property.”.
- (4) In section 178(1) (sale of shares etc from deceased's estate: preliminary)—
- (a) in the definition of “qualifying investments”, after “authorised unit trust” insert “, shares in an open-ended investment company”, and
  - (b) for “section 1 of the Administration of Justice Act 1965” substitute “section 42 of the Administration of Justice Act 1982”.
- (5) Section 272 (general interpretation) is amended as follows.
- (6) After the definition of “amount” insert—
- ““authorised unit trust” means a scheme which is a unit trust scheme for the purposes of section 469 of the Taxes Act 1988 (see subsection (7) of that section) and in the case of which an order under section 243 of the Financial Services and Markets Act 2000 is in force;”.
- (7) After the definition of “mortgage” insert—
- ““open-ended investment company” means an open-ended investment company within the meaning given by section 236 of the Financial Services and Markets Act 2000 which is incorporated in the United Kingdom;”.

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- (8) This section has effect in relation to transfers of value or other events occurring on or after 16th October 2002.

### *Landfill tax*

#### **187 Rate of landfill tax**

In section 42 of the Finance Act 1996 (c. 8) (amount of landfill tax), for the amount specified in subsection (1)(a), and the corresponding amount in subsection (2), substitute—

- (a) “£14” in relation to taxable disposals made, or treated as made, on or after 1st April 2003 and before 1st April 2004;
- (b) “£15” in relation to taxable disposals made, or treated as made, on or after 1st April 2004.

### *Climate change levy*

#### **F483 188 Exemption for fuel used in recycling processes**

.....

#### **Textual Amendments**

**F483** S. 188 omitted (with effect in accordance with Sch. 30 para. 19 of the amending Act) by virtue of Finance Act 2012 (c. 14), [Sch. 30 para. 17](#)

#### **189 CHP exemption to be based on current efficiency**

- (1) Schedule 6 to the Finance Act 2000 (c. 17) (climate change levy) is amended as follows.
- (2) In paragraph 15 (exemption for supplies to combined heat and power stations)—
  - (a) for paragraph (b) of sub-paragraph (4) substitute—
    - “(b) the “efficiency percentage” for a combined heat and power station shall be determined in accordance with regulations under paragraph 149.”;
  - (b) omit sub-paragraph (5).
- (3) In paragraph 148 (meaning of “combined heat and power station” etc)—
  - (a) in sub-paragraphs (2)(c) and (3)(c), for “complying with sub-paragraph (6) and (so far as applicable)” substitute “complying (so far as applicable) with”;
  - (b) omit sub-paragraph (6) (efficiency percentage to be stated on certificate of full or partial exemption).
- (4) In paragraph 149(1) (determination of efficiency percentages for combined heat and power stations) omit “the percentage that is to be stated in a certificate under paragraph 148 as”.
- (5) This section has effect in relation to supplies made on or after such day as the Treasury may by order made by statutory instrument appoint.



*Status: Point in time view as at 15/03/2023.*

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#### Commencement Information

**191** S. 189 has effect as specified by [The Finance Act 2003, sections 189 and 190, \(Appointed Day\) Order 2005 \(S.I. 2005/1713\)](#), [art. 2](#)

### 190 Supplies not known to be taxable when made, etc

- (1) In Schedule 6 to the Finance Act 2000 (climate change levy), paragraph 24 (deemed supply: change of circumstances or intentions) is amended as follows.
- (2) In the heading, for “*change of circumstances or intentions*” substitute “ *change of circumstances etc* ”.
- (3) For sub-paragraphs (1) and (2) substitute—
  - “(1) This paragraph applies in the following cases.
    - (1A) The first case is where—
      - (a) a supply of a taxable commodity has been made,
      - (b) the supply was not a taxable supply, and
      - (c) there is such a change in circumstances or any person’s intentions that, if the changed circumstances or intentions had existed at the time the supply was made, the supply would have been a taxable supply.
    - (1B) The second case is where—
      - (a) a supply of a taxable commodity has been made,
      - (b) the supply was made on the basis that it was not a taxable supply, and
      - (c) it is later determined that the supply was (to any extent) a taxable supply.
  - (2) This paragraph does not apply where the reason that—
    - (a) the supply was not a taxable supply, or
    - (b) the supply was made on the basis that it was not a taxable supply,is that it was, or was thought to be, exempt from the levy under paragraph 19 or 20A (exemption for supply of electricity produced from renewable sources or in combined heat and power stations) (but see paragraph 20 or 20B).”.
- (4) In sub-paragraph (3), at the beginning insert “ Where this paragraph applies, ”.
- (5) After that sub-paragraph insert—
  - “(3A) Where—
    - (a) had matters been as mentioned in sub-paragraph (1A)(c), only part of the supply would have been a taxable supply, or
    - (b) the determination referred to in sub-paragraph (1B)(c) is that only part of the supply was a taxable supply,the reference in sub-paragraph (3) to the commodity shall be read as a reference to a corresponding part of it.”.
- (6) In sub-paragraph (5) for “sub-paragraph (1)(c)” substitute “ sub-paragraph (1A)(c) ”.
- (7) In paragraph 34(3) of that Act (time when deemed supply under paragraph 24 treated as made) at the end insert “ or, as the case may be, upon the later determination ”.

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- (8) This section has effect in relation to supplies made on or after such day as the Treasury may by order made by statutory instrument appoint.

#### Commencement Information

**192** S. 190 has effect as specified by [The Finance Act 2003, sections 189 and 190, \(Appointed Day\) Order 2005 \(S.I. 2005/1713\)](#), [art. 2](#)

### 191 Deemed supplies

- (1) Schedule 6 to the Finance Act 2000 (c. 17) (climate change levy) is amended as follows.
- (2) In paragraph 5(3) (levy chargeable on deemed supply of electricity) for “paragraph 23(3)” substitute “ paragraph 20(6)(a), 20B(6)(a), 23(3) or 24 ”.
- (3) In paragraph 6 (supplies of gas)—
- (a) after sub-paragraph (2) insert—
 

“(2A) Levy is chargeable on a supply of gas that is deemed to be made under paragraph 24.”;
  - (b) in sub-paragraph (3) for “sub-paragraphs (1) and (2)” substitute “ sub-paragraph (1), (2) or (2A) ”.
- (4) Subsection (2) has effect in relation to supplies deemed to be made on or after 31st March 2003, and subsection (3) in relation to supplies deemed to be made on or after the day on which this Act is passed.

### 192 Amendments about registration, payment etc

- (1) Schedule 6 to the Finance Act 2000 (c. 17) (climate change levy) is amended as follows.
- (2) In paragraph 41 (returns and payment of levy)—
- (a) for paragraph (a) of sub-paragraph (1) (liability to account for levy by reference to accounting periods) substitute—
 

“(a) for persons liable to account for levy to do so—

    - (i) by reference to such periods (“accounting periods”) as may be determined by or under the regulations, or
    - (ii) in such other way as may be so determined.”;
  - (b) in sub-paragraph (1)(c) (liability to pay) omit “for any period”;
  - (c) after sub-paragraph (2) insert—
 

“(2A) Paragraph 91(5) provides for the application of Part 7 of this Schedule (recovery and interest) in relation to cases where, by virtue of regulations under sub-paragraph (1)(a)(ii) above, a person is liable to account for levy otherwise than by reference to accounting periods.

(2B) Regulations under this paragraph may provide for the application of any provision of this Schedule in relation to such cases.”.
- (3) In paragraph 53 (requirement to be registered), after sub-paragraph (3) insert—

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- “(4) Regulations made by the Commissioners may provide that, in such cases or circumstances and subject to such conditions or requirements as may be prescribed in the regulations, the Commissioners may exempt a person from the requirement to be registered.”
- (4) In paragraph 62(2)(b) (provision in regulations about bringing tax credit into account) for “levy due from him for such accounting period or periods” substitute “ such levy due from him ”.
- (5) In paragraph 78 (assessments of amounts of levy due), after sub-paragraph (1) insert—
- “(1A) Where it appears to the Commissioners—
- (a) that any levy for which a person is liable to account otherwise than by reference to an accounting period has become due, and
- (b) that there has been a default by that person that falls within sub-paragraph (2),
- they may assess the amount of that levy to the best of their judgement and notify it to him.”
- (6) In paragraph 91 (interpretation etc of Part 7) at the end insert—
- “(5) In relation to cases where, by virtue of regulations under paragraph 41(1) (a)(ii), a person is liable to account for levy otherwise than by reference to accounting periods, this Part of this Schedule shall have effect as if—
- (a) references to levy due for “an” or “any” accounting period were references simply to levy due;
- (b) references to levy due for a specified accounting period were references to the levy in question;
- (c) references to an assessment for a specified accounting period were references to an assessment in respect of the levy in question;
- (d) any time limit framed by reference to the end of the accounting period for which levy is due were framed by reference to the date on which payment of the levy is due;
- (e) references to the making of a return for an accounting period were references to the payment of the levy in question;
- (f) references to the amount shown in such a return were references to the amount of levy paid;
- (g) paragraph 88(8) and (9) were omitted.”
- (7) In paragraph 93(4) (criminal penalty for false return)—
- (a) in paragraph (a) after “return” insert “ or other notification ”;
- (b) in paragraph (b), and in the words after that paragraph, after “return” insert “ or notification ”.
- <sup>F484</sup>(8) .....
- (9) In paragraph 125(1) (obligation to keep records) for “persons who are, or are required to be, registered” substitute “persons who—
- (a) are registered,
- (b) are required to be registered, or
- (c) are exempted from the requirement to be registered by regulations under paragraph 53(4)”.

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- (10) In paragraph 135(1)(c) (Commissioners' certificate as evidence of non-payment of levy shown as due in a return) after “return” insert “ or other notification ”.

#### Textual Amendments

**F484** S. 192(8) omitted (1.4.2009) by virtue of Finance Act 2008 (c. 9), s. 122(2), Sch. 40 para. 21(k)(i); S.I. 2009/571, art. 2

### 193 Electricity from renewable sources etc

- (1) Schedule 6 to the Finance Act 2000 (c. 17) (climate change levy) is amended as follows.
- (2) In paragraph 20 (exemption under paragraph 19: averaging periods) for sub-paragraphs (6) to (8) substitute—
- “(6) If the total mentioned in sub-paragraph (3)(b) exceeds that mentioned in sub-paragraph (3)(a), then—
- (a) in a case where, at the time when the balancing period ends, an averaging period also ends because of sub-paragraph (2)(f) or (g), the supplier is for the purposes of this Schedule deemed to make at that time a taxable supply of a quantity of electricity equal to the excess;
- (b) in any other case, a balancing debit equal to the excess is carried forward to the next balancing period.”.
- (3) In paragraph 20B (exemption under paragraph 20A: averaging periods) for sub-paragraphs (6) to (8) substitute—
- “(6) If the total mentioned in sub-paragraph (3)(b) exceeds that mentioned in sub-paragraph (3)(a), then—
- (a) in a case where, at the time when the balancing period ends, an averaging period also ends because of sub-paragraph (2)(f) or (g), the supplier is for the purposes of this Schedule deemed to make at that time a taxable supply of a quantity of electricity equal to the excess;
- (b) in any other case, a balancing debit equal to the excess is carried forward to the next balancing period.”.
- (4) The amendment made by subsection (2) has effect where the end of the balancing period referred to in paragraph (a) of the sub-paragraph (6) substituted by that subsection falls on or after 31st March 2003.
- (5) The amendment made by subsection (3) has effect where the end of the balancing period referred to in paragraph (a) of the sub-paragraph (6) substituted by that subsection falls on or after 1st April 2003.

#### *Insurance premium tax*

### 194 Higher rate of tax: divided companies

- (1) In Schedule 6A to the Finance Act 1994 (c. 9) (insurance premium tax: premiums liable to tax at higher rate), insert after paragraph 3—

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### **“Insurance provided by divided company**

- 3A (1) A premium under a taxable insurance contract relating to a motor car or motor cycle also falls within paragraph 2 above if—
- (a) the insurance to be provided under the contract is provided by a divided company, and
  - (b) any division of that company would, if it were a separate company, be a person connected with a supplier of motor cars or motor cycles.
- (2) A premium under a taxable insurance contract relating to relevant goods also falls within paragraph 3 above if—
- (a) the insurance to be provided under the contract is provided by a divided company, and
  - (b) any division of that company would, if it were a separate company, be a person connected with a supplier of relevant goods.
- (3) Sub-paragraph (1) or (2) above does not apply if the insurance is provided to the insured free of charge.
- (4) A premium falls within paragraph 2 above by virtue of this paragraph only to the extent that it is attributable to cover for a risk which relates to a motor car or motor cycle supplied by a supplier of motor cars or motor cycles with whom the division in question would, if it were a separate company, be connected.
- (5) A premium falls within paragraph 3 above by virtue of this paragraph only to the extent that it is attributable to cover for a risk which relates to relevant goods supplied by a supplier of relevant goods with whom the division would, if it were a separate company, be connected.
- (6) For the purposes of this paragraph—
- (a) a company is a “divided company” if under the law under which the company is formed, under the company’s constitution or under arrangements entered into by or in relation to the company—
    - (i) some or all of the assets of the company are available primarily, or only, to meet particular liabilities of the company, and
    - (ii) some or all of the members of the company, and some or all of its creditors, have rights primarily, or only, in relation to particular assets of the company;
  - (b) a “division” of such a company means an identifiable part of it (by whatever name known) that carries on distinct business activities and to which particular assets and liabilities of the company are primarily or wholly attributable.
- (7) In this paragraph “provided to the insured free of charge” has the meaning given by sub-paragraph (5) of paragraph 2 or 3 above.

In determining for this purpose whether a divided company by whom insurance is provided is a person falling within sub-paragraph (2) of paragraph 2 or 3 above, the company shall be treated as connected with

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any person with whom a division of that company would be connected if it were a separate company.

(8) Other expressions defined for the purposes of paragraph 2 or 3 above have the same meaning in this paragraph.”.

(2) Subsection (1) applies in relation to a premium that falls to be regarded for the purposes of Part 3 of the Finance Act 1994 (c. 9) (insurance premium tax) as received under a taxable insurance contract by an insurer on or after the day on which this Act is passed.

## PART 9

### MISCELLANEOUS AND SUPPLEMENTARY PROVISIONS

#### *Provisions consequential on changes to company law*

#### **195 Companies acquiring their own shares**

- (1) This section applies for the purposes of the Taxes Acts and the Inheritance Tax Act 1984 (c. 51) where a company acquires any of its own shares (whether by purchase, the issuing of bonus shares or otherwise).
- (2) The acquisition of any of those shares by the company is not to be treated as the acquisition of an asset.
- (3) The company is not, by virtue of the acquisition or holding of any of those shares or its being entered in the company’s register of members in respect of any of them, to be treated as a member of itself.
- (4) Subject to subsection (5)—
  - (a) the company’s issued share capital is to be treated as if it had been reduced by the nominal value of the shares acquired,
  - (b) such of those shares as are not cancelled on acquisition are to be treated as if they had been so cancelled, and
  - (c) any subsequent cancellation by the company of any of those shares is to be disregarded (and, accordingly, is not the disposal of an asset and does not give rise to an allowable loss within the meaning of the Taxation of Chargeable Gains Act 1992 (c. 12)).
- (5) Where the shares are issued to the company as bonus shares, subsection (4)(a) and (b) does not apply and the shares are to be treated as if they had not been issued.
- (6) Where, disregarding subsections (2) to (5)—
  - (a) a company holds any of its own shares, and
  - (b) the company issues bonus shares in respect of those shares or any class of those shares (“the existing shares”),

nothing in this section prevents the existing shares being the company’s holding of shares for the purposes of the application of section 126 of the Taxation of Chargeable Gains Act 1992 (application of sections 127 to 131 of that Act (company reorganisations etc)).

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- (7) In subsection (6) the reference to the application of section 126 of the Taxation of Chargeable Gains Act 1992 does not include a reference to the application of that section in a modified form by virtue of any enactment relating to chargeable gains.
- (8) Where a company disposes of any of its own shares to a person in circumstances where, but for subsections (2) to (5), it would be regarded as holding the shares immediately before the disposal—
- (a) subsections (4)(b) and (c) and (5) cease to apply in relation to the shares disposed of (“the relevant shares”),
  - (b) the relevant shares are to be treated as having been issued as new shares to that person by the company at the time of the disposal (and not as having been disposed of by the company at that time),
  - (c) that person is to be treated as having subscribed for the relevant shares,
  - (d) an amount equal to the amount or value of the consideration (if any) payable for the disposal of the relevant shares is to be treated as the amount subscribed for those shares,
  - (e) if the amount or value of that consideration does not exceed the nominal value of those shares, the share capital of those shares is to be treated for the purposes of <sup>F485</sup>Part 23 of the Corporation Tax Act 2010] as if it were an amount equal to the amount or value of that consideration, and
  - (f) if the amount or value of that consideration exceeds their nominal value, the relevant shares are to be treated as if they had been issued at a premium representing that excess.
- (9) Where—
- (a) a company purchases its own shares, and
  - (b) the price payable by a company for the shares is taken into account in computing the profits of the company which are chargeable to tax <sup>F486</sup>under Chapter 2 of Part 3 of the Corporation Tax Act 2009],
- subsections (2) to (7) do not apply and subsection (8) does not apply in relation to any disposal by the company of any of the shares.
- (10) Schedule 40 to this Act (which makes amendments relating to the acquisition and disposal by a company of its own shares) has effect.
- (11) For the purposes of this section—
- (a) a company issues “bonus shares” if it issues share capital as paid up otherwise than by the receipt of new consideration (within the meaning of <sup>F487</sup>section 1115 of the Corporation Tax Act 2010]), and
  - (b) “the Taxes Acts” has the same meaning as in the Taxes Management Act 1970 (c. 9),
- and in this section references to a “company” are to a company with a share capital.
- (12) The preceding provisions of this section and the provisions of Schedule 40 to this Act have effect in relation to any acquisition of shares by a company on or after such day as the Treasury may by order made by statutory instrument appoint.

#### Textual Amendments

**F485** Words in s. 195(8)(e) substituted (with effect in accordance with s. 1184(1) of the amending Act) by Corporation Tax Act 2010 (c. 4), s. 1184(1), **Sch. 1 para. 413(2)** (with Sch. 2)

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**F486** Words in s. 195(9)(b) substituted (with effect in accordance with s. 1329(1) of the amending Act) by Corporation Tax Act 2009 (c. 4), s. 1329(1), **Sch. 1 para. 565** (with Sch. 2 Pts. 1, 2)

**F487** Words in s. 195(11)(a) substituted (with effect in accordance with s. 1184(1) of the amending Act) by Corporation Tax Act 2010 (c. 4), s. 1184(1), **Sch. 1 para. 413(3)** (with Sch. 2)

#### Commencement Information

**I93** S. 195 has effect as specified by The Finance Act 2003, Section 195 and Schedule 40 (Appointed Day) Order 2003 (S.I. 2003/3077), **art. 2**

## 196 Companies in administration

Schedule 41 to this Act (provisions relating to the treatment, for tax purposes, of companies in administration) has effect.

### *International matters*

## <sup>F488</sup>197 Exchange of information between tax authorities of member States

.....

#### Textual Amendments

**F488** S. 197 repealed (1.1.2013) by The European Administrative Co-Operation (Taxation) Regulations 2012 (S.I. 2012/3062), reg. 1(1), **Sch.**

## <sup>F489</sup>198 Arrangements for mutual exchange of tax information

.....

#### Textual Amendments

**F489** S. 198 repealed (19.7.2006) by Finance Act 2006 (c. 25), **Sch. 26 Pt. 8(2)**

## <sup>F490</sup>199 Savings income: Community obligations and international arrangements

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#### Textual Amendments

**F490** S. 199 repealed (with effect in accordance with s. 381(1) of the amending Act) by Taxation (International and Other Provisions) Act 2010 (c. 8), s. 381(1), **Sch. 7 para. 106, Sch. 10 Pt. 12** (with Sch. 9 paras. 1-9, 22)

## 200 Controlled foreign companies: exempt activities

(1) Schedule 42 to this Act (which amends Part 2 of Schedule 25 to the Taxes Act 1988 (exempt activities)) shall have effect.



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- (2) The amendments made by that Schedule have effect in relation to accounting periods of a controlled foreign company beginning on or after 27th November 2002.
- (3) In this section “accounting period” and “controlled foreign company” have the same meaning as in Chapter 4 of Part 17 of the Taxes Act 1988.
- (4) This section shall be taken to have come into force on 27th November 2002.

## **201 Application of CFC provisions to Hong Kong and Macao companies**

- (1) In Part 2 (exempt activities) of Schedule 25 to the Taxes Act 1988 (cases where section 747(3) does not apply), in paragraph 5 insert after sub-paragraph (2)—
  - “(3) In the case of a controlled foreign company—
    - (a) which is, by virtue of section 749(5), presumed to be resident in a territory in which it is subject to a lower level of taxation,
    - (b) the business affairs of which are, throughout the accounting period in question, effectively managed in a special administrative region, and
    - (c) which is liable to tax for that period in that region,references in the following provisions of this Part of this Schedule to the territory in which that company is resident shall be construed as references to that region.
  - (4) In sub-paragraph (3) above “special administrative region” means the Hong Kong or the Macao Special Administrative Region of the People’s Republic of China.
  - (5) Where sub-paragraph (3) above applies, it applies in place of sub-paragraph (2).”.
- (2) This section shall be deemed to have had effect—
  - (a) as from 1st July 1997, so far as relating to the Hong Kong Special Administrative Region;
  - (b) as from 20th December 1999, so far as relating to the Macao Special Administrative Region.

*Administrative matters*

## **F491 202 Deduction of tax from interest: recognised clearing houses etc**

.....

### **Textual Amendments**

**F491** S. 202 repealed (6.4.2007) by [Income Tax Act 2007 \(c. 3\)](#), s. 1034(1), **Sch. 3 Pt. 1** (with [Sch. 2](#))

## **203 Authorised unit trusts: interest distributions paid gross**

- (1) Chapter 3 of Part 12 of the Taxes Act 1988 (unit trust schemes) is amended as follows.

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- (2) In section 468L(4) (obligation to deduct tax from interest distributions to be subject to provision made by sections 468M and 468N), for “sections 468M and 468N” substitute “ section 468M ”.
- (3) For sections 468M and 468N substitute—

**“468M Cases where no obligation to deduct tax**

- (1) Where an interest distribution is made for a distribution period to a unit holder, any obligation to deduct under section 349(2) does not apply to the interest distribution if—
- (a) the unit holder is a company or the trustees of a unit trust scheme, or
  - (b) either the residence condition or the reputable intermediary condition is on the distribution date fulfilled with respect to the unit holder.
- (2) Section 468O makes provision about the circumstances in which the residence condition or the reputable intermediary condition is fulfilled with respect to a unit holder.”.
- (4) Section 468O (residence condition) is amended as follows.
- (5) In subsection (1), for “sections 468M and 468N” substitute “ section 468M ”.
- (6) After that subsection insert—

“(1A) For the purposes of section 468M, the reputable intermediary condition is fulfilled with respect to a unit holder if—

- (a) the interest distribution is paid on behalf of the unit holder to a company,
- (b) the company either is subject to the EC Money Laundering Directive, or to equivalent non-EC provisions, or is an associated company resident in a regulating country or territory of a company which is so subject, and
- (c) the trustees of the authorised unit trust have reasonable grounds for believing that the unit holder is not ordinarily resident in the United Kingdom.

(1B) For the purposes of subsection (1A)(b) above—

- (a) a company is subject to the EC Money Laundering Directive if it is a credit institution or financial institution as defined by Article 1 of Directive [91/308/EEC](#), as amended by Directive [2001/97/EC](#),
- (b) a company is subject to equivalent non-EC provisions if it is required by the law of any country or territory which is not a member State to comply with requirements similar to those which, under Article 3 of that Directive (as so amended), member States must ensure are complied with by credit institutions and financial institutions,
- (c) a company is to be treated as another’s associated company if it would be so treated for the purposes of Part 11 (see section 416), and
- (d) a country or territory is a regulating country or territory if it either is a member State or imposes requirements similar to those which, under Article 3 of that Directive (as so amended), member States must ensure are complied with by credit institutions and financial institutions.

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- (1C) If Directive [91/308/EEC](#) ceases to have effect, or is further amended, the Treasury may by order make consequential amendments in subsections (1A) and (1B) above.”.
- (7) In the sidenote, insert at the end “ and reputable intermediary condition ”.
- (8) In section 468P(1) (residence declarations)—
- (a) for “468O” substitute “ 468O(1) ”, and
  - (b) for “subsections (2) to (4)” substitute “ subsection (2) or (3) ”.
- (9) After section 468P insert—

**“468PA Section 468O(1A): consequences of reasonable but incorrect belief**

Where—

- (a) an interest distribution is made to a unit holder by the trustees of an authorised unit trust,
  - (b) the trustees, in reliance on the reputable intermediary condition being fulfilled with respect to the unit holder, do not comply with the obligation under section 349(2) to make a deduction from the interest distribution,
  - (c) that obligation would apply but for that condition being so fulfilled, and
  - (d) (contrary to the belief of the trustees) the unit holder is in fact ordinarily resident in the United Kingdom,
- section 350 and Schedule 16 have effect as if that obligation applied.

**468PB Regulations supplementing sections 468M to 468PA**

- (1) The Board may by regulations make provision for giving effect to sections 468M to 468PA.
  - (2) The regulations may, in particular, include provision modifying the application of those sections in relation to interest distributions made to or received under a trust.
  - (3) The regulations may, in particular, include provision for the giving by officers of the Board of notices requiring trustees of authorised unit trusts to supply information and make available books, documents and other records for inspection on behalf of the Board.
  - (4) The regulations may—
    - (a) make provision in relation to times before they are made,
    - (b) make different provision for different cases, and
    - (c) make such supplementary, incidental, consequential or transitional provision as appears to the Board to be appropriate.”.
- (10) Section 98 of the Taxes Management Act 1970 (c. 9) (penalties: provisions requiring information etc in response to notices) is amended as follows.
- (11) In subsection (4A)(b), for “or (4D)” substitute “ , (4D) or (4E) ”.

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(12) After subsection (4D) insert—

“(4E) A payment is within this subsection if—

- (a) it is an interest distribution made to a unit holder by the trustees of an authorised unit trust,
- (b) the trustees, in purported reliance on the reputable intermediary condition being fulfilled with respect to the unit holder, do not comply with the obligation under section 349(2) of the principal Act to make a deduction from the interest distribution,
- (c) that obligation would apply if that condition were not so fulfilled, and
- (d) the trustees did not believe that the unit holder was not ordinarily resident in the United Kingdom or could not reasonably have so believed (so that that condition was not so fulfilled).

Expressions used in this subsection have the same meaning as in Chapter 3 of Part 12 of the principal Act.”

(13) In the first column of the Table, after the entry relating to regulations under section 431E(1) or 441A(3) of the principal Act, insert—

“ section 468P(6); regulations under section 468PB(3); ”.

(14) This section has effect in relation to interest distributions made on or after 16th October 2002.

## 204 [F492] **Mandatory electronic payment**

[F493] (1) The Commissioners for Her Majesty's Revenue and Customs may make regulations requiring a person to use electronic means in making specified payments under legislation relating to a tax (or duty) for which the Commissioners are responsible.

(2) The regulations may provide for exceptions.]

(3) Regulations under this section may make provision—

- (a) as to conditions that must be complied with in connection with the use of electronic means for the making of any payment;
- (b) for treating a payment as not having been made unless conditions imposed by any of the regulations are satisfied;
- (c) for determining the time when payment is to be taken to have been made.

(4) Regulations under this section may also make provision (which may include provision for the application of conclusive or other presumptions) as to the manner of proving for any purpose—

- (a) whether any use of electronic means for making a payment is to be taken as having resulted in the payment being made;
- (b) the time of the making of any payment for the making of which electronic means have been used;
- (c) any other matter for which provision may be made by regulations under this section.

(5) Regulations under this section may—

- (a) allow any authorisation or requirement for which the regulations may provide to be given or imposed by means of a specific or general direction given by the Commissioners;

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- (b) provide that the conditions of any such authorisation or requirement are to be taken to be satisfied only where [<sup>F494</sup>Her Majesty's Revenue and Customs] are satisfied as to specified matters.
- (6) Regulations under this section may contain provision—
  - (a) requiring [<sup>F495</sup>Her Majesty's Revenue and Customs] to notify persons appearing to them to be, or to have become, a person required to use electronic means for the making of any payments in accordance with the regulations;
  - (b) enabling a person so notified to have the question whether he is such a person determined in the same way as an appeal.
- (7) Regulations under this section may confer power on the Commissioners to give specific or general directions—
  - (a) suspending, for any period during which the use of electronic means for the making of payments is impossible or impractical, any requirements imposed by the regulations relating to the use of such means;
  - (b) substituting alternative requirements for the suspended ones;
  - (c) making any provision that is necessary in consequence of the imposition of the substituted requirements.
- (8) The power to make provision by regulations under this section includes power—
  - (a) to provide for [<sup>F496</sup>a contravention by a large employer of, or any failure by a large employer to comply with,] the regulations (a “default”) to attract a surcharge of a specified amount;
  - (b) to provide that specified enactments relating to penalties imposed for the purposes of any [<sup>F497</sup>matter relating to a tax (or duty) for which the Commissioners are responsible] (including enactments relating to assessments, review and appeal) apply, with or without modifications, in relation to surcharges under the regulations.
- (9) The regulations may specify the surcharge for each default as—
  - (a) a specified percentage, depending on the circumstances but not exceeding 10%, of the amount of the payment to which the default relates, or
  - (b) a specified percentage, depending on the circumstances but not exceeding 0.83%, of the total amount of tax due for the accounting period, year of assessment or other specified period of twelve months during which the default occurred;but, in either case, they may specify £30 if it is more.
- (10) Regulations under this section may—
  - (a) make different provision for different cases;
  - (b) make such incidental, supplemental, consequential and transitional provision in connection with any provision contained in any of the regulations as the Commissioners think fit.
- (11) Regulations under this section shall be made by statutory instrument subject to annulment in pursuance of a resolution of the House of Commons.
- (12) In this section—
  - [<sup>F498</sup>“Her Majesty's Revenue and Customs” includes a person acting under the authority of the Commissioners in relation to payment by electronic means;]

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[<sup>F499</sup>“large employer” means a person paying PAYE income to 250 or more recipients (and regulations under this section may make provision as to the date or period by reference to which this is to be determined and the circumstances in which a person is to be treated as paying PAYE income to a recipient);]

“legislation” means any enactment, [<sup>F500</sup>EU] or subordinate legislation;

“specified” means specified by or under regulations under this section;

“subordinate legislation” has the same meaning as in the Interpretation Act 1978 (c. 30).

[<sup>F501</sup>(13) Regulations under section 95(1) of the Finance Act 2007 (payment by cheque) may, in particular, provide for a payment which is made by cheque in contravention of regulations under this section to be treated as made when the cheque clears, as defined in the regulations under that section.]

#### Textual Amendments

- F492** S. 204 heading substituted (19.7.2007) by [Finance Act 2007 \(c. 11\), s. 94\(7\)](#)
- F493** S. 204(1)(2) substituted (19.7.2007) by [Finance Act 2007 \(c. 11\), s. 94\(2\)](#)
- F494** Words in s. 204(5)(b) substituted (19.7.2007) by [Finance Act 2007 \(c. 11\), s. 94\(3\)](#)
- F495** Words in s. 204(6)(a) substituted (19.7.2007) by [Finance Act 2007 \(c. 11\), s. 94\(4\)](#)
- F496** Words in s. 204(8)(a) substituted (19.7.2007) by [Finance Act 2007 \(c. 11\), s. 94\(5\)\(a\)](#)
- F497** Words in s. 204(8)(b) substituted (19.7.2007) by [Finance Act 2007 \(c. 11\), s. 94\(5\)\(b\)](#)
- F498** Words in s. 204(12) substituted (19.7.2007) by [Finance Act 2007 \(c. 11\), s. 94\(6\)\(a\)](#)
- F499** Words in s. 204(12) inserted (19.7.2007) by [Finance Act 2007 \(c. 11\), s. 94\(6\)\(b\)](#)
- F500** Words in Act substituted (22.4.2011) by [The Treaty of Lisbon \(Changes in Terminology\) Order 2011 \(S.I. 2011/1043\), arts. 2, 3, 6 \(with arts. 3\(2\)\(3\), 4\(2\), 6\(4\)\(5\)\)](#)
- F501** S. 204(13) inserted (19.7.2007) by [Finance Act 2007 \(c. 11\), s. 95\(6\)](#)

## 205 Use of electronic means of payment under other provisions

- (1) Any power to make subordinate legislation for or in connection with the making of payments conferred in relation to a taxation [<sup>F502</sup>(or duty)] matter on—
  - (a) [<sup>F503</sup>the Commissioners for Her Majesty's Revenue and Customs], or
  - (b) the Treasury,
 includes power to make any such provision in relation to the making of those payments as could be made in exercise of the power conferred by section 204.
- (2) Provision as to means of payment made in exercise of the powers conferred by section 204 or subsection (1) above has effect notwithstanding so much of any enactment or subordinate legislation as would otherwise allow payment to be made by any other means.
- (3) Expressions used in this section and section 204 have the same meaning in this section as in that section.
- (4) Nothing in this section shall be read as restricting the generality of the power conferred by section 204.

#### Textual Amendments

- F502** Words in s. 205(1) inserted (19.7.2007) by [Finance Act 2007 \(c. 11\), s. 94\(8\)\(a\)](#)

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**F503** Words in s. 205(1) substituted (19.7.2007) by [Finance Act 2007 \(c. 11\), s. 94\(8\)\(b\)](#)

## **206 Admissibility of evidence not affected by offer of settlement etc**

- (1) In section 105(1) of the Taxes Management Act 1970 (c. 9) (evidence in cases of fraudulent conduct), for paragraphs (a) and (b) and the word “that” preceding them substitute—
  - “(a) that where serious tax fraud has been committed the Board may accept a money settlement and that the Board will accept such a settlement, and will not pursue a criminal prosecution, if he makes a full confession of all tax irregularities, or
  - (b) that the extent to which he is helpful and volunteers information is a factor that will be taken into account in determining the amount of any penalty.”.
- (2) For the heading to that section substitute “ **Admissibility of evidence not affected by offer of settlement etc** ”.
- (3) In paragraph 3(1) of Schedule 18 to the Finance Act 1999 (c. 16) (which makes corresponding provision in relation to stamp duty), for paragraphs (a) and (b) substitute—
  - “(a) that where serious stamp duty fraud has been committed the Board may accept a money settlement and that the Board will accept such a settlement, and will not pursue a criminal prosecution, if he makes a full confession of all stamp duty irregularities, or
  - (b) that the extent to which he is helpful and volunteers information is a factor that will be taken into account in determining the amount of any penalty.”.
- (4) For the heading before that paragraph substitute “ *Admissibility of evidence not affected by offer of settlement etc* ”.
- (5) The above amendments have effect in relation to statements made, or documents produced, after the passing of this Act.

## **207 Consequential claims etc**

- (1) In Part 4 of the Taxes Management Act 1970 (assessment and claims), after section 43B insert—

### **“43C Consequential claims etc**

- (1) Where—
  - (a) a return is amended under section 28A(2)(b), 28B(2)(b) or 28B(4), and
  - (b) the amendment is made for the purpose of making good to the Crown any loss of tax attributable to fraudulent or negligent conduct on the part of the taxpayer or a person acting on his behalf,sections 36(3) and 43(2) apply in relation to the amendment as they apply in relation to any assessment under section 29.
- (2) Where—

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- (a) a return is amended under section 28A(2)(b), 28B(2)(b) or 28B(4), and
  - (b) the amendment is not made for the purpose mentioned in subsection (1)(b) above,
- sections 43(2), 43A and 43B apply in relation to the amendment as they apply in relation to any assessment under section 29.
- (3) References to an assessment in sections 36(3), 43(2), 43A and 43B, as they apply by virtue of subsection (1) or (2) above, shall accordingly be read as references to the amendment of the return.
- (4) Where it is necessary to make any adjustment by way of an assessment on any person—
- (a) in order to give effect to a consequential claim, or
  - (b) as a result of allowing a consequential claim,
- the assessment is not out of time if it is made within one year of the final determination of the claim.
- For this purpose a claim is not taken to be finally determined until it, or the amount to which it relates, can no longer be varied, on appeal or otherwise.
- (5) In subsection (4) above “consequential claim” means any claim, supplementary claim, election, application or notice that may be made or given under section 36(3), 43(2) or 43A (as it applies by virtue of subsection (1) or (2) above or otherwise).”
- (2) In section 43A of that Act (further assessments: claims etc), in subsection (2A) (elections to which extension of time limit does not apply) for the words from “an election under” to the end substitute “an election under—
- (a) section 257BA of the principal Act (election as to transfer of married couple’s allowance), or
  - <sup>F504</sup>(b) .....
  - (c) section 35(5) of the Taxation of Chargeable Gains Act 1992 (election for assets to be re-based to 1982).”.
- (3) So far as it applies in relation to an amendment of a return, this section applies only where the notice of the amendment is issued after the day on which this Act is passed.

#### Textual Amendments

**F504** Words in s. 207(2) repealed (31.1.2013) by [Statute Law \(Repeals\) Act 2013 \(c. 2\)](#), s. 3(2), [Sch. 1 Pt. 10](#) Group 1

### *National Savings*

#### **208 Ordinary accounts and investment accounts**

- (1) The National Savings Bank Act 1971 (c. 29) is amended as follows.
- (2) In section 3 (ordinary and investment deposits), after subsection (1) insert—



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- “(1A) But subsection (1) is subject to any provision made in relation to ordinary accounts or ordinary deposits by regulations under section 2 of this Act made by virtue of section 8(3) of this Act.”.
- (3) Section 6 (interest on investment deposits) is amended as follows.
- (4) In subsection (2), for “Director of Savings may from time to time determine with the consent of the Treasury” substitute “ Treasury may from time to time determine ”.
- (5) After that subsection insert—
- “(2ZA) The Treasury may determine that a rate of interest payable on investment deposits, or investment deposits of a particular description, is to be a rate produced by the operation of a formula involving the movement of an index or indices or any other factor.”.
- (6) In subsection (3), after “description” insert “ (other than one occasioned by the operation of a formula) ”.
- (7) After that subsection insert—
- “(4) In the case of an alteration in a rate of interest not affecting deposits received before it is made, any notice of the alteration required to be given by subsection (3) above may be given after the alteration is made.”.
- (8) Section 8 (regulations as to particular matters) is amended as follows.
- (9) In subsection (1), after paragraph (b) insert—
- “(ba) for the issuing of cards for use in making investment deposits or in withdrawing cash from investment accounts (or both) and regulating the use of such cards;”.
- (10) After subsection (2) insert—
- “(3) Regulations under section 2 of this Act may also make provision—
- (a) prohibiting the opening of ordinary accounts after a prescribed date;
  - (b) prohibiting the opening of investment accounts of a prescribed description after a date prescribed in relation to that description of accounts;
  - (c) prohibiting the making of ordinary deposits after a prescribed date;
  - (d) prohibiting the making of deposits in investment accounts of a prescribed description after a date prescribed in relation to that description of accounts;
  - (e) requiring the withdrawal of all of the money deposited in any dormant account of a prescribed description if any of the money deposited in it is withdrawn after a date prescribed in relation to that description of account;
  - (f) for the transfer to investment accounts of a prescribed description of deposits in dormant accounts of a prescribed description;
  - (g) for the transfer to a special Director’s account of deposits in dormant accounts of a prescribed description or in accounts to which deposits have been transferred pursuant to provision made by virtue of paragraph (f) above.
- (4) In subsection (3) above—

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“dormant account” means an account in which deposits may not be made because of provision made by virtue of paragraph (c) or (d) of that subsection; and

“special Director’s account” means an investment account in the name of the Director of Savings in which deposits are held on behalf of the persons entitled to them.”.

(11) After section 9 insert—

**“9A Investment account terms and conditions**

- (1) Any provision which may be made in relation to investment deposits by regulations under section 2 of this Act may, in the case of deposits in investment accounts of any description first made available after the passing of the Finance Act 2003, be included instead in the terms and conditions of the accounts.
- (2) Any provision included in the terms and conditions of investment accounts under subsection (1) above has effect subject to regulations under section 2 of this Act and orders under section 4 of this Act.
- (3) In this section “terms and conditions” means terms and conditions set by the Treasury and published by Director of Savings in a manner approved by the Treasury.”.

**209 Abolition of accounting requirements relating to investment deposits**

In section 120 of the Finance Act 1980 (c. 48) (investment deposits with National Savings Bank: accounting provisions etc), omit subsections (4) and (5) (which require the Director of Savings to keep an account of investment deposits etc and transmit annual statements to the Comptroller and Auditor General for examination etc).

*Other financial matters*

**210 Payments for service of national debt**

- (1) Section 15 of the National Loans Act 1968 (c. 13) (payments for service of national debt) is amended as follows.
- (2) In subsection (1) (payments to be made out of Consolidated Fund into National Loans Fund), for “charges on the National Loans Fund for the service of national debt over” substitute “payments out of the National Loans Fund—
  - (a) which represent interest on liabilities of the National Loans Fund, or
  - (b) which, in the opinion of the Treasury, ought to be treated in the same way as payments which represent such interest,
 over”.
- (3) Omit subsection (3) (which defines “charges on the National Loans Fund for the service of national debt”).

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- (4) In paragraph 13 of Schedule 5A to that Act (Debt Management Account: payments to be made out of National Loans Fund into Debt Management Account), omit sub-paragraph (2) (payments to be treated as charges on the National Loans Fund for the service of national debt).

## **211 Definition of liabilities and assets of National Loans Fund**

In section 19(4) of the National Loans Act 1968 (c. 13) (which defines as the liabilities of the National Loans Fund the nominal amount of the debt outstanding to it and as its assets its balance and loans etc outstanding to it), for the words from “of the National Loans Fund” onwards substitute “ and assets of the National Loans Fund shall be as determined by the Treasury. ”.

## **212 Accounts of Consolidated Fund and National Loans Fund**

- (1) Section 21 of the National Loans Act 1968 (accounts of Consolidated Fund and National Loans Fund) is amended as follows.
- (2) In subsection (1) (annual accounts of payments in and out), for the words from “in such form” onwards substitute “ an account relating to the Consolidated Fund, and an account relating to the National Loans Fund, in such form and containing such information as the Treasury consider appropriate. ”.
- (3) Omit subsection (3) (statements of additional information regarding transactions, assets and liabilities of Consolidated Fund and National Loans Fund).
- (4) Subsection (2) has effect for the financial year ending with 31st March 2004 and subsequent financial years.
- (5) Subsection (3) has effect for such financial year as the Treasury may by order made by statutory instrument appoint and subsequent financial years.

### **Commencement Information**

**194** [S. 212\(3\)](#) has effect as specified by [S.I. 2004/2823](#), [art. 2](#)

## **213 Debt Management Account: abolition of borrowing cap**

In Schedule 5A to the National Loans Act 1968 (Debt Management Account), omit paragraph 8 (borrowings otherwise than from National Loans Fund not to exceed total standing to credit of that Account in that Fund and at Bank of England).

## **214 Payments in error from or to National Loans Fund**

In paragraph 11 of Schedule 5A to the National Loans Act 1968 (c. 13) (payments between National Loans Fund and Debt Management Account in respect of difference between assets and liabilities of that Account), insert at the end—

- “(4) If any amount paid under sub-paragraph (1A) or (3) above should not have been paid, the Treasury may repay the whole or any part of it.”.

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### *Supplementary*

#### **215 Interpretation**

In this Act “the Taxes Act 1988” means the Income and Corporation Taxes Act 1988 (c. 1).

#### **216 Repeals**

- (1) The enactments mentioned in Schedule 43 to this Act (which include provisions that are spent or of no practical utility) are repealed to the extent specified.
- (2) The repeals specified in that Schedule have effect subject to the commencement provisions and savings contained or referred to in the notes set out in that Schedule.

#### **217 Short title**

This Act may be cited as the Finance Act 2003.

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## SCHEDULES

### SCHEDULE 1

Section 19

#### VAT: FACE-VALUE VOUCHERS

- 1 In Part 3 of the Value Added Tax Act 1994 (c. 23) (application of Act in particular cases) insert after section 51A—

#### “51B Face-value vouchers

Schedule 10A shall have effect with respect to face-value vouchers.”.

- 2 After Schedule 10 to that Act insert—

#### “SCHEDULE 10A

#### FACE-VALUE VOUCHERS

##### *Meaning of “face-value voucher” etc*

- 1 (1) In this Schedule “face-value voucher” means a token, stamp or voucher (whether in physical or electronic form) that represents a right to receive goods or services to the value of an amount stated on it or recorded in it.
- (2) References in this Schedule to the “face value” of a voucher are to the amount referred to in sub-paragraph (1) above.

##### *Nature of supply*

- 2 The issue of a face-value voucher, or any subsequent supply of it, is a supply of services for the purposes of this Act.

##### *Treatment of credit vouchers*

- 3 (1) This paragraph applies to a face-value voucher issued by a person who—
- (a) is not a person from whom goods or services may be obtained by the use of the voucher, and
  - (b) undertakes to give complete or partial reimbursement to any such person from whom goods or services are so obtained.

Such a voucher is referred to in this Schedule as a “credit voucher”.

- (2) The consideration for any supply of a credit voucher shall be disregarded for the purposes of this Act except to the extent (if any) that it exceeds the face value of the voucher.
- (3) Sub-paragraph (2) above does not apply if any of the persons from whom goods or services are obtained by the use of the voucher fails to account for

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any of the VAT due on the supply of those goods or services to the person using the voucher to obtain them.

*Treatment of retailer vouchers*

- 4 (1) This paragraph applies to a face-value voucher issued by a person who—
- (a) is a person from whom goods or services may be obtained by the use of the voucher, and
  - (b) if there are other such persons, undertakes to give complete or partial reimbursement to those from whom goods or services are so obtained.

Such a voucher is referred to in this Schedule as a “retailer voucher”.

- (2) The consideration for the issue of a retailer voucher shall be disregarded for the purposes of this Act except to the extent (if any) that it exceeds the face value of the voucher.
- (3) Sub-paragraph (2) above does not apply if—
  - (a) the voucher is used to obtain goods or services from a person other than the issuer, and
  - (b) that person fails to account for any of the VAT due on the supply of those goods or services to the person using the voucher to obtain them.
- (4) Any supply of a retailer voucher subsequent to the issue of it shall be treated in the same way as the supply of a voucher to which paragraph 6 below applies.

*Treatment of postage stamps*

- 5 The consideration for the supply of a face-value voucher that is a postage stamp shall be disregarded for the purposes of this Act except to the extent (if any) that it exceeds the face value of the stamp.

*Treatment of other kinds of face-value voucher*

- 6 (1) This paragraph applies to a face-value voucher that is not a credit voucher, a retailer voucher or a postage stamp.
- (2) A supply of such a voucher is chargeable at the rate in force under section 2(1) (standard rate) except where sub-paragraph (3), (4) or (5) below applies.
  - (3) Where the voucher is one that can only be used to obtain goods or services in one particular non-standard rate category, the supply of the voucher falls in that category.
  - (4) Where the voucher is used to obtain goods or services all of which fall in one particular non-standard rate category, the supply of the voucher falls in that category.
  - (5) Where the voucher is used to obtain goods or services in a number of different rate categories—

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- (a) the supply of the voucher shall be treated as that many different supplies, each falling in the category in question, and
- (b) the value of each of those supplies shall be determined on a just and reasonable basis.

*Vouchers supplied free with other goods or services*

- 7 Where—
- (a) a face-value voucher (other than a postage stamp) and other goods or services are supplied to the same person in a composite transaction, and
  - (b) the total consideration for the supplies is no different, or not significantly different, from what it would be if the voucher were not supplied,
- the supply of the voucher shall be treated as being made for no consideration.

*Interpretation*

- 8 (1) In this Schedule—
- “credit voucher” has the meaning given by paragraph 3(1) above;
  - “face value” has the meaning given by paragraph 1(2) above;
  - “face value voucher” has the meaning given by paragraph 1(1) above;
  - “retailer voucher” has the meaning given by paragraph 4(1) above.
- (2) For the purposes of this Schedule—
- (a) the “rate categories” of supplies are—
    - (i) supplies chargeable at the rate in force under section 2(1) (standard rate),
    - (ii) supplies chargeable at the rate in force under section 29A (reduced rate),
    - (iii) zero-rated supplies, and
    - (iv) exempt supplies and other supplies that are not taxable supplies;
  - (b) the “non-standard rate categories” of supplies are those in subparagraphs (ii), (iii) and (iv) of paragraph (a) above;
  - (c) goods or services are in a particular rate category if a supply of those goods or services falls in that category.
- (3) A reference in this Schedule to a voucher being used to obtain goods or services includes a reference to the case where it is used as part-payment for those goods or services.”.

3 In Schedule 6 to the Value Added Tax Act 1994 (c. 23) (valuation: special cases), omit paragraph 5 (vouchers etc).

4 The amendments made by this Schedule apply to supplies of tokens, stamps or vouchers issued on or after 9th April 2003.

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## F505 SCHEDULE 2

Section 23

### Textual Amendments

**F505** Sch. 2 repealed (31.12.2020) by [Taxation \(Cross-border Trade\) Act 2018 \(c. 22\)](#), s. 57(3), [Sch. 8 para. 132\(e\)](#) (with savings and transitional provisions in [S.I. 2019/105](#) (as amended by [S.I. 2020/1495](#), regs. 1(2), [21](#)), [S.I. 2020/1545](#), [Pt. 4](#) and [2020 c. 26](#), [Sch. 2 para. 7\(7\)-\(9\)](#)); [S.I. 2020/1642](#), [reg. 4\(b\)](#) (with reg. 7)

## F506 SCHEDULE 2A

### TRANSACTIONS ENTERED INTO BEFORE COMPLETION OF CONTRACT

### Textual Amendments

**F506** Sch. 2A inserted (with effect in accordance with Sch. 39 para. 11 of the amending Act) by [Finance Act 2013 \(c. 29\)](#), [Sch. 39 para. 3](#)

#### *Pre-completion transactions*

- 1 (1) This Schedule applies where—
- (a) a person (“the original purchaser”) enters into a contract (“the original contract”) for the acquisition by that person of a chargeable interest under which the acquisition is to be completed by a conveyance, and
  - (b) there is a pre-completion transaction.
- (2) A transaction is a “pre-completion transaction” for the purposes of sub-paragraph (1) if—
- (a) as a result of the transaction a person other than the original purchaser (“the transferee”) becomes entitled to call for a conveyance to that person of the whole or part of the subject-matter of the original contract, and
  - (b) immediately before the transaction took place a person was entitled under the original contract to call for a conveyance of the whole or part of that subject-matter.
- (3) A transaction that effects a person's acquisition of the whole or part of the subject-matter of the original contract is not a pre-completion transaction.
- (4) The grant or assignment of an option is not a pre-completion transaction.
- (5) The fact that a transaction has the effect of discharging the original contract does not prevent that transaction from being a pre-completion transaction.
- (6) The reference in sub-paragraph (1)(a) to a contract does not include a contract that is an assignment of rights in relation to another contract.
- (7) In this Schedule references to “part of the subject-matter of the original contract”—



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- (a) are to a chargeable interest that is the same as the chargeable interest referred to in sub-paragraph (1)(a) except that it relates to part only of the land concerned, and
  - (b) also include, so far as is appropriate, interests or rights appurtenant or pertaining to the chargeable interest.
- (8) This Schedule does not apply where paragraph 12B of Schedule 17A (assignment of agreement for lease) applies.

*Other key expressions*

- 2
- (1) A pre-completion transaction is an “assignment of rights” if the entitlement of the transferee referred to in paragraph 1(2)(a) is an entitlement to exercise rights under the original contract.
  - (2) A pre-completion transaction other than an assignment of rights is referred to in this Schedule as a “free-standing transfer”.
  - (3) In this Schedule “the transferor”, in relation to a pre-completion transaction, means a party to the pre-completion transaction who immediately before the pre-completion transaction took place was entitled to call for a conveyance of (what became) the subject-matter of the pre-completion transaction.
  - (4) References in this Schedule to the “subject-matter” of a pre-completion transaction—
    - (a) are to the chargeable interest the conveyance of which the transferee is entitled to call for as a result of the pre-completion transaction, and
    - (b) include, so far as appropriate, any interest or right appurtenant or pertaining to the chargeable interest.

*Tax not charged on transferee by reason of the pre-completion transaction*

- 3
- The transferee is not regarded as entering into a land transaction by reason of the pre-completion transaction.

*Assignments of rights: application of rules about completion and consideration*

- 4
- (1) This paragraph applies if the pre-completion transaction is an assignment of rights.
  - (2) If the subject-matter of the original contract is conveyed to the transferee, the conveyance is taken to effect the completion of the original contract (despite section 44(10)).
  - (3) Sub-paragraphs (4) to (6) apply if—
    - (a) the subject-matter of the original contract is conveyed to the transferee, or
    - (b) the original contract is substantially performed by the transferee.
  - (4) The transferee is taken to be the purchaser under the land transaction effected as mentioned in section 44(3), or treated as effected under section 44(4).
  - (5) For the purpose of determining the chargeable consideration for that land transaction, the land transaction is taken to give effect to a contract the consideration under which is—
    - (a) the consideration under the original contract, and
    - (b) the consideration for the assignment of rights.

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Paragraph 1 of Schedule 4 has effect accordingly (but this sub-paragraph does not allow any amount of consideration given by a person to be counted twice in determining the chargeable consideration).

- (6) In any case in which there is a relevant connection between parties as mentioned in paragraph 12(2) (minimum consideration rule), the chargeable consideration for the land transaction mentioned in sub-paragraph (4) of this paragraph is calculated (regardless of whether the consideration is taken to be the amount in paragraph (a), (b) or (c) of sub-paragraph 12(2)), as if in paragraph 1(1) of Schedule 4 the words, “or a person connected with him” were omitted.
- (7) The original contract is said to be “substantially performed by the transferee” where a land transaction is treated under section 44(4) as effected by reason of—
  - (a) the transferee under the assignment of rights, or a person connected with the transferee, taking possession of the whole, or substantially the whole, of the subject-matter of the original contract, or
  - (b) a substantial amount of the consideration being paid or provided by the transferee or a person connected with the transferee, or
  - (c) consideration paid or provided by a person within paragraph (b) amounting, when taken together with consideration paid or provided by another person, to a substantial amount of the consideration.
- (8) References in sub-paragraph (7) to possession and to the payment or provision of a substantial amount of the consideration are to be read in accordance with section 44(6) and (7).
- (9) In sub-paragraph (5) “the consideration”—
  - (a) in relation to the land transaction, means (what is to be taken to be) the consideration for the acquisition of the subject-matter of the land transaction;
  - (b) in relation to the original contract, means the consideration for the acquisition of the subject-matter of that contract;
  - (c) in relation to the assignment of rights, means the consideration for the transferee's acquisition of the rights to which that contract relates.

*Assignment of rights: transferor treated as making separate acquisition*

- 5 (1) Where paragraph 4(4) to (6) applies (assignment of rights: original contract completed or substantially performed) this Part of this Act has effect as if—
- (a) the effective date of the land transaction mentioned in paragraph 4(4) (“the transferee's land transaction”) were also the effective date of another land transaction (a “notional land transaction”), and
  - (b) the original purchaser were the purchaser under that notional land transaction.

The notional land transaction is referred to below as “associated with” the assignment of rights under which the original purchaser is the transferor.

- (2) Where sub-paragraph (1) applies and the assignment of rights mentioned in paragraph 4(1) (“the implemented assignment of rights”) was preceded by one or more related assignments of rights, then for the purposes of this Part of this Act there is taken to be, for each assignment of rights (other than the first) in the chain formed by the implemented assignment of rights and those preceding assignments of rights, an additional land transaction in the case of which—

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- (a) the effective date is the effective date of the transferee's land transaction, and
- (b) the purchaser is the transferor under that assignment of rights.

The additional land transaction is referred to below as “associated with” the assignment of rights.

- (3) For the purpose of determining the chargeable consideration for the notional land transaction, Schedule 4 has effect as if paragraph 1(1) of that Schedule provided that the chargeable consideration is (except as otherwise expressly provided) the total of amounts A and B.
- (4) For the purpose of determining the chargeable consideration for any additional land transaction, Schedule 4 has effect as if paragraph 1(1) of that Schedule provided that the chargeable consideration is (except as otherwise expressly provided) the total of amounts A, B and C.
- (5) For the purposes of sub-paragraphs (3) and (4)—
  - A is the total amount of any consideration in money or money's worth given (whether directly or indirectly) by any of the following as consideration under the original contract—
    - (a) the transferee under the assignment of rights with which the notional land transaction or (as the case requires) the additional land transaction is associated;
    - (b) where that assignment of rights is one in a chain of successive transactions that are pre-completion transactions in relation to the original contract (all having at least part of their subject-matter in common), the transferee under any subsequent pre-completion transaction in that chain;
    - (c) a person connected with a person falling within paragraph (a) or (b);
  - B is the total amount of any other consideration in money or money's worth given as consideration under the original contract (directly or indirectly) by—
    - (a) the purchaser (under the notional land transaction or, as the case requires, the additional land transaction), or
    - (b) a person connected with the purchaser;
  - C is the amount of any consideration in money or money's worth given for the preceding assignment of rights by—
    - (a) the purchaser (under the additional land transaction), or
    - (b) a person connected with the purchaser.
- (6) In the definition of amount C, “the preceding assignment of rights” means the assignment of rights as a result of which the purchaser became entitled to call for a conveyance of (what became) the subject-matter of the assignment of rights associated with the additional land transaction.
- (7) In sub-paragraph (2) “related assignment of rights” means a transaction that is an assignment of rights in relation to the original contract and has some subject-matter in common with the implemented assignment of rights.

*Paragraph 5: effect of rescission etc following substantial performance*

- 6 (1) This paragraph applies where paragraph 5(1) (transferor treated as making separate acquisition) applies by virtue of the substantial performance by the transferee of the original contract.

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- (2) If the original contract is (to any extent) subsequently rescinded or annulled, or is for any other reason not carried into effect, the tax paid by virtue of paragraph 5(1), and any tax paid by virtue of paragraph 5(2), must (to that extent) be repaid by HMRC.
- (3) Repayment under sub-paragraph (2) must be claimed by amendment of the land transaction return made in respect of the notional or additional land transaction.

*Assignment of rights relating to part only of subject-matter of original contract*

- 7 Where the transferee under the assignment of rights referred to in paragraph 4(1) is entitled to call for the conveyance of part, but not the whole, of the subject-matter of the original contract—
- (a) paragraph 4 applies as if the original contract, so far as relating to that part of its subject-matter, were a separate contract, and
  - (b) the references in paragraph 5 to the original contract are to be read accordingly.

*Assignment of rights: references to “the vendor”*

- 8 (1) This paragraph applies where—
- (a) the pre-completion transaction is an assignment of rights, and
  - (b) either the subject-matter of the original contract is conveyed to the transferee or the original contract is substantially performed by the transferee.
- (2) This paragraph does not apply if the original contract is itself a free-standing transfer. See paragraphs 10 and 11 for the treatment of such cases.
- (3) In relation to a relevant land transaction, the general rule is that references in this Part of this Act to the vendor are to be read as references to the vendor under the original contract (but see sub-paragraphs (4) and (5)).
- (4) In cases where the original contract was substantially performed before the transferee became entitled to call for a conveyance of the whole or part of the subject-matter of the original contract, references in this Part of this Act to the vendor are to be read as references to the person who was the purchaser under the original contract when it was substantially performed.
- (5) In relation to a relevant land transaction, references to the vendor in the specified provisions (see sub-paragraph (6)) are to be read as including—
- (a) the vendor under the original contract, and
  - (b) the transferor under any relevant assignment of rights.
- (6) The specified provisions are—
- (a) section 61(1)(a) (compliance with planning obligations: conditions for exemption);
  - (b) section 66(1) and (2) (transfers involving public bodies);
  - (c) paragraph 8(1)(a) of Schedule 4 (debt as consideration);
  - (d) paragraph 10(2)(c) of Schedule 4 (carrying out of works);
  - (e) paragraph 16 of Schedule 4 (indemnity given by vendor).
- (7) The following are “relevant land transactions”—

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- (a) the land transaction effected by the conveyance mentioned in sub-paragraph (1)(b) or treated as effected by the substantial performance mentioned in that provision;
  - (b) the notional land transaction mentioned in paragraph 5(1)(b) and any additional land transaction under paragraph 5(2).
- (8) In determining under section 108(1) whether or not a relevant land transaction such as is mentioned in sub-paragraph (7)(a) is linked to another transaction, it may be assumed that any of the following is the vendor under the relevant land transaction—
- (a) the vendor (determined in accordance with sub-paragraph (3)), or
  - (b) the transferor under any relevant assignment of rights.
- (9) The following are “relevant assignments of rights” in relation to a relevant land transaction—
- (a) the assignment of rights mentioned in sub-paragraph (1)(a);
  - (b) any other transaction that is an assignment of rights in relation to the original contract and has some subject-matter in common with the assignment of rights mentioned in paragraph (a).

*Free-standing transfers: consideration and substantial performance*

- 9 (1) This paragraph applies where the pre-completion transaction is a free-standing transfer.
- (2) If the transferee acquires the subject-matter of the free-standing transfer, the consideration for the transaction effecting that acquisition is taken to include the consideration given for the free-standing transfer (if that would not otherwise be the case).
- (3) References in sub-paragraph (2) to an acquisition include an acquisition deemed to take place under section 44(4) (and the reference to the transaction effecting that acquisition is read accordingly).
- (4) An action taken by the transferee (or an assignee of the transferee) that would, if taken by the original purchaser, constitute (for the purposes of section 44(5)) the taking of possession of the whole or substantially the whole of the subject-matter of the original contract is treated as effecting the substantial performance of the original contract.
- (5) If a transaction that is a free-standing transfer in relation to a contract is also a free-standing transfer in relation to another contract (in particular, where there have been successive free-standing transfers), each of those contracts may be regarded as “the original contract” for the purposes of separate applications of sub-paragraph (4).
- (6) In sub-paragraph (4)—
- (a) the reference to the transferee includes a person connected with the transferee, and
  - (b) the reference to an assignee of the transferee includes a person connected with such a person.
- (7) References in this paragraph to an assignee of the transferee are to a person who, as a result of a transaction that is an assignment of rights in relation to the free-standing transfer, is entitled to call for a conveyance of the whole or part of the subject-matter of the free-standing transfer.

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*Meaning of “the vendor”: cases involving free-standing transfers*

- 10 (1) This paragraph applies where—
- (a) a land transaction is effected, or treated as effected, by an acquisition falling within paragraph 9(2) (read with paragraph 9(3)), or
  - (b) paragraph 8(1) (meaning of “vendor” where the transferee is the assignee under an assignment of rights) would apply but for paragraph 8(2) (exclusion of cases where the original contract is itself a free-standing transfer).
- (2) In this paragraph “the relevant land transaction” means the land transaction—
- (a) mentioned in sub-paragraph (1)(a), or
  - (b) in a case falling within sub-paragraph (1)(b), effected by the conveyance to the transferee of the subject-matter of the original contract or the substantial performance by the transferee of the original contract.
- (3) References in this paragraph to “the specified transaction” are to—
- (a) the free-standing transfer mentioned in paragraph 9(2), or
  - (b) the original contract the subject-matter of which is conveyed to the transferee or which is substantially performed by the transferee.
- (4) The general rule is that in relation to the relevant land transaction references in this Part of this Act to “the vendor” are to be read as references to the vendor or (as the case may be) transferor under the first appropriate transaction (but see sub-paragraph (5)).
- (5) In relation to the relevant land transaction, references to the vendor in the specified provisions (see sub-paragraph (6)) are to be read as including—
- (a) the vendor under the first appropriate transaction, and
  - (b) each person who is the transferor in the case of a relevant pre-completion transaction.
- (6) The specified provisions are—
- (a) section 61(1)(a) (compliance with planning obligations: conditions for exemption);
  - (b) section 66(1) and (2) (transfers involving public bodies);
  - (c) paragraph 8(1)(a) of Schedule 4 (debt as consideration);
  - (d) paragraph 10(2)(c) of Schedule 4 (carrying out of works);
  - (e) paragraph 16 of Schedule 4 (indemnity given by vendor).
- (7) In determining under section 108(1) whether or not the relevant land transaction is linked to another transaction it may be assumed that any of the following is the vendor under the relevant land transaction—
- (a) the vendor (determined under sub-paragraph (4)), or
  - (b) the transferor under any relevant pre-completion transaction.
- (8) The following are “relevant pre-completion transactions” in relation to the relevant land transaction—
- (a) the specified transaction;
  - (b) any other transaction that is a pre-completion transaction in relation to the original contract and has some subject-matter in common with the specified transaction.

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*Paragraph 10: “the first appropriate transaction” and “the original contract”*

- 11 (1) Subject to the following provisions of this paragraph, “the first appropriate transaction” means the original contract.
- (2) If the original contract is not performed at the same time as, and in connection with the performance of, the specified transaction, “the first appropriate transaction” means a transaction that is a pre-completion transaction in relation to the original contract and meets the following conditions.
- (3) The conditions are that the pre-completion transaction—
- (a) is performed at the time when the specified transaction is performed and (if it is not itself the specified transaction) is performed in connection with the performance of the specified transaction,
  - (b) is a transaction on which the entitlement of the transferee to call for the conveyance of the subject-matter of the specified transaction depends, and
  - (c) is not preceded by another pre-completion transaction meeting the conditions in paragraphs (a) and (b).
- (4) For the purposes of this paragraph—
- (a) a contract for a land transaction is taken to be “performed” when it is substantially performed or completed (whichever is earlier);
  - (b) a free-standing transfer other than a contract is taken to be “performed” when the transferee under that free-standing transfer (or an assignee of that transferee, as defined in paragraph 9(7)) acquires the subject-matter of that free-standing transfer.
- (5) Where the specified transaction is a pre-completion transaction in relation to each of two or more contracts such as are mentioned in paragraph 1(1)(a) that together form a series of such contracts (each having some subject-matter in common with all the others), references in paragraph 10 and this paragraph to “the original contract” are to be read as references to the first contract in that series.
- (6) In this paragraph “the specified transaction” has the meaning given by paragraph 10(3).

*Minimum consideration rule*

- 12 (1) This paragraph applies where either of the following provisions applies—
- (a) paragraph 4(3) (assignment of rights: chargeable interest acquired or treated as acquired by transferee);
  - (b) paragraph 9(2) (free-standing transfers: chargeable interest acquired or treated as acquired by transferee).
- (2) If there is a relevant connection between parties, then for the purposes of paragraph 1(1) of Schedule 4 the consideration given by the purchaser for the subject-matter of the land transaction referred to in paragraph 4(4) or 9(2) is taken to be—
- (a) the amount that it would be apart from this sub-paragraph, or
  - (b) (if higher) the first minimum amount, or
  - (c) (if higher than both those amounts) the second minimum amount.
- (3) There is a “relevant connection between parties” if—
- (a) the persons who are the transferor and transferee in relation to the pre-completion transaction mentioned in paragraph 4(1) or 9(1) (“the

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- implemented transaction”) are connected with each other, or are not acting at arm's length, or
- (b) sub-paragraph (4) applies.
- (4) This sub-paragraph applies if—
- (a) the implemented transaction is one in a chain of successive transactions (all having at least part of their subject-matter in common) that are pre-completion transactions in relation to the original contract, and
- (b) a person who is the transferor in relation to a pre-completion transaction that precedes the implemented transaction in the chain of transactions is connected with, or not acting at arm's length in relation to, the transferee under the implemented transaction.
- (5) Where the implemented transaction is a pre-completion transaction in relation to—
- (a) a contract for a land transaction that is not itself a free-standing transfer in relation to any other contract, and
- (b) a contract, or two or more successive contracts, that are themselves free-standing transfers in relation to the contract mentioned in paragraph (a),
- references in this paragraph to “the original contract” are to the contract mentioned in paragraph (a) (and do not include any contract mentioned in paragraph (b)).

*The first minimum amount*

- 13 (1) “The first minimum amount” means—
- (a) if the chargeable interest acquired (or treated as acquired) under the land transaction referred to in paragraph 4(4) or 9(2) is the whole subject-matter of the original contract, the amount of any consideration (in money or money's worth) agreed to be given, under the terms of the original contract, for the acquisition of that subject-matter, or
- (b) if paragraph (a) does not apply, so much of the amount mentioned in paragraph (a) as is referable, on a just and reasonable apportionment, to the chargeable interest mentioned in that paragraph.

This is subject to sub-paragraph (2).

- (2) If conditions A to C are met, “the first minimum amount” means the amount of any consideration (in money or money's worth) agreed, under the terms of the transfer to the first T, to be given in respect of the subject-matter of that transaction (including any consideration relating to an obligation of the transferor under the transfer to the first T).
- (3) The conditions mentioned in sub-paragraph (2) are as follows.
- Condition A is that the pre-completion transaction referred to in paragraph 4(4) or 9(2) is one of a chain of successive transactions (all having at least part of their subject-matter in common) that are pre-completion transactions in relation to the original contract.
- Condition B is that a person (“T”) is the transferor under a pre-completion transaction that forms part of that chain and T is connected with, or not acting at arm's length in relation to—
- (a) the transferee under that transaction, or
- (b) the transferee under a subsequent transaction in the chain.



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Condition C is that having regard to all the circumstances it would not be reasonable to conclude that the obtaining of a tax advantage (for any person) was the main purpose, or one of main purposes, of T in entering into—

- (a) any pre-completion transaction in the chain, or
- (b) any arrangements of which such a transaction forms part.

- (4) Where conditions A to C are met, “the first T” means—
  - (a) if condition B is met in relation to only one pre-completion transaction, T, or
  - (b) if condition B is met in relation to more than one pre-completion transaction in the chain, the transferor in relation to the first of the pre-completion transactions in relation to which condition B is met.
- (5) In this paragraph “the transfer to the first T” means—
  - (a) the pre-completion transaction under which the first T is the transferee, or
  - (b) the original contract (if T is the original purchaser).
- (6) In this paragraph—
  - (a) references to “the original contract” are to be read in accordance with paragraph 12(5) (and references to the original purchaser are to be read accordingly);
  - (b) “tax advantage” has the same meaning as in paragraph 18.

#### *The second minimum amount*

- 14 (1) In paragraph 12 “the second minimum amount” means the total of the net amounts of consideration given by the relevant parties.
- (2) The net amount of consideration given by any relevant party is—

where—

CP is the total amount of consideration given by the party for the acquisition of the chargeable interest or as consideration for a pre-completion transaction;

CR is the total of any amounts of consideration given to the party by another relevant party (or other relevant parties) as consideration for the acquisition of the chargeable interest or as consideration for a pre-completion transaction.

If CR is greater than CP, the net amount of consideration given by the relevant party is taken to be zero.

- (3) Except where sub-paragraph (4) applies, the relevant parties for the purposes of this paragraph are—
  - (a) the original purchaser, and
  - (b) the transferee.
- (4) If the pre-completion transaction referred to in paragraph 4(4) or 9(2) (“the implemented transaction”) is one in a chain of successive transactions (having at least part of their subject-matter in common) that are pre-completion transactions in relation to the original contract, only the following are relevant parties—
  - (a) the persons who are the transferor and transferee in relation to the implemented transaction;

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- (b) a person who is the transferor in relation to preceding transaction, if that person is connected with, or not acting at arm's length in relation to, the transferee under the implemented transaction,
  - (c) the transferee under a pre-completion transaction, if the transferor is a relevant party (whether by virtue of this paragraph (c) or otherwise).
- (5) For the purposes of sub-paragraph (2)—
- (a) amounts given by a person connected with a relevant party are treated as given by the relevant party;
  - (b) amounts given to a person connected with a relevant party are treated as given to the relevant party.
- References in this paragraph to a person connected with a relevant party do not include a person who is a relevant party.
- (6) If the subject-matter of the implemented transaction is not the whole subject-matter of the original contract—
- (a) the amounts that are taken for the purposes of sub-paragraph (2) to be given “for the acquisition of the chargeable interest” are to be determined on a just and reasonable basis, and
  - (b) only so much of the consideration for a preceding transaction as is referable, on a just and reasonable apportionment, to the subject-matter of the implemented transaction is taken into account under sub-paragraph (2).
- (7) In this paragraph—
- (a) references to “the original contract” are to be read in accordance with paragraph 12(5) (and references to “the original purchaser” are to be read accordingly);
  - (b) “preceding transaction” means a pre-completion transaction that precedes the implemented transaction in a chain of successive pre-completion transactions (all having at least part of their subject-matter in common).

*Relief for transferor: assignment of rights*

- 15 (1) This paragraph applies where—
- (a) a person would, in the absence of this paragraph, be liable to pay tax in respect of a notional land transaction deemed to take place under paragraph 5(1) or an additional land transaction deemed to take place under paragraph 5(2), and
  - (b) the original contract had not been substantially performed when the assignment of rights mentioned in paragraph 4(1) was entered into.
- (2) If the purchaser claims relief under this paragraph in respect of the notional land transaction or additional land transaction, no liability to tax arises in respect of that transaction.
- (3) Sub-paragraph (2) does not apply if the land transaction mentioned in paragraph 4(4) is exempt from charge by virtue of any of sections 71A to 73 (which relate to alternative property finance).
- (4) Relief under this section must be claimed in a land transaction return or an amendment of such a return.

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*Relief for original purchaser: qualifying subsales*

- 16 (1) This paragraph applies if—
- (a) the pre-completion transaction is a qualifying subsale,
  - (b) the original purchaser would, in the absence of this paragraph, be liable to pay tax in respect of a land transaction effected by the completion of the original contract or deemed to be effected by the substantial performance of the original contract,
  - (c) the performance of the qualifying subsale takes place at the same time as, and in connection with, the performance of the original contract, and
  - (d) relief is claimed in respect of the land transaction mentioned in paragraph (b).
- (2) If the subject-matter of the qualifying subsale is the whole of the subject-matter of the original contract, no liability to tax arises in respect of the land transaction.
- (3) If the subject-matter of the qualifying subsale is part (but not the whole) of the subject-matter of the original contract, the amount of the consideration for the land transaction is taken to be—
- (a) the amount that it would be apart from this subsection, less
  - (b) so much of that amount as is referable to the subject-matter of the qualifying subsale.
- (4) The amount mentioned in sub-paragraph (3)(a) may be reduced more than once under sub-paragraph (3) if there is more than one qualifying subsale.
- (5) Sub-paragraphs (2) to (4) do not apply if—
- (a) the original contract had been substantially performed when the qualifying subsale was entered into, or
  - (b) the transaction effected, or deemed to be effected, by the performance of the qualifying subsale is exempt from charge by virtue of any of sections 71A to 73.
- (6) Relief under this section must be claimed in a land transaction return or an amendment of a land transaction return.
- (7) For the purposes of this paragraph a contract for a land transaction is taken to be “performed” when it is substantially performed or completed (whichever is earlier).
- (8) A pre-completion transaction is a “qualifying subsale” if it is a contract under which the original purchaser contracts to sell the whole or part of the subject-matter of the original contract to the transferee.

*Application of paragraph 16 to successive subsales*

- 17 If a transaction is a qualifying subsale in relation to more than one contract such as is mentioned in paragraph 1(1)(a), paragraph 16 is to be applied separately in relation to each such original contract for the purpose of determining what relief, if any, may be available with respect to the land transaction in question.

*Tax avoidance arrangements*

- 18 (1) Relief may not be claimed—

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- (a) under paragraph 15 if the assignment of rights referred to in sub-paragraph (1)(b) of that paragraph forms part of any tax avoidance arrangements, or
  - (b) under paragraph 16 if the qualifying subsale referred to in sub-paragraph (1)(c) of that paragraph forms part of any tax avoidance arrangements.
- (2) Arrangements are “tax avoidance arrangements” if, having regard to all the circumstances, it would be reasonable to conclude that the obtaining of a tax advantage for the original purchaser or any other person was the main purpose, or one of the main purposes, of the original purchaser in entering into the arrangements.
- (3) In this paragraph “tax advantage” means—
- (a) a relief from tax or increased relief from tax,
  - (b) a repayment of tax or increased repayment of tax,
  - (c) the avoidance or reduction of a charge to tax, or
  - (d) the avoidance of a possible assessment to tax.
- (4) In this paragraph “arrangements” includes any agreement, understanding, scheme, transaction or series of transactions (whether or not legally enforceable).
- (5) Nothing in paragraphs 12 to 14 (minimum consideration rule) or this paragraph affects the breadth of the application of sections 75A to 75C (anti-avoidance).

*Exclusion of transactions from duty to make returns etc*

- 19 (1) The Treasury may by regulations amend this Schedule, or any provision of this Part of this Act relating to the making of returns, so as to—
- (a) exempt relevant purchasers of any specified description, or in specified circumstances, from the duty to deliver a land transaction return,
  - (b) provide for relief under paragraph 15 or 16 to be available without a claim in the case of any specified class of transactions, or
  - (c) provide that paragraph 5 does not apply in specified cases.
- (2) In this paragraph “relevant purchaser” means a person who is the transferor under a pre-completion transaction.

*Connected persons*

- 20 Section 1122 of CTA 2010 (connected persons) applies for the purposes of this Schedule.

*Interpretation of Schedule*

- 21 (1) In this Schedule—
- “assignment of rights” has the meaning given by paragraph 2(1);
  - “contract” includes any agreement;
  - “conveyance” includes any instrument;
  - “free-standing transfer” has the meaning given by paragraph 2(2);
  - “pre-completion transaction” (in relation to a contract such as is mentioned in paragraph 1(1)) has the meaning given by paragraph 1(2);
  - “qualifying subsale” has the meaning given by paragraph 16(8);

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“the transferee”, in relation to a pre-completion transaction, has the meaning given by paragraph 1(2)(a);

“the transferor”, in relation to a pre-completion transaction, has the meaning given by paragraph 2(3).

(2) In this Schedule—

- (a) references to “the original contract” are to be read in accordance with paragraph 1(1)(a);
- (b) references to “the original purchaser” are to be read in accordance with paragraph 1(1)(a) and see also sub-paragraph (3);
- (c) references to “part of the subject-matter of the original contract” are to be read in accordance with paragraph 1(7);
- (d) references to the “subject-matter” of a pre-completion transaction are to be read in accordance with paragraph 2(4);
- (e) references to substantial performance of the original contract “by the transferee” (in cases involving an assignment of rights) are to be read in accordance with paragraph 4(7).

(3) For any one contract for the acquisition of a chargeable interest there is only one original purchaser (disregarding cases involving joint purchasers).]

### SCHEDULE 3

Section 49

#### STAMP DUTY LAND TAX: TRANSACTIONS EXEMPT FROM CHARGE

##### *No chargeable consideration*

1 A land transaction is exempt from charge if there is no chargeable consideration for the transaction.

##### *Grant of certain leases by registered social landlords*

- 2 (1) The grant of a lease of a dwelling is exempt from charge if the lease—
- (a) is granted by a [<sup>F507</sup>relevant housing provider] to one or more individuals in accordance with arrangements to which this paragraph applies, and
  - (b) is for an indefinite term or is terminable by notice of a month or less.
- (2) This paragraph applies to arrangements between a [<sup>F508</sup>relevant housing provider] and a housing authority under which the [<sup>F508</sup>relevant housing provider] provides, for individuals nominated by the authority in pursuance of its statutory housing functions, temporary rented accommodation which the [<sup>F508</sup>relevant housing provider] itself has obtained on a short-term basis.

The reference above to accommodation obtained by the [<sup>F508</sup>relevant housing provider] “on a short-term basis” is to accommodation leased to the [<sup>F508</sup>relevant housing provider] for a term of five years or less.

[<sup>F509</sup>(2A) A “relevant housing provider” means—

- (a) a non-profit registered provider of social housing, or
- (b) a registered social landlord.]

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- (3) A “housing authority” means—
- (a) in relation to England and Wales—
    - (i) a principal council within the meaning of the Local Government Act 1972 (c. 70), or
    - (ii) the Common Council of the City of London;
  - (b) in relation to Scotland, a council constituted under section 2 of the Local Government etc. (Scotland) Act 1994 (c. 39);
  - (c) in relation to Northern Ireland—
    - (i) the Department for Social Development in Northern Ireland, or
    - (ii) the Northern Ireland Housing Executive.

#### Textual Amendments

- F507** Words in Sch. 3 para. 2(1) substituted (1.4.2010) by [Housing and Regeneration Act 2008 \(c. 17\)](#), s. 325(1), [Sch. 9 para. 31\(2\)](#); S.I. 2010/862, art. 2 (with Sch.)
- F508** Words in Sch. 3 para. 2(2) substituted (1.4.2010) by [Housing and Regeneration Act 2008 \(c. 17\)](#), s. 325(1), [Sch. 9 para. 31\(2\)](#); S.I. 2010/862, art. 2 (with Sch.)
- F509** Sch. 3 para. 2(2A) inserted (1.4.2010) by [Housing and Regeneration Act 2008 \(c. 17\)](#), s. 325(1), [Sch. 9 para. 31\(3\)](#); S.I. 2010/862, art. 2 (with Sch.)

#### *Transactions in connection with divorce etc*

- 3 A transaction between one party to a marriage and the other is exempt from charge if it is effected—
- (a) in pursuance of an order of a court made on granting in respect of the parties [<sup>F510</sup>an order or decree for their divorce, the annulment of the marriage or their judicial separation;]
  - (b) in pursuance of an order of a court made in connection with the dissolution or annulment of the marriage, or the parties' judicial separation, at any time after the granting of such [<sup>F511</sup>an order or decree for divorce, annulment or judicial separation as is mentioned in paragraph (a);]
  - (c) in pursuance of—
    - (i) an order of a court made at any time under section 22A, 23A or 24A of the Matrimonial Causes Act 1973 (c. 18), or
    - (ii) an incidental order of a court made under section 8(2) of the Family Law (Scotland) Act 1985 (c. 37) by virtue of section 14(1) of that Act;
  - (d) at any time in pursuance of an agreement of the parties made in contemplation or otherwise in connection with the dissolution or annulment of the marriage, their judicial separation or the making of a separation order in respect of them.

#### Textual Amendments

- F510** Words in Sch. 3 para. 3(a) substituted (6.4.2022) by [Divorce, Dissolution and Separation Act 2020 \(c. 11\)](#), s. 8(1)(8), [Sch. para. 55\(a\)](#); S.I. 2022/283, reg. 2
- F511** Words in Sch. 3 para. 3(b) substituted (6.4.2022) by [Divorce, Dissolution and Separation Act 2020 \(c. 11\)](#), s. 8(1)(8), [Sch. para. 55\(b\)](#); S.I. 2022/283, reg. 2

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### *f<sup>F512</sup> Assents and appropriations by personal representatives*

#### **Textual Amendments**

**F512** Sch. 3 para. 3A and cross-heading inserted (with effect in accordance with s. 300(2) of the amending Act) by [Finance Act 2004 \(c. 12\), s. 300\(1\)](#)

- 3A (1) The acquisition of property by a person in or towards satisfaction of his entitlement under or in relation to the will of a deceased person, or on the intestacy of a deceased person, is exempt from charge.
- (2) Sub-paragraph (1) does not apply if the person acquiring the property gives any consideration for it, other than the assumption of secured debt.
- (3) Where sub-paragraph (1) does not apply because of sub-paragraph (2), the chargeable consideration for the transaction is determined in accordance with paragraph 8A(1) of Schedule 4.
- (4) In this paragraph—
- “debt” means an obligation, whether certain or contingent, to pay a sum of money either immediately or at a future date, and
- “secured debt” means debt that, immediately after the death of the deceased person, is secured on the property.]

### *f<sup>F513</sup> Transactions in connection with dissolution of civil partnership etc*

#### **Textual Amendments**

**F513** Sch. 3 para. 3A inserted (5.12.2005) by [The Tax and Civil Partnership Regulations 2005 \(S.I. 2005/3229\)](#), regs. 1(1), 174

- 3A. A transaction between one party to a civil partnership and the other is exempt from charge if it is effected —
- (a) in pursuance of an order of a court made on granting in respect of the parties an order or decree for the dissolution or annulment of the civil partnership or their judicial separation;
- (b) in pursuance of an order of a court made in connection with the dissolution or annulment of the civil partnership, or the parties' judicial separation, at any time after the granting of such an order or decree for dissolution, annulment or judicial separation as mentioned in paragraph (a);
- (c) in pursuance of —
- (i) an order of a court made at any time under any provision of Schedule 5 to the Civil Partnership Act 2004 that corresponds to section 22A, 23A or 24A of the Matrimonial Causes Act 1973, or
- (ii) an incidental order of a court made under any provision of the Civil Partnership Act 2004 that corresponds to section 8(2) of the Family Law (Scotland) Act 1985 by virtue of section 14(1) of that Act of 1985;
- (d) at any time in pursuance of an agreement of the parties made in contemplation of or otherwise in connection with the dissolution or

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annulment of the civil partnership, their judicial separation or the making of a separation order in respect of them.]

*Variation of testamentary dispositions etc*

- 4 (1) A transaction following a person's death that varies a disposition (whether effected by will, under the law relating to intestacy or otherwise) of property of which the deceased was competent to dispose is exempt from charge if the following conditions are met.
- (2) The conditions are—
- (a) that the transaction is carried out within the period of two years after a person's death, and
- (b) that no consideration in money or money's worth other than the making of a variation of another such disposition is given for it.
- [<sup>F514</sup>(2A) Where the condition in sub-paragraph (2)(b) is not met, the chargeable consideration for the transaction is determined in accordance with paragraph 8A(2) of Schedule 4.]
- (3) This paragraph applies whether or not the administration of the estate is complete or the property has been distributed in accordance with the original dispositions.

**Textual Amendments**

**F514** Sch. 3 para. 4(2A) inserted (with effect in accordance with s. 301(7) of the amending Act) by [Finance Act 2004 \(c. 12\), s. 301\(1\)](#)

*Power to add further exemptions*

- 5 (1) The Treasury may by regulations provide that any description of land transaction specified in the regulations is exempt from charge.
- (2) The regulations may contain such supplementary, incidental and transitional provision as appears to the Treasury to be appropriate.

SCHEDULE 4

Section 50

STAMP DUTY LAND TAX: CHARGEABLE CONSIDERATION

*Money or money's worth*

- 1 (1) The chargeable consideration for a transaction is, except as otherwise expressly provided, any consideration in money or money's worth given for the subject-matter of the transaction, directly or indirectly, by the purchaser or a person connected with him.
- (2) [<sup>F515</sup>Section 1122 of the Corporation Tax Act 2010] (connected persons) applies for the purposes of sub-paragraph (1).



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#### Textual Amendments

**F515** Words in Sch. 4 para. 1(2) substituted (with effect in accordance with s. 1184(1) of the amending Act) by [Corporation Tax Act 2010 \(c. 4\)](#), s. 1184(1), **Sch. 1 para. 414** (with [Sch. 2](#))

#### *Value added tax*

- 2 The chargeable consideration for a transaction shall be taken to include any value added tax chargeable in respect of the transaction, other than value added tax chargeable by virtue of an <sup>F516</sup>option to tax any land under Part 1 of Schedule 10] to the Value Added Tax Act 1994 (c. 23) made after the effective date of the transaction.

#### Textual Amendments

**F516** Words in Sch. 4 para. 2 substituted (with effect in accordance with art. 1(2) of the amending S.I.) by [The Value Added Tax \(Buildings and Land\) Order 2008 \(S.I. 2008/1146\)](#), art. 1(1), **Sch. 1 para. 11** (with [Sch. 2](#))

#### *Postponed consideration*

- 3 The amount or value of the chargeable consideration for a transaction shall be determined without any discount for postponement of the right to receive it or any part of it.

#### *Just and reasonable apportionment*

- 4 (1) For the purposes of this Part consideration attributable—
- (a) to two or more land transactions, or
  - (b) in part to a land transaction and in part to another matter, or
  - (c) in part to matters making it chargeable consideration and in part to other matters,
- shall be apportioned on a just and reasonable basis.
- (2) If the consideration is not so apportioned, this Part has effect as if it had been so apportioned.
- (3) For the purposes of this paragraph any consideration given for what is in substance one bargain shall be treated as attributable to all the elements of the bargain, even though—
- (a) separate consideration is, or purports to be, given for different elements of the bargain, or
  - (b) there are, or purport to be, separate transactions in respect of different elements of the bargain.

#### *Exchanges*

- 5 (1) This paragraph applies to determine the chargeable consideration where one or more land transactions are entered into by a person as purchaser (alone or jointly) wholly

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or partly in consideration of one or more other land transactions being entered into by him (alone or jointly) as vendor.

- (2) In this paragraph—
- (a) “relevant transaction” means any of those transactions, and
  - (b) “relevant acquisition” means a relevant transaction entered into as purchaser and “relevant disposal” means a relevant transaction entered into as vendor.
- (3) The following rules apply if the subject-matter of any of the relevant transactions is a major interest in land—
- (a) where a single relevant acquisition is made, the chargeable consideration for the acquisition is—
    - [<sup>F517</sup>(i) the amount determined under sub-paragraph (3A) in respect of the acquisition, or
    - (ii) if greater, the amount which would be the chargeable consideration for the acquisition ignoring paragraph 5;]
  - (b) where two or more relevant acquisitions are made, the chargeable consideration for each relevant acquisition is—
    - [<sup>F518</sup>(i) the amount determined under sub-paragraph (3A) in respect of that acquisition, or
    - (ii) if greater, the amount which would be the chargeable consideration for that acquisition ignoring paragraph 5;]
- [<sup>F519</sup>(3A) The amount mentioned in sub-paragraph (3)(a)(i) and (b)(i) is—
- (a) the market value of the subject-matter of the acquisition, and
  - (b) if the acquisition is the grant of a lease at a rent, that rent.]
- (4) The following rules apply if the subject-matter of none of the relevant transactions is a major interest in land—
- (a) where a single relevant acquisition is made in consideration of one or more relevant disposals, the chargeable consideration for the acquisition is the amount or value of any chargeable consideration other than the disposal or disposals that is given for the acquisition;
  - (b) where two or more relevant acquisitions are made in consideration of one or more relevant disposals, the chargeable consideration for each relevant acquisition is the appropriate proportion of the amount or value of any chargeable consideration other than the disposal or disposals that is given for the acquisitions.
- (5) For the purposes of sub-paragraph (4)(b) the appropriate proportion is—

$$\frac{MV}{TMV}$$

where—

MV is the market value of the subject-matter of the acquisition for which the chargeable consideration is being determined, and

TMV is the total market value of the subject-matter of all the relevant acquisitions.

- (6) This paragraph has effect subject to—
- paragraph 6 of this Schedule (partition etc: disregard of existing interest), <sup>F520</sup> ...

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F521  
...  
F520  
...

[<sup>F522</sup>(7) This paragraph does not apply in a case to which paragraph 17 applies.]

#### Textual Amendments

- F517** Sch. 4 para. 5(3)(a)(i)(ii) substituted (with effect in accordance with Sch. 21 para. 5 of the amending Act) by [Finance Act 2011 \(c. 11\)](#), [Sch. 21 para. 4\(2\)\(a\)](#)
- F518** Sch. 4 para. 5(3)(b)(i)(ii) substituted (with effect in accordance with Sch. 21 para. 5 of the amending Act) by [Finance Act 2011 \(c. 11\)](#), [Sch. 21 para. 4\(2\)\(b\)](#)
- F519** Sch. 4 para. 5(3A) inserted (with effect in accordance with Sch. 21 para. 5 of the amending Act) by [Finance Act 2011 \(c. 11\)](#), [Sch. 21 para. 4\(3\)](#)
- F520** Words in Sch. 4 para. 5(6) repealed (with effect in accordance with Sch. 39 para. 26 of the amending Act) by [Finance Act 2004 \(c. 12\)](#), [Sch. 42 Pt. 4\(2\)](#) (which amending provision re-enacts, subject to certain changes, a corresponding amendment made by the now revoked [Stamp Duty and Stamp Duty Land Tax \(Variation of the Finance Act 2003\) \(No. 2\) Regulations 2003 \(S.I. 2003/2816\)](#), see Sch. 39 para. 14)
- F521** Sch. 4 para. 5(6) entry omitted (7.4.2004) by virtue of [The Stamp Duty Land Tax \(Amendment of Part 4 of the Finance Act 2003\) Regulations 2004 \(S.I. 2004/1069\)](#), regs. 1, [4\(2\)\(a\)](#)
- F522** Sch. 4 para. 5(7) added (7.4.2004) by [The Stamp Duty Land Tax \(Amendment of Part 4 of the Finance Act 2003\) Regulations 2004 \(S.I. 2004/1069\)](#), regs. 1, [4\(2\)\(b\)](#)

#### *Partition etc: disregard of existing interest*

- 6 In the case of a land transaction giving effect to a partition or division of a chargeable interest to which persons are jointly entitled, the share of the interest held by the purchaser immediately before the partition or division does not count as chargeable consideration.

#### *Valuation of non-monetary consideration*

- 7 Except as otherwise expressly provided, the value of any chargeable consideration for a land transaction, other than—
- (a) money (whether in sterling or another currency), or
  - (b) debt as defined for the purposes of paragraph 8 (debt as consideration),
- shall be taken to be its market value at the effective date of the transaction.

#### *Debt as consideration*

- 8 (1) Where the chargeable consideration for a land transaction consists in whole or in part of—
- (a) the satisfaction or release of debt due to the purchaser or owed by the vendor, or
  - (b) the assumption of existing debt by the purchaser,
- the amount of debt satisfied, released or assumed shall be taken to be the whole or, as the case may be, part of the chargeable consideration for the transaction.

[<sup>F523</sup>(1A) Where—

- (a) debt is secured on the subject-matter of a land transaction immediately before and immediately after the transaction, and

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- (b) the rights or liabilities in relation to that debt of any party to the transaction are changed as a result of or in connection with the transaction,  
then for the purposes of this paragraph there is an assumption of that debt by the purchaser, and that assumption of debt constitutes chargeable consideration for the transaction.
- (1B) Where in a case in which sub-paragraph (1)(b) applies—
- (a) the debt assumed is or includes debt secured on the property forming the subject-matter of the transaction, and
  - (b) immediately before the transaction there were two or more persons each holding an undivided share of that property, or there are two or more such persons immediately afterwards,
- the amount of secured debt assumed shall be determined as if the amount of that debt owed by each of those persons at a given time were the proportion of it corresponding to his undivided share of the property at that time.
- (1C) For the purposes of sub-paragraph (1B), <sup>F524</sup>... each joint tenant of property is treated as holding an equal undivided share of it.]
- (2) If the effect of [<sup>F525</sup>this paragraph] would be that the amount of the chargeable consideration for the transaction exceeded the market value of the subject-matter of the transaction, the amount of the chargeable consideration is treated as limited to that value.
- (3) In this paragraph—
- (a) “debt” means an obligation, whether certain or contingent, to pay a sum of money either immediately or at a future date,
  - (b) “existing debt”, in relation to a transaction, means debt created or arising before the effective date of, and otherwise than in connection with, the transaction, and
  - (c) references to the amount of a debt are to the principal amount payable or, as the case may be, the total of the principal amounts payable, together with the amount of any interest that has accrued due on or before the effective date of the transaction.

#### Textual Amendments

**F523** Sch. 4 para. 8(1A)-(1C) inserted (with effect in accordance with s. 301(6) of the amending Act) by [Finance Act 2004 \(c. 12\), s. 301\(3\)](#)

**F524** Words in Sch. 4 para. 8(1C) omitted (with effect in accordance with s. 29(4) of the amending Act) by virtue of [Scotland Act 2012 \(c. 11\), s. 44\(2\)\(b\)\(3\)\(b\)](#), [Sch. 3 para. 24\(2\)](#) (with s. 29(5)(6)); S.I. 2015/637, [art. 2](#)

**F525** Words in Sch. 4 para. 8(2) substituted (with effect in accordance with s. 301(6) of the amending Act) by [Finance Act 2004 \(c. 12\), s. 301\(4\)](#)

#### Modifications etc. (not altering text)

**C28** Sch. 4 para. 8 excluded (6.4.2006) by [The Pension Protection Fund \(Tax\) Regulations 2006 \(S.I. 2006/575\)](#), regs. 1, [43\(1\)](#)

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*[<sup>F526</sup>Cases where conditions for exemption not fully met*

**Textual Amendments**

**F526** Sch. 4 para. 8A and cross-heading inserted (with effect in accordance with s. 301(7) of the amending Act) by [Finance Act 2004 \(c. 12\)](#), s. 301(5)

- 8A (1) Where a land transaction would be exempt from charge under paragraph 3A of Schedule 3 (assents and appropriations by personal representatives) but for sub-paragraph (2) of that paragraph (cases where person acquiring property gives consideration for it), the chargeable consideration for the transaction does not include the amount of any secured debt assumed.

“Secured debt” has the same meaning as in that paragraph.

- (2) Where a land transaction would be exempt from charge under paragraph 4 of Schedule 3 (variation of testamentary dispositions etc) but for a failure to meet the condition in sub-paragraph (2)(b) of that paragraph (no consideration other than variation of another disposition), the chargeable consideration for the transaction does not include the making of any such variation as is mentioned in that sub-paragraph.]

*Conversion of amounts in foreign currency*

- 9 (1) References in this Part to the amount or value of the consideration for a transaction are to its amount or value in sterling.
- (2) For the purposes of this Part the sterling equivalent of an amount expressed in another currency shall be ascertained by reference to the London closing exchange rate on the effective date of the transaction (unless the parties have used a different rate for the purposes of the transaction).

*Carrying out of works*

- 10 (1) Where the whole or part of the consideration for a land transaction consists of the carrying out of works of construction, improvement or repair of a building or other works to enhance the value of land, then—
- (a) to the extent that the conditions specified in sub-paragraph (2) are met, the value of the works does not count as chargeable consideration, and
  - (b) to the extent that those conditions are not met, the value of the works shall be taken into account as chargeable consideration.
- (2) The conditions referred to in sub-paragraph (1) are—
- (a) that the works are carried out after the effective date of the transaction,
  - (b) that the works are carried out on land acquired or to be acquired under the transaction or on other land held by the purchaser or a person connected with him, and
  - (c) that it is not a condition of the transaction that the works are carried out by the vendor or a person connected with him.

[<sup>F527</sup>(2A) [<sup>F528</sup>Where by virtue of—

- (a) subsection (8) of section 44 (contract and conveyance),
- (b) paragraph 12A of Schedule 17A (agreement for lease), or

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<sup>F529</sup>(c) .....

there are two notifiable transactions (the first being the contract or agreement and the second being the transaction effected on completion or, as the case may be, the grant or execution of the lease),] the condition in sub-paragraph (2)(a) is treated as met in relation to the second transaction if it is met in relation to the first.]

(3) In this paragraph—

- (a) references to the acquisition of land are to the acquisition of a major interest in it;
- (b) the value of the works shall be taken to be the amount that would have to be paid in the open market for the carrying out of the works in question.

(4) Section 839 of the Taxes Act 1988 (connected persons) has effect for the purposes of this paragraph.

[<sup>F530</sup>(5) This paragraph is subject to paragraph 17 (arrangements involving public or educational bodies).]

#### Textual Amendments

**F527** Sch. 4 para. 10(2A) inserted (with effect in accordance with Sch. 39 para. 13(3)-(6) of the amending Act) by [Finance Act 2004 \(c. 12\)](#), [Sch. 39 para. 9\(2\)](#)

**F528** Words in Sch. 4 para. 10(2A) substituted (with effect in accordance with s. 297(9) of the amending Act) by [Finance Act 2004 \(c. 12\)](#), [s. 297\(8\)](#)

**F529** Sch. 4 para. 10(2A)(c) omitted (with effect in accordance with s. 29(4) of the amending Act) by virtue of [Scotland Act 2012 \(c. 11\)](#), [s. 44\(2\)\(b\)\(3\)\(b\)](#), [Sch. 3 para. 24\(3\)](#) (with [s. 29\(5\)\(6\)](#)); S.I. 2015/637, [art. 2](#)

**F530** Sch. 4 para. 10(5) added (19.12.2003) by [The Stamp Duty Land Tax \(Amendment of Schedule 4 to the Finance Act 2003\) Regulations 2003 \(S.I. 2003/3293\)](#), regs. 1, [2\(3\)](#)

#### *Provision of services*

11 [<sup>F531</sup>(1)] Where the whole or part of the consideration for a land transaction consists of the provision of services (other than the carrying out of works to which paragraph 10 applies), the value of that consideration shall be taken to be the amount that would have to be paid in the open market to obtain those services.

[<sup>F532</sup>(2) This paragraph is subject to paragraph 17 (arrangements involving public or educational bodies).]

#### Textual Amendments

**F531** Sch. 4 para. 11 renumbered as Sch. 4 para. 11(1) (19.12.2003) by [The Stamp Duty Land Tax \(Amendment of Schedule 4 to the Finance Act 2003\) Regulations 2003 \(S.I. 2003/3293\)](#), regs. 1, [2\(4\)](#)

**F532** Sch. 4 para. 11(2) inserted (19.12.2003) by [The Stamp Duty Land Tax \(Amendment of Schedule 4 to the Finance Act 2003\) Regulations 2003 \(S.I. 2003/3293\)](#), regs. 1, [2\(4\)](#)

#### *Land transaction entered into by reason of employment*

12 (1) Where a land transaction is entered into by reason of the purchaser's employment, or that of a person connected with him, then—

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- (a) if the transaction gives rise to a charge to tax under Chapter 5 of Part 3 of the Income Tax (Earnings and Pensions) Act 2003 (c. 1) (taxable benefits: living accommodation) and—
    - (i) no rent is payable by the purchaser, or
    - (ii) the rent payable by the purchaser is less than the cash equivalent of the benefit calculated under section 105 or 106 of that Act,there shall be taken to be payable by the purchaser as rent an amount equal to the cash equivalent chargeable under those sections;
  - (b) if the transaction would give rise to a charge under that Chapter but for section 99 of that Act (accommodation provided for performance of duties), the consideration for the transaction is the actual consideration (if any);
  - (c) if neither paragraph (a) nor paragraph (b) applies, the consideration for the transaction shall be taken to be not less than the market value of the subject-matter of the transaction as at the effective date of the transaction.
- (2) Section 839 of the Taxes Act 1988 (connected persons) has effect for the purposes of this paragraph.

*Obligations under lease*

F533 13 .....

**Textual Amendments**

**F533** Sch. 4 paras. 13-15 repealed (with effect in accordance with Sch. 39 para. 26 of the amending Act) by [Finance Act 2004 \(c. 12\)](#), [Sch. 42 Pt. 4\(2\)](#) (which amending provision re-enacts, subject to certain changes, a corresponding amendment made by the now revoked [Stamp Duty and Stamp Duty Land Tax \(Variation of the Finance Act 2003\) \(No. 2\) Regulations 2003 \(S.I. 2003/2816\)](#), see Sch. 39 para. 14)

*Surrender of existing lease in return for new lease*

F533 14 .....

**Textual Amendments**

**F533** Sch. 4 paras. 13-15 repealed (with effect in accordance with Sch. 39 para. 26 of the amending Act) by [Finance Act 2004 \(c. 12\)](#), [Sch. 42 Pt. 4\(2\)](#) (which amending provision re-enacts, subject to certain changes, a corresponding amendment made by the now revoked [Stamp Duty and Stamp Duty Land Tax \(Variation of the Finance Act 2003\) \(No. 2\) Regulations 2003 \(S.I. 2003/2816\)](#), see Sch. 39 para. 14)

*Reverse premium*

F533 15 .....

**Textual Amendments**

**F533** Sch. 4 paras. 13-15 repealed (with effect in accordance with Sch. 39 para. 26 of the amending Act) by [Finance Act 2004 \(c. 12\)](#), [Sch. 42 Pt. 4\(2\)](#) (which amending provision re-enacts, subject to certain

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changes, a corresponding amendment made by the now revoked [Stamp Duty and Stamp Duty Land Tax \(Variation of the Finance Act 2003\) \(No. 2\) Regulations 2003 \(S.I. 2003/2816\)](#), see Sch. 39 para. 14)

*Indemnity given by purchaser*

- 16 Where the purchaser agrees to indemnify the vendor in respect of liability to a third party arising from breach of an obligation owed by the vendor in relation to the land that is the subject of the transaction, neither the agreement nor any payment made in pursuance of it counts as chargeable consideration.

*<sup>F534</sup>Purchaser bearing inheritance tax liability*

**Textual Amendments**

**F534** Sch. 4 paras. 16A-16C inserted (with effect in accordance with reg. 1(2) of the amending S.I.) by [The Stamp Duty Land Tax \(Amendment to the Finance Act 2003\) Regulations 2006 \(S.I. 2006/875\)](#), regs. 1(1), 3

- 16A Where—
- (a) there is a land transaction that is—
    - (i) a transfer of value within section 3 of the Inheritance Tax Act 1984 (transfers of value), or
    - (ii) a disposition, effected by will or under the law of intestacy, of a chargeable interest comprised in the estate of a person immediately before his death,
  - and
  - (b) the purchaser is or becomes liable to pay, agrees to pay or does in fact pay any inheritance tax due in respect of the transfer or disposition,
- his liability, agreement or payment does not count as chargeable consideration for the transaction.

*Purchaser bearing capital gains tax liability*

- 16B (1) Where—
- (a) there is a land transaction under which the chargeable interest in question—
    - (i) is acquired otherwise than by a bargain made at arm's length, or
    - (ii) is treated by section 18 of the Taxation of Chargeable Gains Act 1992 (connected persons) as so acquired,
  - and
  - (b) the purchaser is or becomes liable to pay, or does in fact pay, any capital gains tax due in respect of the corresponding disposal of the chargeable interest,
- his liability or payment does not count as chargeable consideration for the transaction.
- (2) Sub-paragraph (1) does not apply if there is chargeable consideration for the transaction (disregarding the liability or payment referred to in sub-paragraph (1)(b)).



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### *Costs of enfranchisement*

- 16C Costs borne by the purchaser under section 9(4) of the Leasehold Reform Act 1967 or section 33 of the Leasehold Reform, Housing and Urban Development Act 1993 (costs of enfranchisement) do not count as chargeable consideration.]

### *[<sup>F535</sup>Arrangements involving public or educational bodies*

#### **Textual Amendments**

**F535** Sch. 4 para. 17 added (19.12.2003) by [The Stamp Duty Land Tax \(Amendment of Schedule 4 to the Finance Act 2003\) Regulations 2003 \(S.I. 2003/3293\)](#), regs. 1, **2(5)**

17. (1) This paragraph applies in any case where arrangements are entered into under which—
- [<sup>F536</sup>(a) there is a transfer, or the grant or assignment of a lease, of land by a qualifying body (“A”) to a non-qualifying body (“B”) (“the main transfer”),]
  - [<sup>F537</sup>(b) in consideration (whether in whole or in part) of the main transfer there is a grant by B to A of a lease or under-lease of the whole, or substantially the whole, of that land (“the leaseback”),]
  - (c) B undertakes to carry out works or provide services to A, and
  - (d) some or all of the consideration given by A to B for the carrying out of those works or the provision of those services is consideration in money,
- [<sup>F538</sup>whether or not there is also a transfer, or the grant or assignment of a lease, of any other land by A to B (a “transfer of surplus land”).]
- (2) The following are qualifying bodies—
- (a) public bodies within section 66,
  - (b) institutions within the further education sector or the higher education sector within the meaning of 91 of the Further and Higher Education Act 1992,
  - (c) further education corporations within the meaning of section 17 of that Act, [sixth form college corporations within the meaning of section 90 of that Act,]
  - [<sup>F539</sup>(ca) higher education corporations within the meaning section 90 of that Act,
  - (e) persons who undertake to establish and maintain, and carry on, or provide for the carrying on, of an Academy within the meaning of [<sup>F540</sup>section 1 of the Academies Act 2010] , and
  - (f) in Scotland, institutions funded by the Scottish Further Education Funding Council or the Scottish Higher Education Funding Council.
- [<sup>F541</sup>(3) The following shall not count as chargeable consideration for the main transfer or any transfer of surplus land—
- (a) the lease-back;
  - (b) the carrying out of building works by B for A; or
  - (c) the provision of services by B to A.
- (4) The chargeable consideration for the lease back does not include—
- (a) the main transfer;
  - (b) any transfer of surplus land; or

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- (c) the consideration in money paid by A to B for the building works or other services referred to in sub-paragraph (3).]

[ Sub-paragraphs (3) and (4) shall be disregarded for the purposes of determining <sup>F542</sup>(4A) whether the land transaction in question is notifiable.]

<sup>F543</sup>(5) .....

- (6) In this paragraph “under-lease” includes a sub-lease.]

#### Textual Amendments

- F536** Sch. 4 para. 17(1)(a)(b) substituted (7.4.2004) by [The Stamp Duty Land Tax \(Amendment of Part 4 of the Finance Act 2003\) Regulations 2004 \(S.I. 2004/1069\)](#), regs. 1, **4(3)(a)(i)**
- F537** Sch. 4 para. 17(1)(b) substituted (27.4.2004) by [The Stamp Duty Land Tax \(Amendment of Part 4 of the Finance Act 2003\) \(No. 2\) Regulations 2004 \(S.I. 2004/1206\)](#), regs. 1, **3**
- F538** Words in Sch. 4 para. 17(1) substituted (7.4.2004) by [The Stamp Duty Land Tax \(Amendment of Part 4 of the Finance Act 2003\) Regulations 2004 \(S.I. 2004/1069\)](#), regs. 1, **4(3)(a)(ii)**
- F539** Sch. 4 para. 17(2)(ca) inserted (1.4.2010) by [The Apprenticeships, Skills, Children and Learning Act 2009 \(Consequential Amendments\) \(England and Wales\) Order 2010 \(S.I. 2010/1080\)](#), art. 1(2)(a), **Sch. 1 para. 103** (with art. 2(3))
- F540** Words in Sch. 4 para. 17(2)(e) substituted (1.2.2012) by [Education Act 2011 \(c. 21\)](#), s. 82(3), **Sch. 15 para. 1**; S.I. 2012/84, art. 3
- F541** Sch. 4 para. 17(3)(4) substituted (7.4.2004) by [The Stamp Duty Land Tax \(Amendment of Part 4 of the Finance Act 2003\) Regulations 2004 \(S.I. 2004/1069\)](#), regs. 1, **4(3)(b)**
- F542** Sch. 4 para. 17(4A) inserted (with effect in accordance with Sch. 39 para. 13(3)-(6) of the amending Act) by [Finance Act 2004 \(c. 12\)](#), **Sch. 39 para. 9(3)**
- F543** Sch. 4 para. 17(5) omitted (with effect in accordance with s. 29(4) of the amending Act) by virtue of [Scotland Act 2012 \(c. 11\)](#), s. 44(2)(b)(3)(b), **Sch. 3 para. 24(4)** (with s. 29(5)(6)); S.I. 2015/637, **art. 2**

## [<sup>F544</sup>SCHEDULE 4ZA

### STAMP DUTY LAND TAX: HIGHER RATES FOR ADDITIONAL DWELLINGS AND DWELLINGS PURCHASED BY COMPANIES

#### Textual Amendments

- F544** Sch. 4ZA inserted (with effect in accordance with s. 128(5)(6) of the amending Act) by [Finance Act 2016 \(c. 24\)](#), **s. 128(3)** (with s. 128(9)(10))

#### Modifications etc. (not altering text)

- C29** Sch. 4ZA modified (temp.) (22.7.2020) by [Stamp Duty Land Tax \(Temporary Relief\) Act 2020 \(c. 15\)](#), **s. 1** (as amended 10.6.2021) by [2021 c. 26](#), **s. 87(2)**)
- C30** Sch. 4ZA modified (temp.) (8.2.2023) by [Stamp Duty Land Tax \(Temporary Relief\) Act 2023 \(c. 2\)](#), **s. 1**

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## PART 1

### HIGHER RATES

- 1 (1) In its application for the purpose of determining the amount of tax chargeable in respect of a chargeable transaction which is a higher rates transaction, section 55 (amount of tax chargeable: general) has effect with the modification in subparagraph (2).
- (2) In subsection (1B) of section 55, for Table A substitute—

#### “TABLE A: RESIDENTIAL

<i>Relevant consideration</i>	<i>Percentage</i>
So much as does not exceed £125,000	3%
So much as exceeds £125,000 but does not exceed £250,000	5%
So much as exceeds £250,000 but does not exceed £925,000	8%
So much as exceeds £925,000 but does not exceed £1,500,000	13%
The remainder (if any)	15%”

## PART 2

### MEANING OF “HIGHER RATES TRANSACTION”

#### *Meaning of “higher rates transaction” etc*

- 2 (1) This paragraph explains how to determine whether a chargeable transaction is a “higher rates transaction” for the purposes of paragraph 1.
- (2) In the case of a transaction where there is only one purchaser, determine whether the transaction falls within any of paragraphs 3 to 7; if it does fall within any of those paragraphs it is a “higher rates transaction” (otherwise it is not).
- (3) In the case of a transaction where there are two or more purchasers—
- take one of the purchasers and determine, having regard to that purchaser only, whether the transaction falls within any of paragraphs 3 to 7, and
  - do the same with each of the other purchasers.

If the transaction falls within any of those paragraphs when having regard to any one of the purchasers it is a “higher rates transaction” (otherwise it is not).

[ Sub-paragraphs (2) and (3) are subject to paragraph 9A (spouses and civil partners <sup>F545</sup>(3A) purchasing from one another).]

- (4) For the purposes of this Schedule any term of years absolute or leasehold estate is not a “major interest” if its term does not exceed 7 years on the date of its grant.

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[ References in this Schedule to a major interest in a dwelling include an undivided<sup>F546</sup>(5) share in a major interest in a dwelling.]

#### Textual Amendments

- F545** Sch. 4ZA para. 2(3A) inserted (with effect in accordance with Sch. 11 para. 16(1)-(3) of the amending Act) by Finance Act 2018 (c. 3), **Sch. 11 para. 7**
- F546** Sch. 4ZA para. 2(5) inserted (with effect in accordance with s. 44(3) of the amending Act) by Finance Act 2019 (c. 1), **s. 44(2)**

#### *Single dwelling transactions*

- 3 (1) A chargeable transaction falls within this paragraph if—
- (a) the purchaser is an individual,
  - (b) the main subject-matter of the transaction consists of a major interest in a single dwelling (“the purchased dwelling”), and
  - (c) Conditions A to D are met.

[ But sub-paragraph (1) is subject to paragraph 7A.]

<sup>F547</sup>(1A)

- (2) Condition A is that the chargeable consideration for the transaction is £40,000 or more.
- (3) Condition B is that on the effective date of the transaction the purchased dwelling—
  - (a) is not subject to a lease upon which the main subject-matter of the transaction is reversionary, or
  - (b) is subject to such a lease but the lease has an unexpired term of no more than 21 years.
- (4) Condition C is that at the end of the day that is the effective date of the transaction—
  - (a) the purchaser has a major interest in a dwelling other than the purchased dwelling,
  - (b) that interest has a market value of £40,000 or more, and
  - (c) that interest is not reversionary on a lease which has an unexpired term of more than 21 years.
- (5) Condition D is that the purchased dwelling is not a replacement for the purchaser's only or main residence.
- (6) For the purposes of sub-paragraph (5) the purchased dwelling is a replacement for the purchaser's only or main residence if—
  - (a) on the effective date of the transaction (“the transaction concerned”) the purchaser intends the purchased dwelling to be the purchaser's only or main residence,
  - (b) in another land transaction (“the previous transaction”) whose effective date was during the period of three years ending with the effective date of the transaction concerned, the purchaser or the purchaser's spouse or civil partner at the time disposed of a major interest in another dwelling (“the sold dwelling”),

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- [ immediately after the effective date of the previous transaction, neither the purchaser nor the purchaser's spouse or civil partner had a major interest in the sold dwelling,]
- <sup>F548</sup>(ba) (c) at any time during [<sup>F549</sup>the period of three years referred to in paragraph (b)] the sold dwelling was the purchaser's only or main residence, and
- (d) at no time during the period beginning with the effective date of the previous transaction and ending with the effective date of the transaction concerned has the purchaser or the purchaser's spouse or civil partner acquired a major interest in any other dwelling with the intention of it being the purchaser's only or main residence.
- [ Sub-paragraph (6)(ba) does not apply in relation to a spouse or civil partner of the purchaser if the two of them were not living together (see paragraph 9(3)) on the effective date of the transaction concerned.]
- <sup>F550</sup>(6A) (7) For the purposes of sub-paragraph (5) the purchased dwelling [<sup>F551</sup>is also] a replacement for the purchaser's only or main residence if—
- (a) on the effective date of the transaction (“the transaction concerned”) the purchaser intended the purchased dwelling to be the purchaser's only or main residence,
- (b) in another land transaction whose effective date is during [<sup>F552</sup>a permitted period], the purchaser or the purchaser's spouse or civil partner disposes of a major interest in another dwelling (“the sold dwelling”),
- [ immediately after the effective date of that other land transaction, neither the purchaser nor the purchaser's spouse or civil partner has a major interest in the sold dwelling,]
- <sup>F553</sup>(ba) (c) at any time during the period of three years ending with the effective date of the transaction concerned the sold dwelling was the purchaser's only or main residence.
- [ For the purposes of sub-paragraph (7)(b), the permitted periods are—
- <sup>F554</sup>(7A) (a) the period of three years beginning with the day after the effective date of the transaction concerned, or
- (b) if HMRC are satisfied that the purchaser or the purchaser's spouse or civil partner would have disposed of the major interest in the sold dwelling within that three year period but was prevented from doing so by exceptional circumstances that could not reasonably have been foreseen, such longer period as HMRC may allow in response to an application made in accordance with sub-paragraph (7B).
- (7B) An application for the purposes of sub-paragraph (7A)(b) must—
- (a) be made within the period of 12 months beginning with the effective date of the transaction disposing of the major interest in the sold dwelling, and
- (b) be made in such form and manner, and contain such information, as may be specified by HMRC.
- (7C) Schedule 11A (claims not included in returns) does not apply in relation to an application made in accordance with sub-paragraph (7B).]
- [ Sub-paragraph (7)(ba) does not apply in relation to a spouse or civil partner of the purchaser if the two of them are not living together (see paragraph 9(3)) on the effective date of that other land transaction.]
- <sup>F555</sup>(8)

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### Textual Amendments

- F547** Sch. 4ZA para. 3(1A) inserted (with effect in accordance with Sch. 11 para. 16(1)-(3) of the amending Act) by [Finance Act 2018 \(c. 3\)](#), [Sch. 11 para. 8\(2\)](#)
- F548** Sch. 4ZA para. 3(6)(ba) inserted (with effect in accordance with Sch. 11 para. 16(1)-(3) of the amending Act) by [Finance Act 2018 \(c. 3\)](#), [Sch. 11 para. 2\(2\)\(a\)](#)
- F549** Words in Sch. 4ZA para. 3(6)(c) substituted (with effect in accordance with Sch. 11 para. 16(1)-(3) of the amending Act) by [Finance Act 2018 \(c. 3\)](#), [Sch. 11 para. 2\(2\)\(b\)](#)
- F550** Sch. 4ZA para. 3(6A) inserted (with effect in accordance with Sch. 11 para. 16(1)-(3) of the amending Act) by [Finance Act 2018 \(c. 3\)](#), [Sch. 11 para. 2\(3\)](#)
- F551** Words in Sch. 4ZA para. 3(7) substituted (with effect in accordance with Sch. 11 para. 16(1)-(3) of the amending Act) by [Finance Act 2018 \(c. 3\)](#), [Sch. 11 para. 8\(3\)](#)
- F552** Words in Sch. 4ZA para. 3(7)(b) substituted (with effect in accordance with [s. 76\(4\)](#) of the amending Act) by [Finance Act 2020 \(c. 14\)](#), [s. 76\(2\)\(a\)](#)
- F553** Sch. 4ZA para. 3(7)(ba) inserted (with effect in accordance with Sch. 11 para. 16(1)-(3) of the amending Act) by [Finance Act 2018 \(c. 3\)](#), [Sch. 11 para. 2\(4\)](#)
- F554** Sch. 4ZA para. 3(7A)-(7C) inserted (with effect in accordance with [s. 76\(4\)](#) of the amending Act) by [Finance Act 2020 \(c. 14\)](#), [s. 76\(2\)\(b\)](#)
- F555** Sch. 4ZA para. 3(8) inserted (with effect in accordance with Sch. 11 para. 16(1)-(3) of the amending Act) by [Finance Act 2018 \(c. 3\)](#), [Sch. 11 para. 2\(5\)](#)

- 4 A chargeable transaction falls within this paragraph if—
- (a) the purchaser is not an individual,
  - (b) the main subject-matter of the transaction consists of a major interest in a single dwelling, and
  - (c) Conditions A and B in paragraph 3 are met.

### *Multiple dwelling transactions*

- 5 (1) A chargeable transaction falls within this paragraph if—
- (a) the purchaser is an individual,
  - (b) the main subject-matter of the transaction consists of a major interest in two or more dwellings (“the purchased dwellings”), and
  - (c) at least two of the purchased dwellings meet conditions A, B and C.
- (2) A purchased dwelling meets condition A if the amount of the chargeable consideration for the transaction which is attributable on a just and reasonable basis to the purchased dwelling is £40,000 or more.
- (3) A purchased dwelling meets condition B if on the effective date of the transaction the purchased dwelling—
- (a) is not subject to a lease upon which the main subject-matter of the transaction is reversionary, or
  - (b) is subject to such a lease but the lease has an unexpired term of no more than 21 years.
- (4) A purchased dwelling meets condition C if it is not subsidiary to any of the other purchased dwellings.
- (5) One of the purchased dwellings (“dwelling A”) is subsidiary to another of the purchased dwellings (“dwelling B”) if—

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- (a) dwelling A is situated within the grounds of, or within the same building as, dwelling B, and
  - (b) the amount of the chargeable consideration for the transaction which is attributable on a just and reasonable basis to dwelling B is equal to, or greater than, two thirds of the amount of the chargeable consideration for the transaction which is attributable on a just and reasonable basis to the following combined—
    - (i) dwelling A,
    - (ii) dwelling B, and
    - (iii) each of the other purchased dwellings (if any) which are situated within the grounds of, or within the same building as, dwelling B.
- 6 (1) A chargeable transaction falls within this paragraph if—
- (a) the purchaser is an individual,
  - (b) the main subject-matter of the transaction consists of a major interest in two or more dwellings (“the purchased dwellings”),
  - (c) only one of the purchased dwellings meets conditions A, B and C,
  - (d) the purchased dwelling which meets those conditions is not a replacement for the purchaser's only or main residence, and
  - (e) at the end of the day that is the effective date of the transaction—
    - (i) the purchaser has a major interest in a dwelling other than one of the purchased dwellings,
    - (ii) that interest has a market value of £40,000 or more, and
    - (iii) that interest is not reversionary on a lease which has an unexpired term of more than 21 years.

[ But sub-paragraph (1) is subject to paragraph 7A.]

<sup>F556</sup>(1A)

- (2) Sub-paragraphs (2) to (5) of paragraph 5 apply for the purposes of sub-paragraph (1)(c) of this paragraph as they apply for the purposes of sub-paragraph (1)(c) of that paragraph.
- (3) Sub-paragraphs (6) [<sup>F557</sup>to (8)] of paragraph 3 apply for the purposes of sub-paragraph (1)(d) of this paragraph as they apply for the purposes of sub-paragraph (5) of that paragraph.

#### Textual Amendments

**F556** Sch. 4ZA para. 6(1A) inserted (with effect in accordance with Sch. 11 para. 16(1)-(3) of the amending Act) by [Finance Act 2018 \(c. 3\)](#), [Sch. 11 para. 9\(a\)](#)

**F557** Words in [Sch. 4ZA para. 6\(3\)](#) substituted (with effect in accordance with Sch. 11 para. 16(1)-(3) of the amending Act) by [Finance Act 2018 \(c. 3\)](#), [Sch. 11 para. 9\(b\)](#)

- 7 (1) A chargeable transaction falls within this paragraph if—
- (a) the purchaser is not an individual,
  - (b) the main subject-matter of the transaction consists of a major interest in two or more dwellings (“the purchased dwellings”), and
  - (c) at least one of the purchased dwellings meets conditions A and B.

*Status: Point in time view as at 15/03/2023.*

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- (2) Sub-paragraphs (2) and (3) of paragraph 5 apply for the purposes of sub-paragraph (1)(c) of this paragraph as they apply for the purposes of sub-paragraph (1) (c) of that paragraph.

*[<sup>F558</sup>Exception where purchaser has prior interest in purchased dwelling*

#### Textual Amendments

**F558** Sch. 4ZA para. 7A and cross-heading inserted (with effect in accordance with Sch. 11 para. 16(1)-(3) of the amending Act) by Finance Act 2018 (c. 3), Sch. 11 para. 3

- 7A (1) A chargeable transaction which would (but for this paragraph) fall within paragraph 3 or paragraph 6 does not fall within that paragraph if—
- (a) the purchaser had a major interest (“the prior interest”) in the relevant purchased dwelling immediately before the effective date of the transaction, and
  - (b) the relevant purchased dwelling had been the purchaser’s only or main residence throughout the period of three years ending with the effective date of the transaction.
- (2) Sub-paragraph (1) does not apply if—
- (a) the prior interest is a term of years absolute or a leasehold estate, and
  - (b) immediately before the effective date of the transaction, the remaining term of the prior interest is less than 21 years.
- (3) Sub-paragraph (1) does not apply if immediately before the effective date of the transaction—
- (a) the purchaser is beneficially entitled as a joint tenant to the prior interest, and
  - (b) there are more than three other joint tenants.
- (4) Sub-paragraph (1) does not apply if immediately before the effective date of the transaction the purchaser is beneficially entitled as a tenant in common or coparcener to less than a quarter of the prior interest.
- (5) In this paragraph “relevant purchased dwelling” means—
- (a) the purchased dwelling mentioned in paragraph 3(1)(b), or (as the case may be)
  - (b) the purchased dwelling which meets the conditions mentioned in paragraph 6(1)(c).]

### PART 3

#### SUPPLEMENTARY PROVISIONS

*Further provision in connection with paragraph 3(6) and (7)*

- 8 (1) This paragraph applies where by reason of paragraph 3(7) a chargeable transaction (“the transaction concerned”) [<sup>F559</sup>is not] a higher rates transaction for the purposes of paragraph 1.



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- (2) The land transaction (“the subsequent transaction”) by reference to which the condition in paragraph 3(7)(b) [<sup>F560</sup>is] met may not be taken into account for the purposes of paragraph 3(6)(b) in determining whether any other chargeable transaction is a higher rates transaction.
- (3) A land transaction return in respect of the transaction concerned may be amended, to take account of [<sup>F561</sup>the application of paragraph 3(7)] [<sup>F562</sup>by virtue of paragraph 3(7A)(a)], at any time within [<sup>F563</sup>the period of 12 months beginning with—
- (a) the effective date of the subsequent transaction, or
  - (b) if later, the filing date for the return.]
- (4) Where a land transaction return in respect of the transaction concerned is amended to take account of [<sup>F564</sup>the application of paragraph 3(7)] [<sup>F565</sup>by virtue of paragraph 3(7A)(a)] (and not for any other reason), paragraph 6(2A) of Schedule 10 (notice of amendment of return to be accompanied by the contract for the transaction etc) does not apply in relation to the amendment.
- [ Where HMRC grant an application made in accordance with paragraph 3(7B)—
- <sup>F566</sup>(5) (a) the land transaction return in respect of the transaction concerned is treated as having been amended to take account of the application of paragraph 3(7) by virtue of paragraph 3(7A)(b), and
- (b) HMRC must notify the purchaser accordingly.]

#### Textual Amendments

- F559** Words in Sch. 4ZA para. 8(1) substituted (with effect in accordance with Sch. 11 para. 16(1)-(3) of the amending Act) by [Finance Act 2018 \(c. 3\)](#), [Sch. 11 para. 10\(a\)](#)
- F560** Word in Sch. 4ZA para. 8(2) substituted (with effect in accordance with Sch. 11 para. 16(1)-(3) of the amending Act) by [Finance Act 2018 \(c. 3\)](#), [Sch. 11 para. 10\(b\)](#)
- F561** Words in Sch. 4ZA para. 8(3) substituted (with effect in accordance with Sch. 11 para. 16(1)-(3) of the amending Act) by [Finance Act 2018 \(c. 3\)](#), [Sch. 11 para. 10\(c\)](#)
- F562** Words in Sch. 4ZA para. 8(3) inserted (with effect in accordance with s. 76(4) of the amending Act) by [Finance Act 2020 \(c. 14\)](#), [s. 76\(3\)\(a\)](#)
- F563** Words in Sch. 4ZA para. 8(3) substituted (with effect in accordance with s. 44(5) of the amending Act) by [Finance Act 2019 \(c. 1\)](#), [s. 44\(4\)](#)
- F564** Words in Sch. 4ZA para. 8(4) substituted (with effect in accordance with Sch. 11 para. 16(1)-(3) of the amending Act) by [Finance Act 2018 \(c. 3\)](#), [Sch. 11 para. 10\(d\)](#)
- F565** Words in Sch. 4ZA para. 8(4) inserted (with effect in accordance with s. 76(4) of the amending Act) by [Finance Act 2020 \(c. 14\)](#), [s. 76\(3\)\(b\)](#)
- F566** Sch. 4ZA para. 8(5) inserted (with effect in accordance with s. 76(4) of the amending Act) by [Finance Act 2020 \(c. 14\)](#), [s. 76\(3\)\(c\)](#)

#### *Spouses and civil partners purchasing alone*

- 9 (1) Sub-paragraph (2) applies in relation to a chargeable transaction if—
- (a) the purchaser (or one of them) is married or in a civil partnership on the effective date,
  - (b) the purchaser and the purchaser's spouse or civil partner are living together on that date, and
  - (c) the purchaser's spouse or civil partner is not a purchaser in relation to the transaction.

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- (2) The transaction is to be treated as being a higher rates transaction for the purposes of paragraph 1 if it would have been a higher rates transaction had the purchaser's spouse or civil partner been a purchaser.
- (3) Persons who are married to, or are civil partners of, each other are treated as living together for the purposes of this [<sup>F567</sup>Schedule] if they are so treated for the purposes of the Income Tax Acts (see section 1011 of the Income Tax Act 2007).

#### Textual Amendments

**F567** Word in [Sch. 4ZA para. 9\(3\)](#) substituted (with effect in accordance with Sch. 11 para. 16(1)-(3) of the amending Act) by [Finance Act 2018 \(c. 3\)](#), [Sch. 11 para. 11](#)

#### *[<sup>F568</sup>Spouses and civil partners purchasing from one another*

#### Textual Amendments

**F568** Sch. 4ZA para. 9A and cross-heading inserted (with effect in accordance with Sch. 11 para. 16(1)-(3) of the amending Act) by [Finance Act 2018 \(c. 3\)](#), [Sch. 11 para. 4](#)

- 9A (1) A chargeable transaction is not a higher rates transaction for the purposes of paragraph 1 if—
- (a) there is only one purchaser,
  - (b) there is only one vendor, and
  - (c) on the effective date of the transaction the two of them are—
    - (i) married to, or civil partners of, each other, and
    - (ii) living together (see paragraph 9(3)).
- (2) Where—
- (a) there are two purchasers in relation to a chargeable transaction, and
  - (b) one of them (“P”) is also the vendor in relation to the transaction,
- P is to be treated for the purposes of sub-paragraph (1) as not being a purchaser.
- (3) Where—
- (a) there are two vendors in relation to a chargeable transaction, and
  - (b) one of them (“V”) is also the purchaser in relation to the transaction,
- V is to be treated for the purposes of sub-paragraph (1) as not being a vendor.]

#### *[<sup>F569</sup>Property adjustment on divorce, dissolution of civil partnership etc*

#### Textual Amendments

**F569** [Sch. 4ZA para. 9B](#) and cross-heading inserted (with effect in accordance with Sch. 11 para. 16(1)-(3) of the amending Act) by [Finance Act 2018 \(c. 3\)](#), [Sch. 11 para. 5](#)

- 9B (1) This paragraph applies where—
- (a) a person (“A”) has a major interest in a dwelling,

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- (b) a property adjustment order has been made in respect of the interest for the benefit of another person (“B”), and
  - (c) the dwelling—
    - (i) is B's only or main residence, and
    - (ii) is not A's only or main residence.
- (2) A is to be treated for the purposes of this Schedule as not having the interest in the dwelling.
- (3) “Property adjustment order” means—
- (a) an order under section 24(1)(b) of the Matrimonial Causes Act 1973 (property adjustment orders in connection with matrimonial proceedings),
  - (b) an order under section 17(1)(a)(ii) of the Matrimonial and Family Proceedings Act 1984 (property adjustment orders after overseas divorce) corresponding to such an order as is mentioned in paragraph (a),
  - (c) an order under Article 26(1)(b) of the Matrimonial Causes (Northern Ireland) Order 1978 (property adjustment orders in connection with divorce proceedings etc),
  - (d) an order under Article 21(a)(ii) of the Matrimonial and Family Proceedings (Northern Ireland) Order 1989 (property adjustment orders after overseas divorce) corresponding to such an order as is mentioned in paragraph (c),
  - (e) an order under paragraph 7(1)(b) of Schedule 5 or paragraph 7(1)(b) of Schedule 15 to the Civil Partnership Act 2004 (property adjustment orders in connection with dissolution etc of civil partnership), or
  - (f) an order under paragraph 9 of Schedule 7 or paragraph 9 of Schedule 17 to the Civil Partnership Act 2004 (property adjustment orders in connection with overseas dissolution etc of civil partnership) corresponding to such an order as is mentioned in paragraph (e).]

#### *Settlements and bare trusts*

- 10 (1) Sub-paragraph (3) applies in relation to a land transaction if—
- (a) the main subject-matter of the transaction consists of a major interest in one or more dwellings,
  - (b) the purchaser (or one of them) is acting as trustee of a settlement, and
  - (c) under the terms of the settlement a beneficiary will be entitled to—
    - (i) occupy the dwelling or dwellings for life, or
    - (ii) income earned in respect of the dwelling or dwellings.
- (2) Sub-paragraph (3) also applies in relation to a land transaction if—
- (a) the main subject-matter of the transaction consists of a term of years absolute in a dwelling, and
  - (b) the purchaser (or one of them) is acting as a trustee of a bare trust.
- (3) Where this sub-paragraph applies in relation to a land transaction the beneficiary of the settlement or bare trust (rather than the trustee) is to be treated for the purposes of this Schedule as the purchaser (or as one of them).
- (4) Paragraphs 3(3) and 4 of Schedule 16 (trustees to be treated as the purchaser) have effect subject to sub-paragraph (3).
- 11 (1) Sub-paragraph (3) applies where—

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- (a) a person is a beneficiary under a settlement,
  - (b) a major interest in a dwelling forms part of the trust property, and
  - (c) under the terms of the settlement, the beneficiary is entitled to—
    - (i) occupy the dwelling for life, or
    - (ii) income earned in respect of the dwelling.
- (2) Sub-paragraph (3) also applies where—
- (a) a person is a beneficiary under a bare trust, and
  - (b) a term of years absolute in a dwelling forms part of the trust property.
- (3) Where this sub-paragraph applies—
- (a) the beneficiary is to be treated for the purposes of this Schedule as holding the interest in the dwelling, and
  - (b) if the trustee of the settlement or bare trust disposes of the interest, the beneficiary is to be treated for the purposes of this Schedule as having disposed of it.
- 12 (1) This paragraph applies where, by reason of paragraph 10 or 11 or paragraph 3(1) of Schedule 16, the child of a person (“P”) would (but for this paragraph) be treated for the purposes of this Schedule as—
- (a) being the purchaser in relation to a land transaction,
  - (b) holding an interest in a dwelling, or
  - (c) having disposed of an interest in a dwelling.
- [ But this paragraph does not apply if the trustee (or any of the trustees) of the
- <sup>F570</sup>(1A) settlement or bare trust concerned—
- (a) was the purchaser in relation to the land transaction,
  - (b) holds the interest in the dwelling, or
  - (c) disposed of the interest in the dwelling,
- in the exercise of powers conferred on the trustee by reason of a relevant court appointment made in respect of the child concerned.
- (1B) In sub-paragraph (1A) “relevant court appointment” means—
- (a) an appointment under section 16 of the Mental Capacity Act 2005,
  - (b) an appointment under section 113 of the Mental Capacity Act (Northern Ireland) 2016, or
  - (c) an equivalent appointment under the law of a country or territory outside England, Wales and Northern Ireland.]
- (2) Where this paragraph applies—
- (a) P and any [<sup>F571</sup>relevant] spouse or civil partner of P are to be treated for the purposes of this Schedule as being the purchaser, holding the interest or (as the case may be) having disposed of the interest, and
  - (b) the child is not to be so treated.
- [<sup>F572</sup>(3) For the purposes of sub-paragraph (2) a spouse or civil partner of P is “relevant” if the spouse or civil partner—
- (a) is not a parent of the child, and
  - (b) is living together with P (see paragraph 9(3)).]
- <sup>F573</sup>(4) . . . . .

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(5) “Child” means a person under the age of 18.

#### Textual Amendments

- F570** Sch. 4ZA para. 12(1A)(1B) inserted (with effect in accordance with Sch. 11 para. 16(1)-(3) of the amending Act) by Finance Act 2018 (c. 3), **Sch. 11 para. 6(1)**
- F571** Word in Sch. 4ZA para. 12(2)(a) inserted (with effect in accordance with Sch. 11 para. 16(1)-(3) of the amending Act) by Finance Act 2018 (c. 3), **Sch. 11 para. 12(2)**
- F572** Sch. 4ZA para. 12(3) substituted (with effect in accordance with Sch. 11 para. 16(1)-(3) of the amending Act) by Finance Act 2018 (c. 3), **Sch. 11 para. 12(3)**
- F573** Sch. 4ZA para. 12(4) omitted (with effect in accordance with Sch. 11 para. 16(1)-(3) of the amending Act) by virtue of Finance Act 2018 (c. 3), **Sch. 11 para. 12(4)**

- 13 (1) This paragraph applies in relation to a land transaction if—
- (a) the main subject-matter of the transaction consists of a major interest in one or more dwellings,
  - (b) the purchaser (or one of them) is acting as trustee of a settlement,
  - (c) that purchaser is an individual, and
  - (d) under the terms of the settlement a beneficiary is not entitled to—
    - (i) occupy the dwelling or dwellings for life, or
    - (ii) income earned in respect of the dwelling or dwellings.
- (2) In determining whether the transaction falls within paragraph 4 or paragraph 7—
- (a) if the purchaser mentioned in sub-paragraph (1) is the only purchaser, ignore paragraph (a) of those paragraphs, and
  - (b) if that purchaser is not the only purchaser, ignore paragraph (a) of those paragraphs when having regard to that purchaser.

#### Partnerships

- 14 (1) Sub-paragraph (2) applies in relation to a chargeable transaction whose subject-matter consists of a major interest in one or more dwellings if—
- (a) the purchaser (or one of them) is a partner in a partnership, but
  - (b) the purchaser does not enter into the transaction for the purposes of the partnership.
- (2) For the purposes of determining whether the transaction falls within paragraph 3 or 6 any major interest in any other dwelling that is held by or on behalf of the partnership for the purposes of a trade carried on by the partnership is not to be treated as held by or on behalf of the purchaser.
- (3) Paragraph 2(1)(a) of Schedule 15 (chargeable interests held by partnerships treated as held by the partners) has effect subject to sub-paragraph (2).

#### Alternative finance arrangements

- 15 (1) This paragraph applies in relation to a chargeable transaction which is the first transaction under an alternative finance arrangement entered into between a person and a financial institution.

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- (2) The person (rather than the institution) is to be treated for the purposes of this Schedule as the purchaser in relation to the transaction.
- (3) In this paragraph—
- “alternative finance arrangement” means an arrangement of a kind mentioned in section 71A(1) or 73(1);
  - “financial institution” has the meaning it has in those sections (see section 73BA);
  - “first transaction”, in relation to an alternative finance arrangement, has the meaning given by section 71A(1)(a) or (as the case may be) section 73(1)(a)(i).

*Major interests in dwellings inherited jointly*

- 16 (1) This paragraph applies where by virtue of an inheritance—
- (a) a person (“P”) becomes jointly entitled with one or more other persons to a major interest in a dwelling, and
  - (b) P's beneficial share in the interest does not exceed 50% (see sub-paragraph (4)).
- (2) P is not to be treated for the purposes of paragraph 3(4)(a) or 6(1)(e) as having the major interest at any time during the period of three years beginning with the date of the inheritance.
- (3) But if at any time during that period of three years P becomes the only person beneficially entitled to the whole of the interest or P's beneficial share in the interest exceeds 50% P is, from that time, to be treated as having the major interest for the purposes of paragraph 3(4)(a) and 6(1)(e) (subject to any disposal by P).
- (4) P's share in the interest exceeds 50% if—
- (a) P is beneficially entitled as a tenant in common or coparcener to more than half the interest,
  - (b) P and P's spouse or civil partner taken together are beneficially entitled as tenants in common or coparceners to more than half the interest, or
  - (c) P and P's spouse or civil partner are beneficially entitled as joint tenants to the interest and there is no more than one other joint tenant who is so entitled.
- (5) In this section “inheritance” means the acquisition of an interest in or towards satisfaction of an entitlement under or in relation to the will of a deceased person, or on the intestacy of a deceased person.

*Dwellings outside England,<sup>F574</sup> ... and Northern Ireland*

**Textual Amendments**

**F574** Word in Sch. 4ZA para. 17 cross-heading omitted (with effect in accordance with Sch. 11 para. 16(4) of the amending Act) by virtue of Finance Act 2018 (c. 3), Sch. 11 para. 13

- 17 (1) In the provisions of this Schedule specified in sub-paragraph (3), references to a “dwelling” include references to a dwelling situated in a country or territory outside England<sup>F575</sup> ... and Northern Ireland.

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- [ In the application of those provisions in relation to a dwelling situated in Wales—
- <sup>F576</sup>(1A) (a) references to a “major interest” in the dwelling are to an interest in the dwelling of a kind mentioned in section 117(2),
- (b) references to a “land transaction” in relation to the dwelling are to the acquisition of an interest in the dwelling, and
- (c) references to the “effective date” of a land transaction in relation to the dwelling are to the date on which the interest in the dwelling is acquired.]
- (2) In the application of those provisions in relation to a dwelling situated in a country or territory outside England, Wales and Northern Ireland—
- (a) references to a “major interest” in the dwelling are to an equivalent interest in the dwelling under the law of that country or territory,
- (b) references to persons being beneficially entitled as joint tenants, tenants in common or coparceners to an interest in the dwelling are to persons having an equivalent entitlement to the interest in the dwelling under the law of that country or territory,
- (c) references to a “land transaction” in relation to the dwelling are to the acquisition of an interest in the dwelling under the law of that country or territory,
- (d) references to the “effective date” of a land transaction in relation to the dwelling are to the date on which the interest in the dwelling is acquired under the law of that country or territory,
- (e) references to “inheritance” are to the acquisition of an interest from a deceased person's estate in accordance with the laws of that country or territory concerning the inheritance of property.
- (3) The provisions of this Schedule referred to in sub-paragraphs (1)<sup>F577</sup>, (1A)] and (2) are—
- (a) paragraph 3(4), (6)(b)<sup>F578</sup>, (ba)], (c) and (d) and (7)(b)<sup>F579</sup>, (ba)] and (c),
- (b) paragraph 6(1)(e),
- [ paragraph 9B,]
- <sup>F580</sup>(ba)
- (c) paragraph 11,
- (d) paragraph 14(2), and
- (e) paragraph 16.
- (4) Where the child of a person (“P”) has an interest in a dwelling which is situated in a country or territory outside England<sup>F581</sup>... and Northern Ireland, P and any <sup>F582</sup>[relevant] spouse or civil partner of P are to be treated for the purposes of this Schedule as having that interest.
- <sup>F583</sup>(5) For the purposes of sub-paragraph (4) a spouse or civil partner of P is “relevant” if the spouse or civil partner—
- (a) is not a parent of the child, and
- (b) is living together with P (see paragraph 9(3)).]
- [ Sub-paragraph (4) does not apply if the interest in the dwelling was acquired in
- <sup>F584</sup>(5A) the child's name or on the child's behalf by a person acting in exercise of powers conferred on that person by reason of a relevant court appointment made in respect of the child.

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(5B) In sub-paragraph (5A) “relevant court appointment” has the meaning given by paragraph 12(1B).]

<sup>F585</sup>(6) . . . . .

#### Textual Amendments

- F575** Word in Sch. 4ZA para. 17(1) omitted (with effect in accordance with Sch. 11 para. 16(4) of the amending Act) by virtue of [Finance Act 2018 \(c. 3\)](#), [Sch. 11 para. 14\(2\)](#)
- F576** Sch. 4ZA para. 17(1A) inserted (with effect in accordance with Sch. 11 para. 16(4) of the amending Act) by [Finance Act 2018 \(c. 3\)](#), [Sch. 11 para. 14\(3\)](#)
- F577** Word in Sch. 4ZA para. 17(3) inserted (with effect in accordance with Sch. 11 para. 16(4) of the amending Act) by [Finance Act 2018 \(c. 3\)](#), [Sch. 11 para. 14\(4\)\(a\)](#)
- F578** Word in Sch. 4ZA para. 17(3)(a) inserted (with effect in accordance with Sch. 11 para. 16(1)-(3) of the amending Act) by [Finance Act 2018 \(c. 3\)](#), [Sch. 11 para. 14\(4\)\(b\)\(i\)](#)
- F579** Word in Sch. 4ZA para. 17(3)(a) inserted (with effect in accordance with Sch. 11 para. 16(1)-(3) of the amending Act) by [Finance Act 2018 \(c. 3\)](#), [Sch. 11 para. 14\(4\)\(b\)\(ii\)](#)
- F580** Sch. 4ZA para. 17(3)(ba) inserted (with effect in accordance with Sch. 11 para. 16(1)-(3) of the amending Act) by [Finance Act 2018 \(c. 3\)](#), [Sch. 11 para. 14\(4\)\(c\)](#)
- F581** Word in Sch. 4ZA para. 17(4) omitted (with effect in accordance with Sch. 11 para. 16(4) of the amending Act) by virtue of [Finance Act 2018 \(c. 3\)](#), [Sch. 11 para. 14\(5\)\(a\)](#)
- F582** Word in Sch. 4ZA para. 17(4) inserted (with effect in accordance with Sch. 11 para. 16(1)-(3) of the amending Act) by [Finance Act 2018 \(c. 3\)](#), [Sch. 11 para. 14\(5\)\(b\)](#)
- F583** Sch. 4ZA para. 17(5) substituted (with effect in accordance with Sch. 11 para. 16(1)-(3) of the amending Act) by [Finance Act 2018 \(c. 3\)](#), [Sch. 11 para. 14\(6\)](#)
- F584** Sch. 4ZA para. 17(5A)(5B) inserted (with effect in accordance with Sch. 11 para. 16(1)-(3) of the amending Act) by [Finance Act 2018 \(c. 3\)](#), [Sch. 11 para. 6\(2\)](#)
- F585** Sch. 4ZA para. 17(6) omitted (with effect in accordance with Sch. 11 para. 16(1)-(3) of the amending Act) by virtue of [Finance Act 2018 \(c. 3\)](#), [Sch. 11 para. 14\(7\)](#)

#### *What counts as a dwelling*

- 18 (1) This paragraph sets out rules for determining what counts as a dwelling for the purposes of this Schedule.
- (2) A building or part of a building counts as a dwelling if—
- (a) it is used or suitable for use as a single dwelling, or
  - (b) it is in the process of being constructed or adapted for such use.
- (3) Land that is, or is to be, occupied or enjoyed with a dwelling as a garden or grounds (including any building or structure on that land) is taken to be part of that dwelling.
- (4) Land that subsists, or is to subsist, for the benefit of a dwelling is taken to be part of that dwelling.
- (5) The main subject-matter of a transaction is also taken to consist of or include an interest in a dwelling if—
- (a) substantial performance of a contract constitutes the effective date of that transaction by virtue of a relevant deeming provision,
  - (b) the main subject-matter of the transaction consists of or includes an interest in a building, or a part of a building, that is to be constructed or adapted under the contract for use as a single dwelling, and



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- (c) construction or adaptation of the building, or part of a building, has not begun by the time the contract is substantially performed.
- (6) In sub-paragraph (5)—
- “contract” includes any agreement;
  - “relevant deeming provision” means any of sections 44 to 45A or paragraph 5(1) or (2) of Schedule 2A or paragraph 12A of Schedule 17A;
  - “substantially performed” has the same meaning as in section 44.
- (7) A building or part of a building used for a purpose specified in section 116(2) or (3) is not used as a dwelling for the purposes of sub-paragraph (2) or (5).
- (8) Where a building or part of a building is used for a purpose mentioned in sub-paragraph (7), no account is to be taken for the purposes of sub-paragraph (2) of its suitability for any other use.

*Power to modify this Schedule*

- 19 (1) The Treasury may by regulations amend or otherwise modify this Schedule for the purpose of preventing certain chargeable transactions from being higher rates transactions for the purposes of paragraph 1.
- (2) The provision which may be included in regulations under this paragraph by reason of section 114(6)(c) includes incidental or consequential provision which may cause a chargeable transaction to be a higher rates transaction for the purposes of paragraph 1.]

[<sup>F586</sup>SCHEDULE 4A

STAMP DUTY LAND TAX: HIGHER RATE FOR CERTAIN TRANSACTIONS

**Textual Amendments**

**F586** Sch. 4A inserted (with effect in accordance with Sch. 35 para. 10 of the amending Act) by [Finance Act 2012 \(c. 14\)](#), [Sch. 35 para. 4](#)

**Modifications etc. (not altering text)**

**C31** Sch. 4A modified (17.7.2013) by [Finance Act 2013 \(c. 29\)](#), [Sch. 40 para. 9\(3\)](#)

*Meaning of “higher threshold interest”*

- 1 (1) In this paragraph “interest in a single dwelling” means so much of the subject-matter of a chargeable transaction as consists of a chargeable interest in or over a single dwelling (together with appurtenant rights).
- (2) An interest in a single dwelling is a higher threshold interest for the purposes of this Schedule if chargeable consideration of more than [<sup>F587</sup>£500,000] is attributable to that interest.

*Status: Point in time view as at 15/03/2023.*

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### Textual Amendments

**F587** Word in Sch. 4A para. 1(2) substituted (with effect in accordance with s. 111(4)-(6) of the amending Act) by Finance Act 2014 (c. 26), s. 111(2)

#### *Transactions involving a higher threshold interest*

- 2 (1) Sub-paragraphs (2) to (8) apply to a chargeable transaction whose subject-matter consists of or includes a higher threshold interest.
- (2) If the main subject-matter of the transaction consists entirely of higher threshold interests, the transaction is a high-value residential transaction for the purposes of paragraph 3.
- (3) If the main subject-matter of the transaction includes a chargeable interest other than a higher threshold interest, the transaction (“the primary transaction”) is to be treated for the relevant purposes as two separate chargeable transactions as follows—
- (a) a transaction whose subject-matter is all the higher threshold interests, together with any appurtenant rights;
  - (b) a transaction whose subject-matter is the remainder of the subject-matter of the primary transaction.
- (4) For those purposes, the chargeable consideration for a transaction treated as occurring under sub-paragraph (3) is so much of the chargeable consideration for the primary transaction as is attributable to that transaction.
- (5) The transaction mentioned in sub-paragraph (3)(a) is a high-value residential transaction for the purposes of paragraph 3.
- (6) “Relevant purposes” means the purposes of—
- (a) paragraphs 3 [<sup>F588</sup>, 5 to [<sup>F589</sup>5L] and 6A to [<sup>F590</sup>6I]] of this Schedule,
  - (b) section 55 (amount of tax chargeable: general),
  - (c) Schedule 5 (amount of tax chargeable: rent),
  - (d) Schedule 6B (transfers involving multiple dwellings), <sup>F591</sup> ...
  - [<sup>F592</sup>(da) Schedule 7A (PAIF seeding relief and COACS seeding relief), and]
  - (e) any other provision of this Part, so far as it is necessary because of any of paragraphs (a) to [<sup>F593</sup>(da)] to treat the purposes in question as relevant purposes.
- (7) If a transaction treated under sub-paragraph (3) as two separate transactions is notifiable, each of the separate transactions (but not the primary transaction) is also treated as a separate, and notifiable, transaction for the purposes of section 76 (duty to deliver land transaction return).
- (8) The provisions relating to land transaction returns are to be read with any adjustments that may be necessary as a result of sub-paragraph (7).
- (9) The reference in sub-paragraph (1) to a chargeable transaction does not include a transaction to which section 74 (exercise of collective rights by tenants of flats) or section 75 (crofting community right to buy) applies.

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### Textual Amendments

- F588** Words in Sch. 4A para. 2(6) substituted (with effect in accordance with Sch. 40 para. 8 of the amending Act) by [Finance Act 2013 \(c. 29\)](#), **Sch. 40 para. 2(2)**
- F589** Word in [Sch. 4A para. 2\(6\)\(a\)](#) substituted (with effect in accordance with s. 89(4) of the amending Act) by [Finance Act 2021 \(c. 26\)](#), **Sch. 17 para. 7(2)(a)**
- F590** Word in [Sch. 4A para. 2\(6\)\(a\)](#) substituted (with effect in accordance with s. 89(4) of the amending Act) by [Finance Act 2021 \(c. 26\)](#), **Sch. 17 para. 7(2)(b)**
- F591** Word in Sch. 4A para. 2(6)(d) omitted (with effect in accordance with Sch. 16 para. 15 of the amending Act) by virtue of [Finance Act 2016 \(c. 24\)](#), **Sch. 16 para. 12(a)**
- F592** Sch. 4A para. 2(6)(da) inserted (with effect in accordance with Sch. 16 para. 15 of the amending Act) by [Finance Act 2016 \(c. 24\)](#), **Sch. 16 para. 12(b)**
- F593** Word in Sch. 4A para. 2(6)(e) substituted (with effect in accordance with Sch. 16 para. 15 of the amending Act) by [Finance Act 2016 \(c. 24\)](#), **Sch. 16 para. 12(c)**

### *Amount of tax chargeable: higher rate for certain transactions*

- 3 (1) Where this paragraph applies to a chargeable transaction—
- (a) the amount of tax chargeable in respect of the transaction is 15% of the chargeable consideration for the transaction, and
  - (b) the transaction is not taken to be linked to any other transaction for the purposes of section [<sup>F594</sup>55(1B), (1C) and (4)].
- (2) This paragraph applies to a chargeable transaction if—
- (a) the transaction is a high-value residential transaction, and
  - (b) the condition in sub-paragraph (3) is met.
- (3) The condition is that—
- (a) the purchaser is a company,
  - (b) the acquisition is made by or on behalf of the members of a partnership one or more of whose members is a company, or
  - (c) the acquisition is made for the purposes of a collective investment scheme.
- (4) References in sub-paragraph (3) to a company do not include a company acting in its capacity as trustee of a settlement.
- (5) If there are two or more purchasers acting jointly, the condition in sub-paragraph (3) is treated as met if it is met in relation to at least one of those purchasers.
- (6) In relation to a transfer of an interest in a partnership that is a chargeable transaction by virtue of paragraph 17(2) of Schedule 15, sub-paragraph (3) has effect as if the following were substituted for paragraph (b) of that sub-paragraph—
- “(b) the purchasers (see paragraph 17(3) of Schedule 15) include a company, or”.
- (7) In relation to an event that is a chargeable transaction by virtue of paragraph 17A(4) of that Schedule, sub-paragraph (3) has effect as if the following were substituted for paragraph (b) of that sub-paragraph—
- “(b) the purchasers (see paragraph 17A(5) of Schedule 15) include a company, or”.

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- (8) For the purposes of sub-paragraph (3), paragraph 3 of Schedule 16 (bare trustees) applies as if sub-paragraphs (2) and (3) of that paragraph were omitted.
- (9) In the case of a transaction for which the whole or part of the chargeable consideration is rent, this paragraph has effect subject to section 56 and Schedule 5 (amount of tax chargeable: rent).
- (10) The Treasury may by order amend this paragraph for the purpose of limiting the circumstances in which the condition in sub-paragraph (3) is to be treated as met.

#### Textual Amendments

**F594** Words in Sch. 4A para. 3(1)(b) substituted (with effect in accordance with s. 2(2) of the amending Act) by [Stamp Duty Land Tax Act 2015 \(c. 1\)](#), **Sch. para. 13** (with s. 2(3)-(6))

#### *Acquisitions of interests in the same dwelling through different transactions*

- 4 (1) Sub-paragraphs (2) and (3) apply if—
- (a) the subject-matter of a chargeable transaction includes a chargeable interest in or over a dwelling,
  - (b) one or more land transactions, the subject-matter of each of which includes a chargeable interest in or over the dwelling, are linked to that chargeable transaction, and
  - (c) the total consideration attributable to the interests mentioned in paragraphs (a) and (b) (and to any appurtenant rights, but disregarding any rent) is more than [<sup>F595</sup>£500,000].
- (2) Each of those chargeable interests is treated as a higher threshold interest for the purposes of this Schedule.
- (3) If the condition in paragraph 3(3) is met in the case of the transaction mentioned in sub-paragraph (1)(a), it is also treated as met in the case of each transaction mentioned in sub-paragraph (1)(b) that is a chargeable transaction.
- (4) The transactions referred to in this paragraph do not include any transaction to which section 74 (exercise of collective rights by tenants of flats) or section 75 (crofting community right to buy) applies.

#### Textual Amendments

**F595** Word in Sch. 4A para. 4(1)(c) substituted (with effect in accordance with s. 111(4)-(6) of the amending Act) by [Finance Act 2014 \(c. 26\)](#), **s. 111(3)(a)**

#### *[<sup>F596</sup>Businesses of letting, trading in or redeveloping properties*

#### Textual Amendments

**F596** Sch. 4A para. 5 substituted (with effect in accordance with Sch. 40 para. 8 of the amending Act) by [Finance Act 2013 \(c. 29\)](#), **Sch. 40 para. 2(3)**

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- 5 (1) Paragraph 3 does not apply to a chargeable transaction so far as its subject-matter consists of a higher threshold interest that is acquired exclusively for one or more of the following purposes—
- (a) exploitation as a source of rents or other receipts (other than excluded rents) in the course of a qualifying property rental business;
  - [<sup>F597</sup>(aa) use as business premises for the purposes of a qualifying property rental business (other than one which gives rise to income consisting wholly or mainly of excluded rents);
  - (ab) use for the purposes of a relievable trade;]
  - [<sup>F598</sup>(b) development or redevelopment and—
    - (i) resale in the course of a property development trade, or
    - (ii) exploitation falling within paragraph (a) or use falling within paragraph (aa) or (ab);]
  - (c) resale in the course of a property development trade (in a case where the chargeable transaction is part of a qualifying exchange);
  - (d) resale (as stock of the business) in the course of a property trading business.
- (2) A chargeable interest does not count as being acquired exclusively for one or more of those purposes if it is intended that a non-qualifying individual will be permitted to occupy [<sup>F599</sup>a dwelling on the land].
- (3) In this paragraph—
- “excluded rents” has the same meaning as in section 133 of the Finance Act 2013;
  - “property development trade” means a trade that—
    - (a) consists of or includes buying and developing or redeveloping for resale residential or non-residential property, and
    - (b) is run on a commercial basis and with a view to profit;
  - “part of a qualifying exchange” is to be construed in accordance with section 139(4) of the Finance Act 2013;
  - “property trading business” means a business that—
    - (a) consists of or includes activities in the nature of a trade of buying and selling dwellings, and
    - (b) is run on a commercial basis and with a view to profit;
  - “qualifying property rental business” has the same meaning as in section 133 of the Finance Act 2013.
  - [<sup>F600</sup>“relievable trade” means a trade that is run on a commercial basis and with a view to profit.]]

#### Textual Amendments

- F597** Sch. 4A para. 5(1)(aa)(ab) inserted (with effect in accordance with s. 129(5) of the amending Act) by [Finance Act 2016 \(c. 24\), s. 129\(2\)\(a\)\(i\)](#)
- F598** Sch. 4A para. 5(1)(b) substituted (with effect in accordance with s. 129(5) of the amending Act) by [Finance Act 2016 \(c. 24\), s. 129\(2\)\(a\)\(ii\)](#)
- F599** Words in Sch. 4A para. 5(2) substituted (with effect in accordance with s. 129(5) of the amending Act) by [Finance Act 2016 \(c. 24\), s. 129\(2\)\(b\)](#)
- F600** Words in Sch. 4A para. 5(3) inserted (with effect in accordance with s. 129(5) of the amending Act) by [Finance Act 2016 \(c. 24\), s. 129\(2\)\(c\)](#)

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### *<sup>F601</sup>Meaning of “non-qualifying individual”*

#### **Textual Amendments**

**F601** Sch. 4A paras. 5A-5K and cross-headings inserted (with effect in accordance with Sch. 40 para. 8 of the amending Act) by [Finance Act 2013 \(c. 29\)](#), [Sch. 40 para. 2\(4\)](#)

- 5A (1) In paragraph 5 “non-qualifying individual”, in relation to a chargeable transaction, means any of the following—
- (a) the purchaser (other than a purchaser entering into the transaction as a member of a partnership);
  - (b) a purchaser who enters into the transaction as a member of a partnership and has a major share in the partnership,
  - (c) an individual (a “connected person”) who is connected with the purchaser;
  - (d) a relevant settlor;
  - (e) the spouse or civil partner of a connected person or of a relevant settlor;
  - (f) a relative of a connected person or of a relevant settlor, or the spouse or civil partner of a relative of a connected person or of a relevant settlor;
  - (g) a relative of the spouse or civil partner of a connected person or of a relevant settlor;
  - (h) the spouse or civil partner of a person falling within paragraph (g);
  - (i) an individual who is a major participant in a relevant collective investment scheme or is connected with a major participant in a relevant collective investment scheme.
- (2) A member of a partnership has a “major share” in the partnership if the member is entitled to a 50% or greater share—
- (a) in the income profits of the partnership, or
  - (b) in the partnership's assets.
- (3) A collective investment scheme is a “relevant collective investment scheme” for the purposes of sub-paragraph (1)(i) if the purchaser under the chargeable transaction referred to in that sub-paragraph acquires the subject-matter of the transaction for the purposes of that scheme.
- (4) An individual who participates in a collective investment scheme is a “major participant” in the scheme if the individual—
- (a) is entitled to a share of at least 50% either of all the profits or income arising from the scheme or of any profits or income arising from the scheme that may be distributed to participants, or
  - (b) would in the event of the winding up of the scheme be entitled to 50% or more of the assets of the scheme that would then be available for distribution among the participants.
- (5) The reference in sub-paragraph (4)(a) to profits or income arising from a collective investment scheme is to profits or income arising from the acquisition, holding, management or disposal of the property subject to the scheme.
- (6) In this paragraph—
- “participant”, in relation to a collective investment scheme, is to be read in accordance with section 235 of the Financial Services and Markets Act 2000;

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“relative” means brother, sister, ancestor or lineal descendant;

“relevant settlor”, in relation to a chargeable transaction, means an individual who is a settlor in relation to a relevant settlement (as defined in sub-paragraph (7));

“settlement” has the same meaning as in Chapter 5 of Part 5 of ITTOIA 2005 (see section 620 of that Act).

- (7) Where a person, in the capacity of trustee of a settlement, is connected with a person who is the purchaser under a chargeable transaction, that settlement is a “relevant settlement” in relation to the chargeable transaction.
- (8) In sub-paragraph (7) “trustee” is to be read in accordance with section 1123(3) of CTA 2010 (“connected persons”: supplementary).
- (9) In this paragraph “the purchaser”, in relation to a chargeable transaction, is to be read as a reference to any of the purchasers (if there are more than one).
- (10) Section 1122 of the Corporation Tax Act 2010 (connected persons) has effect for the purposes of this paragraph, but for those purposes—
  - (a) subsections (7) and (8) of that section (application of rules about connected persons to partnerships) are to be disregarded, and
  - (b) subsections (2) to (7) of section 172 of the Finance Act 2013 apply as they apply for the purposes of Part 3 of that Act.

*Trades involving making a dwelling available to the public*

- 5B
- (1) Paragraph 3 does not apply to a chargeable transaction so far as its subject-matter consists of a higher threshold interest in relation to which the conditions in sub-paragraph (2) are met.
  - (2) The conditions are that—
    - (a) the higher threshold interest is acquired with the intention that it will be exploited as a source of income in the course of a qualifying trade, and
    - (b) reasonable commercial plans have been formulated to carry out that intention without delay (except so far as delay may be justified by commercial considerations or cannot be avoided).
  - (3) “Qualifying trade”, in relation to a higher threshold interest, means a trade that—
    - (a) is carried on on a commercial basis and with a view to profit, and
    - (b) involves, in its normal course, offering the public the opportunity to make use of, stay in or otherwise enjoy the dwelling as customers of the trade on at least 28 days in any calendar year.
  - (4) For the purposes of sub-paragraph (3), persons are not considered to have the opportunity to make use of, stay in or otherwise enjoy a dwelling unless the areas that they have the opportunity to make use of, stay in or otherwise enjoy include a significant part of the interior of the dwelling.
  - (5) The size (relative to the size of the whole dwelling), nature and function of any relevant area or areas in a dwelling are taken into account in determining whether they form a significant part of the interior of the dwelling.

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*Financial institutions acquiring dwellings in the course of lending*

- 5C (1) Sub-paragraph (2) applies to a chargeable transaction if the purchaser is a financial institution carrying on a business that involves the lending of money.
- (2) Paragraph 3 does not apply to the chargeable transaction so far as its subject-matter consists of a higher threshold interest that is acquired in the course of that business—
- (a) for the purpose of resale in the course of the business and,
  - (b) in connection with those lending activities.

*[<sup>F602</sup>Acquisition under a regulated home reversion plan*

**Textual Amendments**

**F602** Sch. 4A para. 5CA and cross-heading inserted (with effect in accordance with s. 130(4) of the amending Act) by [Finance Act 2016 \(c. 24\), s. 130\(2\)](#)

- 5CA (1) Paragraph 3 does not apply to a chargeable transaction if (and so far as) the purchaser—
- (a) is an authorised plan provider, and
  - (b) acquires the subject-matter of the chargeable transaction as a plan provider.
- (2) For the purposes of this paragraph the purchaser acquires the subject-matter of the chargeable transaction “as a plan provider” so far as the purchaser acquires it under a regulated home reversion plan which the purchaser enters into as plan provider.
- (3) In this paragraph—
- “authorised plan provider” means a person authorised under the Financial Services and Markets Act 2000 to carry on in the United Kingdom the regulated activity specified in article 63B(1) of the Regulated Activities Order (entering into regulated home reversion plan as plan provider);
- “the Regulated Activities Order” means the Financial Services and Markets (Regulated Activities) Order 2001 (S.I. 2001/544);
- “regulated home reversion plan” means an arrangement which is a regulated home reversion plan for the purposes of Chapter 15A of Part 2 of the Regulated Activities Order.
- (4) In this section references to entering into a regulated home reversion plan “as plan provider” are to be interpreted as if the references were in the Regulated Activities Order.]

*[<sup>F603</sup>Dwellings for occupation by certain employees etc of a relievable business]*

**Textual Amendments**

**F603** Sch. 4A para. 5D cross heading substituted (with effect in accordance with s. 131(10) of the amending Act) by [Finance Act 2016 \(c. 24\), s. 131\(3\)](#)

- 5D (1) Paragraph 3 does not apply to a chargeable transaction so far as its subject-matter consists of a higher threshold interest in relation to which the conditions in sub-



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paragraph (2) are met. Those conditions can only be met if the purchaser, or a relevant group member, carries on or is to carry on a relievable [<sup>F604</sup>business].

- (2) The conditions are that—
- (a) the interest is acquired for the purpose of making the dwelling available to one or more qualifying employees or qualifying partners for use as living accommodation, and
  - (b) the dwelling is to be made available as mentioned in paragraph (a) for purposes that are solely or mainly purposes of the relievable [<sup>F605</sup>business].
- (3) For the purposes of the relief under this paragraph it does not matter whether or not the individuals mentioned in sub-paragraph (2)(a) are identified at the time of the chargeable transaction.
- [<sup>F606</sup>(4) “Relievable business” means a trade or property rental business that is run on a commercial basis and with a view to profit.]
- (5) In this paragraph references to making a dwelling available to a qualifying employee or qualifying partner include making it available to persons who are to share the accommodation with a qualifying employee or qualifying partner as that individual's family.
- (6) Where the purchaser is a company, “relevant group member” means a company which is a member of the same group of companies as the purchaser for the purposes mentioned in paragraph 1(2) of Schedule 7 (group relief).

#### Textual Amendments

- F604** Word in Sch. 4A para. 5D(1) substituted (with effect in accordance with s. 131(10) of the amending Act) by [Finance Act 2016 \(c. 24\), s. 131\(2\)\(a\)](#)
- F605** Word in Sch. 4A para. 5D(2)(b) substituted (with effect in accordance with s. 131(10) of the amending Act) by [Finance Act 2016 \(c. 24\), s. 131\(2\)\(b\)](#)
- F606** Sch. 4A para. 5D(4) substituted (with effect in accordance with s. 131(10) of the amending Act) by [Finance Act 2016 \(c. 24\), s. 131\(2\)\(c\)](#)

#### *More about the condition in paragraph 5D(2)(a)*

- 5E (1) In a case where the person carrying on the relievable [<sup>F607</sup>business] mentioned in paragraph 5D(1) carries it on in partnership with one or more other persons, “qualifying partner” means any individual who is a member of the partnership.
- (2) “Qualifying employee” means an individual employed for the purposes of the [<sup>F608</sup>relievable business].
- (3) In a case falling within sub-paragraph (1), the condition in paragraph 5D(2)(a) is taken not to be met if the individuals, or a class of individuals, to whom it is proposed to make the dwelling available for use as living accommodation include, or are likely to include, a member of the partnership who is (or will at the relevant time be) entitled to a 10% or greater share—
- (a) in the income profits of the partnership, or
  - (b) in any company beneficially entitled to the higher threshold interest mentioned in paragraph 5D(1), or
  - (c) in that higher threshold interest.

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- (4) In addition, the condition in paragraph 5D(2)(a) is taken not to be met if the individuals, or a class of individuals, to whom it is proposed to make the dwelling available for use as living accommodation include, or are likely to include, an individual employed for the purposes of the [<sup>F609</sup>relievable business] in question who is (or will at the relevant time be)—
- (a) entitled to a 10% or greater share—
    - (i) in the income profits of the [<sup>F610</sup>relievable business], or
    - (ii) in any company that is beneficially entitled to the higher threshold interest, or
    - (iii) in that higher threshold interest, or
  - (b) employed to provide excluded domestic services.
- (5) The reference in sub-paragraph (4)(b) to an individual employed to provide excluded domestic services is to an individual the duties of whose employment include the provision of services in connection with the (actual or intended) occupation, by an individual to whom sub-paragraph (6) applies, of the dwelling mentioned in paragraph 5D(2)(a) (“the relevant dwelling”), or a linked dwelling.
- (6) This sub-paragraph applies to any individual who is connected with a person who is or is to be beneficially entitled to the higher threshold interest.
- (7) The following are “linked” dwellings for the purposes of sub-paragraph (5)—
- (a) if the conditions in section 116(2) of the Finance Act 2013 are met in relation to the relevant dwelling and another dwelling, that other dwelling;
  - (b) a dwelling that is linked to the relevant dwelling, as described in section 117(1) of the Finance Act 2013.
- (8) For the purposes of sub-paragraphs (3)(c) and (4)(a) persons who are entitled to a chargeable interest as beneficial joint tenants (or, in Scotland, as joint owners) are taken to be entitled to the chargeable interest as beneficial tenants in common (or, in Scotland, as owners in common) in equal shares.
- (9) Section 147 of the Finance Act 2013 (meaning of “10% or greater share in a company”) applies for the purposes of this paragraph as for the purposes of section 146 of that Act.
- (10) In this paragraph references to employment include the holding of an office.

#### Textual Amendments

- F607** Word in Sch. 4A para. 5E(1) substituted (with effect in accordance with s. 131(10) of the amending Act) by [Finance Act 2016 \(c. 24\), s. 131\(6\)\(a\)](#)
- F608** Word in Sch. 4A para. 5E(2) substituted (with effect in accordance with s. 131(10) of the amending Act) by [Finance Act 2016 \(c. 24\), s. 131\(6\)\(b\)](#)
- F609** Words in Sch. 4A para. 5E(4) substituted (with effect in accordance with s. 131(10) of the amending Act) by [Finance Act 2016 \(c. 24\), s. 131\(6\)\(c\)\(i\)](#)
- F610** Words in Sch. 4A para. 5E(4)(a)(i) substituted (with effect in accordance with s. 131(10) of the amending Act) by [Finance Act 2016 \(c. 24\), s. 131\(6\)\(c\)\(ii\)](#)

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*[<sup>F611</sup> Acquisition by management company of flat for occupation by caretaker*

**Textual Amendments**

**F611** Sch. 4A para. 5EA and cross-heading inserted (with effect in accordance with s. 131(10) of the amending Act) by [Finance Act 2016 \(c. 24\), s. 131\(4\)](#)

- 5EA (1) Paragraph 3 does not apply to a chargeable transaction so far as its subject-matter consists of a higher threshold interest in or over a flat which—
- (a) is one of at least three flats contained in the same premises, and
  - (b) is acquired by a tenants' management company for the purpose of making the flat available for use as caretaker accommodation.
- (2) For the purposes of this paragraph a tenants' management company makes a flat available for use “as caretaker accommodation” if it makes it available to an individual for use as living accommodation in connection with the individual's employment as caretaker of the premises.
- (3) In relation to the acquisition of a flat, a company is a “tenants' management company” if—
- (a) the tenants of two or more other flats contained in the premises are members of the company, and
  - (b) the company owns, or it is intended that the company will acquire, the freehold of the premises;
- but a company which carries on a relievable business is not a tenants' management company.
- (4) In this paragraph “premises” means premises constituting the whole or part of a building.]

*Farmhouses*

- 5F (1) Paragraph 3 does not apply to a chargeable transaction so far as its subject-matter consists of a higher threshold interest in or over a dwelling—
- (a) that is, or is to be, a farmhouse, and
  - (b) in relation to which the conditions in sub-paragraph (3) are met.
- (2) The reference in sub-paragraph (1) to a dwelling that “is or is to be a farmhouse” is to a dwelling that forms part of land that is to be occupied, or to continue to be occupied, for the purposes of a qualifying trade of farming.
- (3) The conditions are that—
- (a) the dwelling is to be occupied for the purposes of that trade by a qualifying farm worker,
  - (b) reasonable commercial plans have been formulated under which such occupation is either to continue from the effective date of the chargeable transaction or to begin without delay (except so far as delay may be justified by commercial considerations or cannot be avoided), and
  - (c) occupation of the farmhouse by a qualifying farm worker is then expected to continue as part of the normal way in which the trade is, or is to be, carried on.

*Status: Point in time view as at 15/03/2023.*

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- (4) In sub-paragraph (3) “qualifying farm worker” means an individual who occupies the dwelling for the purposes of the trade mentioned in that sub-paragraph and has a substantial involvement—
- (a) in the day-to-day work of the trade, or
  - (b) in the direction and control of the conduct of the trade.
- (5) “Qualifying trade of farming” means a trade of farming that is carried on—
- (a) on a commercial basis, and
  - (b) with a view to profit.
- (6) A person occupying part of a dwelling is regarded as occupying the dwelling for the purposes of this paragraph.
- (7) In this paragraph—
- (a) “farming” has the same meaning as in the Corporation Tax Acts (see section 1125 of CTA 2010), except that in this paragraph “farming” includes market gardening;
  - (b) “market gardening” has the same meaning as in the Corporation Tax Acts (see section 1125(5) of CTA 2010).

*<sup>F612</sup>Qualifying housing co-operatives*

**Textual Amendments**

**F612** Sch. 4A para. 5FA inserted (with effect in accordance with s. 89(4) of the amending Act) by Finance Act 2021 (c. 26), s. 89(1)

- 5FA Paragraph 3 does not apply to a chargeable transaction so far as its subject-matter consists of a higher threshold interest that is acquired by a company on a day on which the company is a qualifying housing co-operative for the purposes of section 150(3A) of the Finance Act 2013 (relief from ATED).]

*Withdrawal of relief*

- 5G (1) Sub-paragraph (2) applies where relief under paragraph 5 has been allowed in respect of a higher threshold interest forming the whole or part of the subject-matter of a chargeable transaction.
- (2) The relief is withdrawn if at any time in the period of three years beginning with the effective date of the chargeable transaction (“the control period”) a requirement in sub-paragraph (3) is not met.
- (3) The requirements are that—
- (a) the higher threshold interest (if still held by the purchaser) is held exclusively for one or more of the purposes mentioned in paragraph 5(1),
  - (b) any chargeable interest derived from the higher threshold interest that may be held by the purchaser is held exclusively for one or more of those purposes, and
  - (c) (if the higher threshold interest or a chargeable interest derived from it is held by the purchaser) no non-qualifying individual is permitted to occupy [<sup>F613</sup>any dwelling on the land].

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- (4) The requirements in sub-paragraph (3)(a) and (b) do not apply in relation to times when, because of a change of circumstances that is unforeseen and beyond the purchaser's control, it is not reasonable to expect the purposes for which the higher threshold interest was acquired to be carried out.
- (5) Sub-paragraph (6) applies if a higher threshold interest was acquired for a purpose mentioned in paragraph 5(1) but at some time in the control period the activity in question (for instance, exploitation of the interest as mentioned in paragraph 5(1)(a))—
  - (a) has not yet begun, or
  - (b) has ceased.
- (6) For the purposes of sub-paragraph (3), the interest is taken to be held for the purpose in question only if reasonable steps are being taken to ensure that the purpose in question is carried out.
- (7) In this paragraph “non-qualifying individual” (in relation to the chargeable transaction mentioned in sub-paragraph (1)) has the meaning given by paragraph 5A.

#### Textual Amendments

**F613** Words in Sch. 4A para. 5G(3)(c) substituted (with effect in accordance with s. 129(5) of the amending Act) by [Finance Act 2016 \(c. 24\), s. 129\(3\)](#)

- 5H
- (1) This paragraph applies where relief under paragraph 5B (trades involving making a dwelling open to the public) has been allowed in respect of a higher threshold interest forming the whole or part of the subject-matter of a chargeable transaction.
  - (2) The relief is withdrawn if at any time in the period of three years beginning with the effective date of the chargeable transaction (“the control period”) a requirement in sub-paragraph (3) is not met.
  - (3) The requirements are that—
    - (a) the higher threshold interest (if still held by the purchaser), is being exploited as a source of income in the course of a qualifying trade, and
    - (b) any chargeable interest derived from that interest that may be held by the purchaser is being exploited as mentioned in paragraph (a).
  - (4) The requirements in sub-paragraph (3) do not apply in relation to times when, because of a change of circumstances that is unforeseen and beyond the purchaser's control, it is not reasonable to expect the chargeable interest concerned to be exploited in the manner specified.
  - (5) Sub-paragraph (6) applies if at some time in the control period the higher threshold interest, or a chargeable interest derived from it—
    - (a) has not begun to be exploited as mentioned in sub-paragraph (3), or
    - (b) has ceased to be so exploited.
  - (6) The requirements in sub-paragraph (3) are treated as being met if reasonable steps are being taken to ensure that the chargeable interest in question begins to be exploited as mentioned in that sub-paragraph, or that such exploitation of the interest is resumed.
- 5I
- (1) This paragraph applies where relief under paragraph 5C (financial institutions acquiring dwellings in the course of lending) has been allowed in respect of a higher

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threshold interest forming the whole or part of the subject-matter of a chargeable transaction.

- (2) The relief is withdrawn if any requirement in sub-paragraph (3) is not met at any time in the period of three years beginning with the effective date of the chargeable transaction (“the control period”) (but see sub-paragraphs (4) and (5)).
- (3) The requirements are that—
- (a) the purchaser continues to be a financial institution carrying on a business that involves the lending of money, and
  - (b) the interest is held for the purpose of resale in the course of the business.
- (4) The requirements in sub-paragraph (3) apply only to times in the control period when the purchaser holds—
- (a) the higher threshold interest, or
  - (b) a chargeable interest that is derived from the higher threshold interest.
- (5) The requirements in sub-paragraph (3) do not apply in relation to times when, because of a change of circumstances that is unforeseen and beyond the purchaser’s control, it is not reasonable to expect those requirements to be met.
- [<sup>F614</sup>5IA (1) This paragraph applies where relief under paragraph 5CA (acquisition under a regulated home reversion plan) has been allowed in respect of a higher threshold interest forming the whole or part of the subject-matter of a chargeable transaction.
- (2) The relief is withdrawn if at any time in the period of three years beginning with the effective date of the chargeable transaction the purchaser holds the higher threshold interest otherwise than for the purposes of the regulated home reversion plan (as defined in paragraph 5CA).
- (3) But sub-paragraph (2) does not apply if—
- (a) after ceasing to hold the higher threshold interest for the purposes of the regulated home reversion plan, the purchaser sells the higher threshold interest without delay (except so far as delay is justified by commercial considerations or cannot be avoided), and
  - (b) at no time when the higher threshold interest is held by the purchaser as mentioned in sub-paragraph (2) is the dwelling (or any part of the dwelling) occupied by a non-qualifying individual.
- (4) In this paragraph—
- “the dwelling” means the dwelling to which the relief under paragraph 5CA relates;
- “non-qualifying individual” is to be interpreted in accordance with paragraph 5A.]

#### Textual Amendments

**F614** Sch. 4A para. 5IA inserted (with effect in accordance with s. 130(4) of the amending Act) by [Finance Act 2016 \(c. 24\), s. 130\(3\)](#)

- 5J (1) This paragraph applies where relief under paragraph 5D (dwellings for occupation by certain employees etc) has been allowed in respect of a higher threshold interest forming the whole or part of the subject-matter of a chargeable transaction.

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- (2) The relief is withdrawn if any requirement in sub-paragraph (3) is not met at any time in the period of three years beginning with the effective date of the chargeable transaction (“the control period”) (but see sub-paragraphs (4) and (5)).
- (3) The requirements are that—
  - (a) the purchaser, or a relevant group member (as defined in paragraph 5D(6)), carries on a [<sup>F615</sup>relievable business],
  - (b) the dwelling is made available as mentioned in paragraph 5D(2)(a), and
  - (c) the dwelling is made so available for purposes that are solely or mainly purposes of the [<sup>F616</sup>relievable business].
- (4) The requirements in sub-paragraph (3) apply only to times in the control period when the purchaser holds—
  - (a) the higher threshold interest, or
  - (b) a chargeable interest that is derived from the higher threshold interest.
- (5) The requirements in sub-paragraph (3) do not apply in relation to times when, because of a change of circumstances that is unforeseen and beyond the purchaser's control, it is not reasonable to expect those requirements to be met.
- (6) Sub-paragraph (7) applies if at some time in the control period the dwelling—
  - (a) has not begun to be made available as mentioned in sub-paragraph (3)(b) and (c), or
  - (b) has ceased to be so made available.
- (7) The requirements in paragraphs (b) and (c) of sub-paragraph (3) are treated as being met if reasonable steps are being taken to ensure that the dwelling will begin to be, or will return to being, available as mentioned in those paragraphs.

#### Textual Amendments

**F615** Words in Sch. 4A para. 5J(3)(a) substituted (with effect in accordance with s. 131(10) of the amending Act) by [Finance Act 2016 \(c. 24\), s. 131\(7\)\(a\)](#)

**F616** Words in Sch. 4A para. 5J(3)(c) substituted (with effect in accordance with s. 131(10) of the amending Act) by [Finance Act 2016 \(c. 24\), s. 131\(7\)\(b\)](#)

- [<sup>F617</sup>5JA (1) This paragraph applies where relief under paragraph 5EA (acquisition by management company of flat for occupation by caretaker) has been allowed in respect of a higher threshold interest forming the whole or part of the subject-matter of a chargeable transaction.
- (2) The relief is withdrawn if at any time in the period of three years beginning with the effective date of the chargeable transaction the purchaser holds the higher threshold interest otherwise than for the purpose of making the flat available for use as caretaker accommodation.
  - (3) For the purposes of this paragraph a tenants' management company makes a flat available for use “as caretaker accommodation” if it makes it available to an individual for use as living accommodation in connection with the individual's employment as caretaker of the premises.]

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### Textual Amendments

**F617** Sch. 4A para. 5JA inserted (with effect in accordance with s. 131(10) of the amending Act) by [Finance Act 2016 \(c. 24\), s. 131\(5\)](#)

- 5K (1) This paragraph applies where relief under paragraph 5F (farmhouses) has been allowed in respect of a higher threshold interest forming the whole or part of the subject-matter of a chargeable transaction.
- (2) The relief is withdrawn if at any time in the period of three years beginning with the effective date of the chargeable transaction (“the control period”) the requirements in sub-paragraph (3) are not met (but see sub-paragraphs (4) and (5)).
- (3) The requirements are that—
- (a) the land mentioned in paragraph 5F(2) is occupied for the purposes of a qualifying trade of farming, and
  - (b) the dwelling is occupied for the purposes of that trade by a qualifying farm worker.
- (4) The requirements in sub-paragraph (3) apply only to times in the control period when the purchaser holds—
- (a) the higher threshold interest, or
  - (b) a chargeable interest that is derived from the higher threshold interest.
- (5) The requirements in sub-paragraph (3) do not apply in relation to times when, because of a change of circumstances that is unforeseen and beyond the purchaser’s control, it is not reasonable to expect those requirements to be met.
- (6) Sub-paragraph (7) applies if at some time in the control period a requirement in sub-paragraph (3)—
- (a) has not begun to be met, or
  - (b) has ceased to be met.
- (7) The requirement is treated as being met if reasonable steps are being taken to ensure that the requirement begins to be met, or is again met.]
- [<sup>F618</sup>5L (1) This paragraph applies where relief under paragraph 5FA (qualifying housing co-operatives) has been allowed in respect of a higher threshold interest forming the whole or part of the subject-matter of a chargeable transaction.
- (2) References in this paragraph to a qualifying housing body are to—
- (a) a company that is a qualifying housing co-operative for the purposes of section 150(3A) of the Finance Act 2013 (relief from ATED),
  - (b) a registered provider of social housing, or
  - (c) a registered social landlord.
- (3) The relief under paragraph 5FA is withdrawn (subject to sub-paragraph (4)) if—
- (a) on any day in the period of three years beginning with the effective date of the chargeable transaction (“the control period”), the purchaser is not a qualifying housing body, and
  - (b) immediately before the first day on which that is the case the purchaser still holds the higher threshold interest or holds a chargeable interest derived from it.



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- (4) If, on any day in the control period, the purchaser is not a qualifying housing body because it ceases to exist (whether by virtue of a conversion into, or amalgamation with, another person or for any other reason), relief is not to be withdrawn under this paragraph unless—
- (a) another person (“the first successor”) has succeeded to the engagements of the purchaser, and
  - (b) condition A or condition B is met (and if condition B is met, subject to sub-paragraph (7)).
- (5) Condition A is that, on the day the first successor succeeds to the engagements of the purchaser (“the day of succession”), the first successor is not a qualifying housing body.
- (6) Condition B is that—
- (a) on any day in the part of the control period that falls after the day of succession, the first successor is not a qualifying housing body, and
  - (b) immediately before the first day on which that is the case the first successor still holds the higher threshold interest or holds a chargeable interest derived from it.
- (7) If condition B is met because the first successor ceases to exist (whether by virtue of a conversion into, or amalgamation with, another person or for any other reason), relief is not to be withdrawn under this paragraph unless it would have been withdrawn by virtue of sub-paragraph (4) if references in sub-paragraphs (4) to (6)—
- (a) to the purchaser were references to the first successor, and
  - (b) to the first successor were references to the person who has succeeded to the engagements of the first successor (“the second successor”).
- (8) Sub-paragraph (7) is to apply to the second successor as it applies to the first successor, and so on, subject to the necessary modifications.]

#### Textual Amendments

**F618** Sch. 4A para. 5L inserted (with effect in accordance with s. 89(4) of the amending Act) by [Finance Act 2021 \(c. 26\)](#), s. 89(2)

#### *Partnerships: application of paragraph 2 to certain transactions*

- 6 (1) Sub-paragraphs (2) and (3) apply where the subject-matter of a transaction to which Part 3 of Schedule 15 applies consists of or includes a higher threshold interest.
- (2) The transaction is not to be treated as a high-value residential transaction by virtue of paragraph 2(2) unless the chargeable consideration for the transaction is more than [<sup>F619</sup>£500,000].
- (3) Paragraph 2(3) to (8) does not apply to the transaction if—
- (a) the subject-matter of the transaction includes a chargeable interest other than a higher threshold interest, and
  - (b) the result of applying paragraph 2(3) and (4) would be that chargeable consideration of [<sup>F620</sup>£500,000] or less would be attributable to the separate transaction mentioned in paragraph 2(3)(a).

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- (4) For the purposes of sub-paragraph (1) and paragraph 2, the subject-matter (and the main subject-matter) of a transfer of an interest in a partnership that is a chargeable transaction by virtue of sub-paragraph (2) of paragraph 14 of Schedule 15 is—
- (a) if the transfer is a Type A transfer, the relevant partnership property as defined in sub-paragraph (5) of that paragraph, or
  - (b) if the transfer is a Type B transfer, the relevant partnership property as defined in sub-paragraph (5A) of that paragraph.
- (5) For the purposes of sub-paragraph (1) and paragraph 2, the subject-matter (and the main subject-matter) of a transfer of an interest in a partnership that is a chargeable transaction by virtue of sub-paragraph (2) of paragraph 17 of Schedule 15 is the subject-matter of the land transfer referred to in sub-paragraph (1)(a) of that paragraph.
- (6) For the purposes of sub-paragraph (1) and paragraph 2, the subject-matter (and the main subject-matter) of a chargeable transaction that is treated as occurring by virtue of sub-paragraph (4) of paragraph 17A of Schedule 15 is the subject-matter of the land transfer referred to in sub-paragraph (1)(a) of that paragraph.

#### Textual Amendments

**F619** Word in Sch. 4A para. 6(2) substituted (with effect in accordance with s. 111(4)-(6) of the amending Act) by [Finance Act 2014 \(c. 26\)](#), s. 111(3)(b)

**F620** Word in Sch. 4A para. 6(3)(b) substituted (with effect in accordance with s. 111(4)-(6) of the amending Act) by [Finance Act 2014 \(c. 26\)](#), s. 111(3)(c)

#### <sup>F621</sup> Modifications for cases involving alternative finance arrangements

#### Textual Amendments

**F621** Sch. 4A paras. 6A-6H and cross-headings inserted (with effect in accordance with Sch. 40 para. 8 of the amending Act) by [Finance Act 2013 \(c. 29\)](#), [Sch. 40 para. 2\(5\)](#)

- 6A (1) This paragraph applies where—
- (a) section 71A (land sold to financial institution and leased to person), section 72 (land in Scotland sold to financial institution and leased to person) or section 73 (land sold to financial institution and re-sold to person) applies, and
  - (b) the major interest in land purchased under the first transaction consists of or includes a higher threshold interest.
- (2) In this paragraph “the first transaction” means—
- (a) where section 71A applies, the transaction mentioned in section 71A(1)(a);
  - (b) where section 72 applies, the transaction mentioned in section 72(1)(a);
  - (c) where section 73 applies, the transaction mentioned in section 73(1)(a)(i).
- (3) The condition in paragraph 3(3) is treated as being met with respect to the first transaction only if that condition is met with respect to the second transaction.
- (4) If the second transaction would qualify for relief under any of paragraphs 5(1), 5B(1), 5D(1) [<sup>F622</sup>, 5F(1) and 5FA] (disregarding the exemptions in sections 71A(3),

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72(3) and 73(3) and assuming, for this purpose, that the subject-matter of the second transaction is a higher threshold interest), the first transaction is taken to qualify for relief under the same provision (and accordingly paragraph 3 does not apply in relation to the first transaction).

- (5) The first transaction does not qualify for relief under any of paragraphs 5(1), 5B(1), 5D(1) [<sup>F623</sup>, 5F(1) or 5FA] except in accordance with sub-paragraph (4).
- (6) In this paragraph “the second transaction” has the same meaning as in section 71A, 72 or 73 (as the case requires).

#### Textual Amendments

**F622** Words in Sch. 4A para. 6A(4) substituted (with effect in accordance with s. 89(4) of the amending Act) by Finance Act 2021 (c. 26), Sch. 17 para. 7(3)(a)

**F623** Words in Sch. 4A para. 6A(5) substituted (with effect in accordance with s. 89(4) of the amending Act) by Finance Act 2021 (c. 26), Sch. 17 para. 7(3)(b)

- 6B (1) This paragraph applies where section 72A (land in Scotland sold to financial institution and person in common) applies and the major interest in land purchased under the transaction mentioned in section 72A(1)(a) (“the first transaction”) consists of or includes a higher threshold interest.
- (2) In determining whether or not the first transaction meets the condition in paragraph 3(3) it is to be assumed that the financial institution referred to in section 72A(1) is not one of the persons acquiring the major interest in land under that transaction.
- (3) Paragraphs 5 to 5F have effect in relation to the first transaction as they would have effect if the financial institution were not a purchaser under that transaction.

*Paragraphs 6A and 6B: application where transaction is split under paragraph 2(3)*

- 6C (1) Where paragraph 6A or 6B (“the modifying paragraph”) applies and the first transaction (within the meaning of that paragraph) is treated under paragraph 2(3) as two separate chargeable transactions, references in the modifying paragraph to the first transaction include those separate transactions.
- (2) If the subject-matter of the second transaction (within the meaning of paragraph 6A) includes a chargeable interest other than a higher threshold interest, that fact is ignored in determining for the purposes of paragraph 6A—
- (a) whether that transaction meets the condition in paragraph 3(3), or
- (b) whether it would qualify for relief under any of paragraphs 5(1), 5B(1), 5D(1) [<sup>F624</sup>, 5F(1) and 5FA].

#### Textual Amendments

**F624** Words in Sch. 4A para. 6C(2)(b) substituted (with effect in accordance with s. 89(4) of the amending Act) by Finance Act 2021 (c. 26), Sch. 17 para. 7(4)

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*Alternative finance arrangements: withdrawal of relief*

- 6D (1) This paragraph applies where relief under paragraph 5 (businesses of letting, trading in or redeveloping properties) has been allowed, in accordance with paragraph 6A(4) or 6B(3), with respect to the purchase of a major interest in land.
- (2) The relief is withdrawn if at any time in the period of three years beginning with the effective date of the first transaction (“the control period”) a relevant requirement is not met.
- (3) The relevant requirements are that—
- (a) any relevant interest (see sub-paragraphs (5) and (6)) held by the relevant person is held by that person exclusively for one or more of the purposes mentioned in paragraph 5(1), and
  - (b) (if a relevant interest is held by the relevant person) no non-qualifying individual is permitted to occupy [<sup>F625</sup>any dwelling on the land concerned].
- (4) For the purposes of sub-paragraph (3)(a) and (b) it does not matter whether the relevant interest is held by the relevant person—
- (a) jointly or (in Scotland) in common, or
  - (b) otherwise.
- (5) In relation to relief allowed in accordance with sub-paragraph 6A(4), “relevant interest” means any of the following—
- (a) the interest acquired under the second transaction (within the meaning of paragraph 6A);
  - (b) any interest transferred to the relevant person as a result of the exercise of the right mentioned in section 71A(1)(d) or 72(1)(c);
  - (c) any chargeable interest derived from an interest such as is mentioned in paragraph (a) or (b).
- (6) In relation to relief allowed in accordance with paragraph 6B(3), “relevant interest” means any of the following—
- (a) the interest purchased under the first transaction (within the meaning of paragraph 6B);
  - (b) any interest transferred to the relevant person as a result of the exercise of the right mentioned in section 72A(1)(c);
  - (c) any chargeable interest derived from an interest such as is mentioned in paragraph (a) or (b).
- (7) In this paragraph—
- “non-qualifying individual” (in relation to the chargeable transaction mentioned in sub-paragraph (1)) has the meaning given by paragraph 5A;
- “the relevant person” means the person (other than the financial institution) who entered into the arrangements in question as mentioned in section 71A(1), 72(1), 72A(1) or 73(1).

**Textual Amendments**

**F625** Words in Sch. 4A para. 6D(3)(b) substituted (with effect in accordance with s. 129(5) of the amending Act) by [Finance Act 2016 \(c. 24\), s. 129\(4\)](#)

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- 6E (1) The requirement in paragraph 6D(3)(a) does not apply in relation to times when, because of a change of circumstances that is unforeseen and beyond the relevant person's control, it is not reasonable to expect the interest in question to be held for the purpose for which the relevant person acquired that person's initial interest.
- (2) Sub-paragraph (3) applies if the relevant person's initial interest was acquired by the relevant person for a purpose mentioned in paragraph 5(1), but at some time in the control period the activity in question (for instance, exploitation as mentioned in paragraph 5(1)(a))—
- (a) has not begun in the case of a relevant interest, or
  - (b) has ceased in the case of a relevant interest.
- (3) For the purposes of paragraph 6D(3)(a) the relevant interest is taken to be held for the purpose in question only if reasonable steps are being taken to ensure that the purpose in question is carried out.
- (4) In this paragraph—
- (a) “the control period”, “relevant interest” and “the relevant person” have the same meaning as in paragraph 6D;
  - (b) references to the relevant person's “initial interest” are to the interest mentioned in sub-paragraph (5)(a) or (6)(a) of paragraph 6D (as the case requires).
- 6F (1) This paragraph applies where relief under paragraph 5B (trades involving making a dwelling open to the public) has been allowed, in accordance with paragraph 6A(4) or 6B(3), with respect to the purchase of a major interest in land.
- (2) The relief is withdrawn if at any time in the period of three years beginning with the effective date of the first transaction (“the control period”) the requirement in sub-paragraph (3) is not met.
- (3) The requirement is that the dwelling is being exploited as a source of income in the course of a qualifying trade.
- (4) The requirement in sub-paragraph (3) does not apply in relation to times when, because of a change of circumstances that is unforeseen and beyond the relevant person's control, it is not reasonable to expect the interest in question to be exploited as mentioned in that sub-paragraph.
- (5) Sub-paragraph (6) applies if at some time in the control period that person—
- (a) has not begun to exploit the interest as a source of income in the course of a relevant trade, or
  - (b) has ceased so to exploit it.
- (6) The requirement in sub-paragraph (3) is treated as being met if reasonable steps are being taken to ensure that the relevant interest begins to be exploited as mentioned in that sub-paragraph, or that such exploitation of the interest is resumed.
- (7) In this paragraph—
- (a) “the relevant person” means the person (other than the financial institution) who enters into the arrangements mentioned in section 71A(1), 72(1), 72A(1) or 73(1);
  - (b) references to a major interest in land include an undivided share in a major interest in land.

*Status: Point in time view as at 15/03/2023.*

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- 6G (1) This paragraph applies where relief under paragraph 5D (dwellings for occupation by certain employees etc) has been allowed, in accordance with paragraph 6A(4) or 6B(3), with respect to the purchase of a major interest in land.
- (2) The relief is withdrawn if at any time in the control period when the relevant person holds a relevant interest (whether jointly, or in common, or otherwise) any requirement in sub-paragraph (4) is not met.
- (3) In sub-paragraph (2) “the control period” means the three years beginning with the effective date of the first transaction.
- (4) The requirements are that—
- (a) the relevant person, or a relevant group member, carries on a [<sup>F626</sup>relievable business],
  - (b) the dwelling is made available as mentioned in paragraph 5D(2)(a), and
  - (c) the dwelling is made so available for purposes that are solely or mainly purposes of the [<sup>F627</sup>relievable business] mentioned in sub-paragraph (a).
- (5) The requirements in sub-paragraph (4) do not apply in relation to times when, because of a change of circumstances that is unforeseen and beyond the relevant person's control, it is not reasonable to expect those requirements to be met.
- (6) Sub-paragraph (7) applies if at some time in the control period the relevant interest—
- (a) has not begun to be made available as mentioned in sub-paragraph (4)(b) and (c), or
  - (b) has ceased to be so made available.
- (7) The requirements in paragraphs (b) and (c) of sub-paragraph (4) are treated as being met if reasonable steps are being taken to ensure that the dwelling will begin to be, or will return to being, made available as mentioned in those paragraphs.
- (8) Where the relevant person is a company, “relevant group member” means a company which is a member of the same group of companies as the relevant person for the purposes mentioned in paragraph 1(2) of Schedule 7.
- (9) In this paragraph—
- (a) “relevant interest” has the same meaning as in paragraph 6D;
  - (b) “the relevant person” means the person (other than the financial institution) who enters into the arrangements mentioned in section 71A(1), 72(1), 72A(1) or 73(1);
  - (c) references to a major interest in land include an undivided share in a major interest in land.

#### Textual Amendments

**F626** Words in Sch. 4A para. 6G(4)(a) substituted (with effect in accordance with s. 131(10) of the amending Act) by [Finance Act 2016 \(c. 24\), s. 131\(8\)\(a\)](#)

**F627** Words in Sch. 4A para. 6G(4)(c) substituted (with effect in accordance with s. 131(10) of the amending Act) by [Finance Act 2016 \(c. 24\), s. 131\(8\)\(b\)](#)

- 6H (1) This paragraph applies where relief under paragraph 5F (farmhouses) has been allowed, in accordance with paragraph 6A(4) or 6B(3), in relation to the purchase of a major interest in land.

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- (2) The relief is withdrawn if at any time in the control period when the relevant person holds a relevant interest (whether jointly, or in common, or otherwise) any requirement in sub-paragraph (4) is not met.
- (3) In sub-paragraph (2) “the control period” means the three years beginning with the effective date of the first transaction.
- (4) The requirements are that—
  - (a) the land mentioned in paragraph 5F(2) is occupied for the purposes of a qualifying trade of farming, and
  - (b) the dwelling is occupied for the purposes of that trade by a qualifying farm worker.
- (5) The requirements in sub-paragraph (4) do not apply in relation to times when, because of a change of circumstances that is unforeseen and beyond the relevant person's control, it is not reasonable to expect those requirements to be met.
- (6) Sub-paragraph (7) applies if at some time in the control period a requirement in sub-paragraph (4)—
  - (a) has not begun to be met, or
  - (b) has ceased to be met.
- (7) The requirement is treated as being met if reasonable steps are being taken to ensure that the requirement begins to be met, or is again met.
- (8) In this paragraph—
  - (a) “the relevant interest” has the same meaning as in paragraph 6D;
  - (b) “the relevant person” means the person (other than the financial institution) who enters into the arrangements mentioned in section 71A(1), 72(1), 72A(1) or 73(1);
  - (c) references to a major interest in land include an undivided share in a major interest in land.]
- [<sup>F628</sup>6I] (1) This paragraph applies where relief under paragraph 5FA (qualifying housing co-operatives) has been allowed, in accordance with paragraph 6A(4), in relation to the purchase of a major interest in land.
- (2) The relief is withdrawn (subject to sub-paragraph (3)) if—
  - (a) on any day in the period of three years beginning with the effective date of the first transaction (“the control period”), the relevant person is not a qualifying housing body, and
  - (b) immediately before the first day on which that is the case the relevant person holds a relevant interest (whether jointly, or in common, or otherwise).
- (3) If, on any day in the control period, the relevant person is not a qualifying housing body because it ceases to exist (whether by virtue of a conversion into, or amalgamation with, another person or for any other reason), relief is not to be withdrawn under this paragraph unless—
  - (a) another person (“the first successor”) has succeeded to the engagements of the relevant person, and
  - (b) condition A or condition B is met (and if condition B is met, subject to sub-paragraph (6)).

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- (4) Condition A is that, on the day the first successor succeeds to the engagements of the relevant person (“the day of succession”), the first successor is not a qualifying housing body.
- (5) Condition B is that—
- (a) on any day in the part of the control period that falls after the day of succession, the first successor is not a qualifying housing body, and
  - (b) immediately before the first day on which that is the case the first successor still holds a relevant interest (whether jointly, or in common, or otherwise).
- (6) If condition B is met because the first successor ceases to exist (whether by virtue of a conversion into, or amalgamation with, another person or for any other reason), relief is not to be withdrawn under this paragraph unless it would have been withdrawn by virtue of sub-paragraph (3) if references in sub-paragraphs (3) to (5)—
- (a) to the relevant person were references to the first successor, and
  - (b) to the first successor were references to the person who has succeeded to the engagements of the first successor (“the second successor”).
- (7) Sub-paragraph (6) is to apply to the second successor as it applies to the first successor, and so on, subject to the necessary modifications.
- (8) In this paragraph—
- (a) “qualifying housing body” means—
    - (i) a company that is a qualifying housing co-operative for the purposes of section 150(3A) of the Finance Act 2013 (relief from ATED),
    - (ii) a registered provider of social housing, or
    - (iii) a registered social landlord;
  - (b) “relevant interest” has the same meaning as in paragraph 6D;
  - (c) “the relevant person” means the person (other than the financial institution) who enters into the arrangements mentioned in section 71A(1) or 73(1);
  - (d) references to a major interest include an undivided share in a major interest in land.]

#### Textual Amendments

**F628** Sch. 4A para. 6I inserted (with effect in accordance with s. 89(4) of the amending Act) by [Finance Act 2021 \(c. 26\)](#), [Sch. 17 para. 7\(5\)](#)

#### *Meaning of “dwelling”*

- 7 (1) This paragraph sets out rules for determining what counts as a dwelling for the purposes of this Schedule.
- (2) A building or part of a building counts as a dwelling if—
- (a) it is used or suitable for use as a single dwelling, or
  - (b) it is in the process of being constructed or adapted for such use.
- (3) Land that is, or is to be, occupied or enjoyed with a dwelling as a garden or grounds (including any building or structure on such land) is taken to be part of that dwelling.



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- (4) Land that subsists, or is to subsist, for the benefit of a dwelling is taken to be part of the dwelling.
  - (5) The subject-matter of a transaction is also taken to include an interest in a dwelling if—
    - (a) substantial performance of a contract constitutes the effective date of that transaction by virtue of a relevant deeming provision,
    - (b) the main subject-matter of the transaction consists of or includes an interest in a building, or a part of a building, that is to be constructed or adapted under the contract for use as a single dwelling, and
    - (c) construction or adaptation of the building, or part of the building, has not begun by the time the contract is substantially performed.
  - (6) In sub-paragraph (5) “contract”, “relevant deeming provision” and “substantially performed” have the same meaning as in paragraph 7(5) of Schedule 6B.
  - (7) A building or part of a building used for a purpose specified in section 116(2) or (3) is not used as a dwelling for the purposes of sub-paragraph (2) or (5).
  - (8) Where a building or part of a building is used for a purpose mentioned in sub-paragraph (7), no account is to be taken for the purposes of sub-paragraph (2) of its suitability for any other use.
- 8
- (1) The Treasury may by order amend paragraph 7 so as to specify cases where use of a building is to be use of a building as a dwelling for the purposes of sub-paragraph (2) or (5) of that paragraph.
  - (2) The reference in section 116(8)(a) (power to amend section 116(2) and (3)) to “the purposes of subsection (1)” includes a reference to the purposes of paragraph 7(2) and (5).

### *Interpretation*

- 9 In this Schedule—
- “appurtenant rights”, in relation to a chargeable interest that is, or is part of, the subject-matter of a transaction, means any rights or interests appurtenant or pertaining to the chargeable interest that are acquired with it;
  - “attributable” means attributable on a just and reasonable basis;
  - “collective investment scheme” has the same meaning as in Part 17 of the Financial Services and Markets Act 2000 (see section 235 of that Act);
  - “company” means a body corporate other than a partnership.
  - [<sup>F629</sup>“financial institution” is to be read in accordance with subsections (1) and (2) of section 73BA and, in paragraphs 6A to [<sup>F630</sup>6I], also in accordance with subsection (3) of that section;]
  - [<sup>F631</sup>“property development trade ” has the meaning given by paragraph 5(3);]
  - [<sup>F631</sup>“ property rental business” has the meaning given by section 133(4) of the Finance Act 2013;]
  - [<sup>F631</sup>“property trading business attributable” has the meaning given by paragraph 5(3);]
  - [<sup>F631</sup>“qualifying farm worker” has the meaning given by paragraph 5F(4);]

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[<sup>F631</sup>“qualifying trade” has the meaning given by paragraph 5B(3);]  
[<sup>F631</sup>“qualifying trade of farming” has the meaning given by paragraph 5F(5);]  
[<sup>F632</sup>“relievable business” has the meaning given by paragraph 5D(4). ]]

#### Textual Amendments

- F629** Words in Sch. 4A para. 9 substituted (26.3.2015) by [Finance Act 2015 \(c. 11\), s. 68\(3\)](#)
- F630** Word in [Sch. 4A para. 9](#) substituted (with effect in accordance with s. 89(4) of the amending Act) by [Finance Act 2021 \(c. 26\), Sch. 17 para. 7\(6\)](#)
- F631** Words in Sch. 4A para. 9 inserted (with effect in accordance with Sch. 40 para. 8 of the amending Act) by [Finance Act 2013 \(c. 29\), Sch. 40 para. 2\(6\)](#)
- F632** Words in Sch. 4A para. 9 inserted (with effect in accordance with s. 131(10) of the amending Act) by [Finance Act 2016 \(c. 24\), s. 131\(9\)](#)

## SCHEDULE 5

Section 56

### STAMP DUTY LAND TAX: AMOUNT OF TAX CHARGEABLE: RENT

#### Introduction

- 1 This Schedule provides for calculating the tax chargeable—
- (a) in respect of a chargeable transaction for which the chargeable consideration consists of or includes rent, or
  - (b) where such a transaction is to be taken into account as a linked transaction.

[<sup>F633</sup>Amounts payable in respect of periods before grant of lease

#### Textual Amendments

- F633** Sch. 5 para. 1A and cross-heading inserted (with effect in accordance with Sch. 39 para. 13(3)-(6) of the amending Act) by [Finance Act 2004 \(c. 12\), Sch. 39 para. 10](#)

- 1A For the purposes of this Part “rent” does not include any chargeable consideration for the grant of a lease that is payable in respect of a period before the grant of the lease.]

#### Calculation of tax chargeable in respect of rent

- 2 (1) Tax is chargeable under this Schedule in respect of so much of the chargeable consideration as consists of rent.
- [<sup>F634</sup>(2) The tax chargeable is the total of the amounts produced by taking the relevant percentage of so much of the relevant rental value as falls within each rate band.
- (3) The relevant percentages and rate bands are determined by reference to whether the relevant land—

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- (a) consists entirely of residential property (in which case Table A below applies), or
- (b) consists of or includes land that is not residential property (in which case Table B below applies).

TABLE A: RESIDENTIAL

<i>Rate bands</i>	<i>Percentage</i>
£0 to [ <sup>F635</sup> £125,000]	0%
Over [ <sup>F635</sup> £125,000]	1%

TABLE B: NON-RESIDENTIAL OR MIXED

<i>Rate bands</i>	<i>Percentage</i>
£0 to £150,000	0%
[ <sup>F636</sup> Over £150,000 but not over £5 million	1%
Over £5 million	2%]

- (4) For the purposes of sub-paragraphs (2) and (3)—
  - (a) the relevant rental value is the net present value of the rent payable over the term of the lease, and
  - (b) the relevant land is the land that is the subject of the lease.
- (5) If the lease in question is one of a number of linked transactions for which the chargeable consideration consists of or includes rent, the above provisions are modified.
- (6) In that case the tax chargeable is determined as follows.

First, calculate the amount of the tax that would be chargeable if the linked transactions were a single transaction, so that—

- (a) the relevant rental value is the total of the net present values of the rent payable over the terms of all the leases, and
- (b) the relevant land is all land that is the subject of any of those leases.

Then, multiply that amount by the fraction:

$$\frac{NPV}{TNPV}$$

where—

*NPV* is the net present value of the rent payable over the term of the lease in question, and

*TNPV* is the total of the net present values of the rent payable over the terms of the all the leases.]

#### Textual Amendments

**F634** Sch. 5 para. 2(2)-(6) substituted for Sch. 5 para. 2(2)-(5) (1.12.2003) by The Stamp Duty Land Tax (Amendment of Schedule 5 to the Finance Act 2003) Regulations 2003 (SI 2003/2914), reg. 2 Sch. para. 1

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**F635** Sum in Sch. 5 para. 2(3) substituted (with effect in accordance with s. 162(4) of the amending Act) by Finance Act 2006 (c. 25), s. 162(2)

**F636** Words in Sch. 5 para. 2(3) substituted (with effect in accordance with s. 127(12)(13) of the amending Act) by Finance Act 2016 (c. 24), s. 127(9)

**Modifications etc. (not altering text)**

**C32** Sch. 5 para. 2(3) modified (temp.) (21.7.2009) by Finance Act 2009 (c. 10), s. 10(1)

**C33** Sch. 5 para. 2(3) modified (temp.) (22.7.2020) by Stamp Duty Land Tax (Temporary Relief) Act 2020 (c. 15), s. 1 (as amended 10.6.2021) by 2021 c. 26, s. 87(2)

**C34** Sch. 5 para. 2(3) modified (temp.) (8.2.2023) by Stamp Duty Land Tax (Temporary Relief) Act 2023 (c. 2), s. 1

*Net present value of rent payable over term of lease*

3 The net present value (v) of the rent payable over the term of a lease is calculated by applying the formula:

where—

$r_i$  is the rent payable<sup>F637</sup> ... [<sup>F638</sup> in respect of year  $i$ ],

$i$  is the first, second, third, etc year of the term,

$n$  is the term of the lease<sup>F637</sup> ..., and

$T$  is the temporal discount rate (see paragraph 8).

**Textual Amendments**

**F637** Words in Sch. 5 para. 3 repealed (with effect in accordance with Sch. 39 para. 26 of the amending Act) by Finance Act 2004 (c. 12), Sch. 42 Pt. 4(2) (which amending provision re-enacts, subject to certain changes, a corresponding amendment made by the now revoked Stamp Duty and Stamp Duty Land Tax (Variation of the Finance Act 2003) (No. 2) Regulations 2003 (S.I. 2003/2816), see Sch. 39 para. 14)

**F638** Words in Sch. 5 para. 3 substituted (with effect in accordance with s. 164(4) of the amending Act) by Finance Act 2006 (c. 25), s. 164(2)

*Rent payable*

<sup>F639</sup>4 .....

**Textual Amendments**

**F639** Sch. 5 paras. 4-7 repealed (with effect in accordance with Sch. 39 para. 26 of the amending Act) by Finance Act 2004 (c. 12), Sch. 42 Pt. 4(2) (which amending provision re-enacts, subject to certain changes, a corresponding amendment made by the now revoked Stamp Duty and Stamp Duty Land Tax (Variation of the Finance Act 2003) (No. 2) Regulations 2003 (S.I. 2003/2816), see Sch. 39 para. 14)

*Effect of provision for rent review*

<sup>F639</sup>5 .....

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#### Textual Amendments

**F639** Sch. 5 paras. 4-7 repealed (with effect in accordance with Sch. 39 para. 26 of the amending Act) by Finance Act 2004 (c. 12), **Sch. 42 Pt. 4(2)** (which amending provision re-enacts, subject to certain changes, a corresponding amendment made by the now revoked [Stamp Duty and Stamp Duty Land Tax \(Variation of the Finance Act 2003\) \(No. 2\) Regulations 2003 \(S.I. 2003/2816\)](#), see Sch. 39 para. 14)

#### *Term of lease*

**F639**<sup>6</sup> .....

#### Textual Amendments

**F639** Sch. 5 paras. 4-7 repealed (with effect in accordance with Sch. 39 para. 26 of the amending Act) by Finance Act 2004 (c. 12), **Sch. 42 Pt. 4(2)** (which amending provision re-enacts, subject to certain changes, a corresponding amendment made by the now revoked [Stamp Duty and Stamp Duty Land Tax \(Variation of the Finance Act 2003\) \(No. 2\) Regulations 2003 \(S.I. 2003/2816\)](#), see Sch. 39 para. 14)

#### *Treatment of lease for indefinite term*

**F639**<sup>7</sup> .....

#### Textual Amendments

**F639** Sch. 5 paras. 4-7 repealed (with effect in accordance with Sch. 39 para. 26 of the amending Act) by Finance Act 2004 (c. 12), **Sch. 42 Pt. 4(2)** (which amending provision re-enacts, subject to certain changes, a corresponding amendment made by the now revoked [Stamp Duty and Stamp Duty Land Tax \(Variation of the Finance Act 2003\) \(No. 2\) Regulations 2003 \(S.I. 2003/2816\)](#), see Sch. 39 para. 14)

#### *Temporal discount rate*

- 8
- (1) For the purposes of this Schedule the “temporal discount rate” is 3.5% or such other rate as may be specified by regulations made by the Treasury.
  - (2) Regulations under this paragraph may make any such provision as is mentioned in subsection (3)(b) to (f) of section 178 of the Finance Act 1989 (c. 26) (power of Treasury to set rates of interest).
  - (3) Subsection (5) of that section (power of Inland Revenue to specify rate by order in certain circumstances) applies in relation to regulations under this paragraph as it applies in relation to regulations under that section.

#### *Tax chargeable in respect of consideration other than rent [F<sup>640</sup>: general]*

#### Textual Amendments

**F640** Word in Sch. 5 para. 9 heading inserted (with effect in accordance with s. 95(13) of the amending Act) by Finance Act 2008 (c. 9), **s. 95(2)**

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- 9 (1) Where in the case of a transaction to which this Schedule applies there is chargeable consideration other than rent, the provisions of this Part apply in relation to that consideration as in relation to other chargeable consideration <sup>F641</sup>....
- F642(2) .....
- F643(2A) .....
- F644(3) .....
- (4) Tax chargeable under this Schedule is in addition to any tax chargeable under section 55 [<sup>F645</sup>or 74(1A)] [<sup>F646</sup>or Schedule [<sup>F647</sup>4A or] 6B] in respect of consideration other than rent.
- (5) Where a transaction to which this Schedule applies falls to be taken into account for the purposes of [<sup>F648</sup>section 55] [<sup>F649</sup>or Schedule] [<sup>F650</sup>6B] as a linked transaction, no account shall be taken of rent in determining the relevant consideration.

**Textual Amendments**

- F641** Words in Sch. 5 para. 9(1) omitted (with effect in accordance with s. 127(12)(13) of the amending Act) by virtue of [Finance Act 2016 \(c. 24\), s. 127\(10\)](#)
- F642** Sch. 5 para. 9(2) omitted (with effect in accordance with s. 95(13) of the amending Act) by virtue of [Finance Act 2008 \(c. 9\), s. 95\(2\)\(b\)](#)
- F643** Sch. 5 para. 9(2A) omitted (with effect in accordance with s. 95(13) of the amending Act) by virtue of [Finance Act 2008 \(c. 9\), s. 95\(2\)\(b\)](#)
- F644** Sch. 5 para. 9(3) omitted (with effect in accordance with s. 95(13) of the amending Act) by virtue of [Finance Act 2008 \(c. 9\), s. 95\(2\)\(b\)](#)
- F645** Words in Sch. 5 para. 9(4) inserted (with effect in accordance with Sch. 35 para. 10 of the amending Act) by [Finance Act 2012 \(c. 14\), Sch. 35 para. 7\(2\)\(a\)\(i\)](#)
- F646** Words in Sch. 5 para. 9(4) inserted (with effect in accordance with Sch. 22 para. 9 of the amending Act) by [Finance Act 2011 \(c. 11\), Sch. 22 para. 6\(a\)](#)
- F647** Words in Sch. 5 para. 9(4) inserted (with effect in accordance with Sch. 35 para. 10 of the amending Act) by [Finance Act 2012 \(c. 14\), Sch. 35 para. 7\(2\)\(a\)\(ii\)](#)
- F648** Words in Sch. 5 para. 9(5) substituted (with effect in accordance with Sch. 35 para. 10 of the amending Act) by [Finance Act 2012 \(c. 14\), Sch. 35 para. 7\(2\)\(b\)\(i\)](#)
- F649** Words in Sch. 5 para. 9(5) inserted (with effect in accordance with Sch. 22 para. 9 of the amending Act) by [Finance Act 2011 \(c. 11\), Sch. 22 para. 6\(b\)](#)
- F650** Words in Sch. 5 para. 9(5) inserted (with effect in accordance with Sch. 35 para. 10 of the amending Act) by [Finance Act 2012 \(c. 14\), Sch. 35 para. 7\(2\)\(b\)\(ii\)](#)

F6519A .....

**Textual Amendments**

- F651** Sch. 5 para. 9A and cross-heading omitted (with effect in accordance with s. 127(12)(13) of the amending Act) by virtue of [Finance Act 2016 \(c. 24\), s. 127\(11\)](#)

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### *Increase of rent treated as grant of new lease*

F652 10 .....

#### **Textual Amendments**

**F652** Sch. 5 para. 10 repealed (with effect in accordance with Sch. 39 para. 26 of the amending Act) by [Finance Act 2004 \(c. 12\)](#), [Sch. 42 Pt. 4\(2\)](#) (which amending provision re-enacts, subject to certain changes, a corresponding amendment made by the now revoked [Stamp Duty and Stamp Duty Land Tax \(Variation of the Finance Act 2003\) \(No. 2\) Regulations 2003 \(S.I. 2003/2816\)](#), see Sch. 39 para. 14)

### *Interpretation*

F653 11 .....

#### **Textual Amendments**

**F653** Sch. 5 para. 11 repealed (with effect in accordance with Sch. 39 para. 26 of the amending Act) by [Finance Act 2004 \(c. 12\)](#), [Sch. 42 Pt. 4\(2\)](#) (which amending provision re-enacts, subject to certain changes, a corresponding amendment made by the now revoked [Stamp Duty and Stamp Duty Land Tax \(Variation of the Finance Act 2003\) \(No. 2\) Regulations 2003 \(S.I. 2003/2816\)](#), see Sch. 39 para. 14)

## F654 SCHEDULE 6

Section 57

#### **Textual Amendments**

**F654** Sch. 6 repealed (with effect in accordance with Sch. 39 para. 10(4) of the amending Act) by [Finance Act 2012 \(c. 14\)](#), [Sch. 39 para. 8\(1\)](#) (with Sch. 39 paras. 11-13)

## F655 SCHEDULE 6ZA

### RELIEF FOR FIRST-TIME BUYERS

#### **Textual Amendments**

**F655** Sch. 6ZA inserted (with effect in accordance with s. 41(8) of the amending Act) by [Finance Act 2018 \(c. 3\)](#), [s. 41\(3\)](#)

#### **Modifications etc. (not altering text)**

**C35** Sch. 6ZA modified (temp.) (8.2.2023) by [Stamp Duty Land Tax \(Temporary Relief\) Act 2023 \(c. 2\)](#), [s. 1](#)

*Status: Point in time view as at 15/03/2023.*

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## PART 1

### ELIGIBILITY FOR RELIEF

#### *Eligibility for relief*

- 1 (1) Relief may be claimed for a chargeable transaction if the following conditions are met (but this is subject to sub-paragraph (7)).
- (2) The first condition is that the main subject-matter of the transaction consists of a major interest in a single dwelling (“the purchased dwelling”).
- (3) The second condition is that the relevant consideration for the transaction (other than any consisting of rent) is not more than £500,000.
- (4) The third condition is that the purchaser, or (if more than one) each of the purchasers, is a first-time buyer who intends to occupy the purchased dwelling as the purchaser’s only or main residence.
- (5) The fourth condition is that—
- (a) the transaction is not linked to another land transaction, or
  - (b) the transaction is linked only to land transactions that are within sub-paragraph (6).
- (6) A land transaction is within this sub-paragraph if the main subject-matter of the transaction consists of—
- (a) an interest in land that is or forms part of the garden or grounds of the purchased dwelling, or
  - (b) an interest in or right over land that subsists for the benefit of—
    - (i) the purchased dwelling, or
    - (ii) land that is or forms part of the garden or grounds of the purchased dwelling.
- (7) Relief may not be claimed under this paragraph for a chargeable transaction if it is a higher rates transaction for the purposes of paragraph 1 of Schedule 4ZA.

#### *Eligibility for relief: linked transactions within paragraph 1(6)*

- 2 (1) Where a land transaction (“the main transaction”) is eligible for relief under paragraph 1 (or would be if it were a chargeable transaction), relief may also be claimed for any chargeable transaction that is linked to the main transaction.
- (2) But relief may not be claimed under this paragraph for a chargeable transaction if the purchaser, or (if more than one) any of the purchasers in relation to the transaction is not a purchaser in relation to the main transaction.

#### *Eligibility for relief: alternative finance arrangements*

- 3 (1) This paragraph applies in relation to a land transaction which is the first transaction under an alternative finance arrangement entered into between a person and a financial institution.
- (2) The person (rather than the institution) is to be treated as the purchaser in relation to the transaction for the purposes of paragraphs 1(4) and 2(2).



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(3) In this paragraph—

“alternative finance arrangement” means an arrangement of a kind mentioned in section 71A(1) or 73(1),

“financial institution” has the meaning it has in those sections (see section 73BA), and

“first transaction”, in relation to an alternative finance arrangement, has the meaning given by section 71A(1)(a) or (as the case may be) section 73(1)(a)(i).

## PART 2

### THE RELIEF

#### *The relief*

- 4 If relief is claimed under paragraph 1 or 2 for a chargeable transaction, the amount of tax chargeable in respect of the transaction is to be determined as if in section 55(1B) (amount of tax chargeable: general) for Table A there were substituted—

“Table A: Residential

<i>Relevant consideration</i>	<i>Percentage</i>
So much as does not exceed £300,000	0%
Any remainder (so far as not exceeding £500,000)	5%”

#### *Withdrawal of relief*

- 5 (1) This paragraph applies if—
- (a) relief is claimed under paragraph 1 or 2 for a chargeable transaction (“the first transaction”), and
  - (b) the effect of another land transaction (“the later transaction”) that is linked to the first transaction is that the first transaction ceases to be a transaction for which relief may be claimed under that paragraph.
- (2) Tax or (as the case may be) additional tax is chargeable on the first transaction as if the claim had not been made.

## PART 3

### INTERPRETATION

#### *“First-time buyer”*

- 6 (1) In this Schedule “first-time buyer” means an individual who—
- (a) has not previously been a purchaser in relation to a land transaction the main subject-matter of which was a major interest in a dwelling,
  - (b) has not previously acquired <sup>F656</sup>—

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- (i)] an equivalent interest in a dwelling situated in a country or territory outside England, Wales and Northern Ireland, [<sup>F657</sup>or
  - (ii) an interest of a kind mentioned in section 117(2) in a dwelling situated in Wales,]
  - (c) has not previously been, or been one of the persons who was, “the person” for the purposes of section 71A or 73 in a case where the main subject-matter of the first transaction within the meaning of the section concerned was a major interest in a dwelling, and
  - (d) would not have been such a person for those purposes in such a case if the provisions mentioned in paragraph (c) had been in force, and had had effect in the country or territory concerned at all material times (subject, where required, to appropriate modifications).
- (2) For the purposes of sub-paragraph (1)(b) and (d), ignore a lease [<sup>F658</sup>or, in the case of a dwelling situated in Wales, a term of years absolute] which has less than 21 years to run at the beginning of the day after the date on which it is acquired.

#### Textual Amendments

- F656** Words in Sch. 6ZA para. 6(1)(b) inserted (1.4.2018 with effect in accordance with s. 16(4)(5) of the amending Act) by [Wales Act 2014 \(c. 29\)](#), s. 29(2)(b)(3), **Sch. 2 para. 9A(2)(a)**; S.I. 2018/214, **art. 2(a)**
- F657** Words in Sch. 6ZA para. 6(1)(b) inserted (1.4.2018 with effect in accordance with s. 16(4)(5) of the amending Act) by [Wales Act 2014 \(c. 29\)](#), s. 29(2)(b)(3), **Sch. 2 para. 9A(2)(b)**; S.I. 2018/214, **art. 2(a)**
- F658** Words in Sch. 6ZA para. 6(2) inserted (1.4.2018 with effect in accordance with s. 16(4)(5) of the amending Act) by [Wales Act 2014 \(c. 29\)](#), s. 29(2)(b)(3), **Sch. 2 para. 9A(3)**; S.I. 2018/214, **art. 2(a)**

#### “Relevant consideration”

- 7 In this Schedule “relevant consideration” means—
- (a) in the case of a transaction that is not one of a number of linked transactions, the chargeable consideration for the transaction, and
  - (b) in the case of a transaction that is one of a number of linked transactions, the total of the chargeable consideration for all those transactions.

#### “Major interest”

- 8 The main subject-matter of a transaction is not a major interest for the purposes of this Schedule if it is a term of years absolute which has less than 21 years to run at the beginning of the day after the effective date of the transaction.

#### What counts as a dwelling

- 9 (1) This paragraph sets out rules for determining what counts as a dwelling for the purposes of this Schedule.
- (2) A building or part of a building counts as a dwelling if—
- (a) it is used or suitable for use as a single dwelling, or
  - (b) it is in the process of being constructed or adapted for such use.
- (3) Land that is, or is to be, occupied or enjoyed with a dwelling as a garden or grounds (including any building or structure on that land) is taken to be part of that dwelling.

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- (4) Land that subsists, or is to subsist, for the benefit of a dwelling is taken to be part of that dwelling.
- (5) The main subject-matter of a transaction is also taken to consist of a major interest in a dwelling if—
  - (a) substantial performance of a contract constitutes the effective date of that transaction by virtue of a relevant deeming provision,
  - (b) the main subject-matter of the transaction consists of a major interest in a building, or a part of a building, that is to be constructed or adapted under the contract for use as a single dwelling, and
  - (c) construction or adaptation of the building, or part of a building, has not begun by the time the contract is substantially performed.
- (6) In sub-paragraph (5)—
  - “contract” includes any agreement,
  - “relevant deeming provision” means any of sections 44 to 45A or paragraph 5(1) or (2) of Schedule 2A or paragraph 12 of Schedule 17A, and
  - “substantially performed” has the same meaning as in section 44.
- (7) A building or part of a building used for a purpose specified in section 116(2) or (3) is not used as a dwelling for the purposes of sub-paragraphs (2) or (5).
- (8) Where a building or part of a building is used for a purpose mentioned in sub-paragraph (7), no account is to be taken for the purposes of sub-paragraph (2) of its suitability for any other use.]

[<sup>F659</sup>SCHEDULE 6A

Section 58A

RELIEF FOR CERTAIN ACQUISITIONS OF RESIDENTIAL PROPERTY

**Textual Amendments**

**F659** Sch. 6A inserted (with effect in accordance with Sch. 39 para. 26 of the amending Act) by [Finance Act 2004 \(c. 12\)](#), [Sch. 39 para. 17\(2\)](#) (which amending provision re-enacts, subject to certain changes, a corresponding amendment made by the now revoked [Stamp Duty and Stamp Duty Land Tax \(Variation of the Finance Act 2003\) \(No. 2\) Regulations 2003 \(S.I. 2003/2816\)](#), see Sch. 39 para. 14)

*Acquisition by house-building company from individual acquiring new dwelling*

- 1 (1) Where a dwelling (“the old dwelling”) is acquired by a house-building company from an individual (whether alone or with other individuals), the acquisition is exempt from charge if the following conditions are met.
- (2) The conditions are—
  - (a) that the individual (whether alone or with other individuals) acquires from the house-building company a new dwelling,
  - (b) that the individual—
    - (i) occupied the old dwelling as his only or main residence at some time in the period of two years ending with the date of its acquisition, and

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- (ii) intends to occupy the new dwelling as his only or main residence,
  - (c) that each acquisition is entered into in consideration of the other, and
  - (d) that the area of land acquired by the house-building company does not exceed the permitted area.
- (3) Where the conditions in sub-paragraph (2)(a) to (c) are met but the area of land acquired by the house-building company exceeds the permitted area, the chargeable consideration for the acquisition is taken to be the amount calculated by deducting the market value of the permitted area from the market value of the old dwelling.
- (4) A “house-building company” means a company that carries on the business of constructing or adapting buildings or parts of buildings for use as dwellings.
- References in this paragraph to such a company include any company connected with it.
- (5) In this paragraph—
- (a) references to the acquisition of the new dwelling are to the acquisition, by way of grant or transfer, of a major interest in the dwelling;
  - (b) references to the acquisition of the old dwelling are to the acquisition, by way of transfer, of a major interest in the dwelling; and
  - (c) references to the market value of the old dwelling and of the permitted area are, respectively, to the market value of that major interest in the dwelling and of that interest so far as it relates to that area.

*Acquisition by property trader from individual acquiring new dwelling*

- 2 (1) Where a dwelling (“the old dwelling”) is acquired by a property trader from an individual (whether alone or with other individuals), the acquisition is exempt from charge if the following conditions are met.
- (2) The conditions are—
- (a) that the acquisition is made in the course of a business that consists of or includes acquiring dwellings from individuals who acquire new dwellings from house-building companies,
  - (b) that the individual (whether alone or with other individuals) acquires a new dwelling from a house-building company,
  - (c) that the individual—
    - (i) occupied the old dwelling as his only or main residence at some time in the period of two years ending with the date of its acquisition, and
    - (ii) intends to occupy the new dwelling as his only or main residence,
  - (d) that the property trader does not intend—
    - (i) to spend more than the permitted amount on refurbishment of the old dwelling, or
    - (ii) to grant a lease or licence of the old dwelling, or
    - (iii) to permit any of its principals or employees (or any person connected with any of its principals or employees) to occupy the old dwelling, and
  - (e) that the area of land acquired by the property trader does not exceed the permitted area.

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Paragraph (d)(ii) does not apply to the grant of lease or licence to the individual for a period of no more than six months.

- (3) Where the conditions in sub-paragraph (2)(a) to (d) are met, but the area of land acquired by the property trader exceeds the permitted area, the chargeable consideration for the acquisition is taken to be the amount calculated by deducting the market value of the permitted area from the market value of the old dwelling.
- (4) The provisions of paragraph 1(4) (meaning of “house-building company” etc) also have effect for the purposes of this paragraph.
- (5) In this paragraph—
  - (a) references to the acquisition of a new dwelling are to the acquisition, by way of grant or transfer, of a major interest in the dwelling;
  - (b) references to the acquisition of the old dwelling are to the acquisition, by way of transfer, of a major interest in the dwelling; and
  - (c) references to the market value of the old dwelling and of the permitted area are, respectively, to the market value of that major interest in the dwelling and of that interest so far as it relates to that area.

#### *Acquisition by property trader from personal representatives*

- 3 (1) Where a dwelling is acquired by a property trader from the personal representatives of a deceased individual, the acquisition is exempt from charge if the following conditions are met.
  - (2) The conditions are—
    - (a) that the acquisition is made in the course of a business that consists of or includes acquiring dwellings from personal representatives of deceased individuals,
    - (b) that the deceased individual occupied the dwelling as his only or main residence at some time in the period of two years ending with the date of his death,
    - (c) that the property trader does not intend—
      - (i) to spend more than the permitted amount on refurbishment of the dwelling, or
      - (ii) to grant a lease or licence of the dwelling, or
      - (iii) to permit any of its principals or employees (or any person connected with any of its principals or employees) to occupy the dwelling, and
    - (d) that the area of land acquired does not exceed the permitted area.
  - (3) Where the conditions in sub-paragraph (2)(a) to (c) are met, but the area of land acquired exceeds the permitted area, the chargeable consideration for the acquisition is taken to be the amount calculated by deducting the market value of the permitted area from the market value of the dwelling.
  - (4) In this paragraph—
    - (a) references to the acquisition of the dwelling are to the acquisition, by way of transfer, of a major interest in the dwelling; and
    - (b) references to the market value of the dwelling and of the permitted area are, respectively, to the market value of that major interest in the dwelling and of that interest so far as it relates to that area.

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*Acquisition by property trader from individual where chain of transactions breaks down*

- 4 (1) Where a dwelling (“the old dwelling”) is acquired by a property trader from an individual (whether alone or with other individuals), the acquisition is exempt from charge if—
- (a) the individual has made arrangements to sell a dwelling (“the old dwelling”) and acquire another dwelling (“the second dwelling”),
  - (b) the arrangements to sell the old dwelling fail, and
  - (c) the acquisition of the old dwelling is made for the purpose of enabling the individual’s acquisition of the second dwelling to proceed,
- and the following conditions are met.
- (2) The conditions are—
- (a) that the acquisition is made in the course of a business that consists of or includes acquiring dwellings from individuals in those circumstances,
  - (b) that the individual—
    - (i) occupied the old dwelling as his only or main residence at some time in the period of two years ending with the date of its acquisition, and
    - (ii) intends to occupy the second dwelling as his only or main residence,
  - (c) that the property trader does not intend—
    - (i) to spend more than the permitted amount on refurbishment of the old dwelling, or
    - (ii) to grant a lease or licence of the old dwelling, or
    - (iii) to permit any of its principals or employees (or any person connected with any of its principals or employees) to occupy the old dwelling, and
  - (d) that the area of land acquired does not exceed the permitted area.
- Paragraph (c)(ii) does not apply to the grant of a lease or licence to the individual for a period of no more than six months.
- (3) Where the conditions in sub-paragraph (2)(a) to (c) are met, but the area of land acquired exceeds the permitted area, the chargeable consideration for the acquisition is taken to be the amount calculated by deducting the market value of the permitted area from the market value of the old dwelling.
- (4) In this paragraph—
- (a) references to the acquisition of the second dwelling are to the acquisition, by way of grant or transfer, of a major interest in the dwelling;
  - (b) references to the acquisition of the old dwelling are to the acquisition, by way of transfer, of a major interest in the dwelling; and
  - (c) references to the market value of the old dwelling and of the permitted area are, respectively, to the market value of that major interest in the dwelling and of that interest so far as it relates to that area.

*Acquisition by employer in case of relocation of employment*

- 5 (1) Where a dwelling is acquired from an individual (whether alone or with other individuals) by his employer, the acquisition is exempt from charge if the following conditions are met.
- (2) The conditions are—

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- (a) that the individual occupied the dwelling as his only or main residence at some time in the period of two years ending with the date of the acquisition,
  - (b) that the acquisition is made in connection with a change of residence by the individual resulting from relocation of employment,
  - (c) that the consideration for the acquisition does not exceed the market value of the dwelling, and
  - (d) that the area of land acquired does not exceed the permitted area.
- (3) Where the conditions in sub-paragraph (2)(a) to (c) are met but the area of land acquired exceeds the permitted area, the chargeable consideration for the acquisition is taken to be the amount calculated by deducting the market value of the permitted area from the market value of the dwelling.
- (4) In this paragraph “relocation of employment” means a change of the individual’s place of employment due to—
- (a) his becoming an employee of the employer,
  - (b) an alteration of the duties of his employment with the employer, or
  - (c) an alteration of the place where he normally performs those duties.
- (5) For the purposes of this paragraph a change of residence is one “resulting from” relocation of employment if—
- (a) the change is made wholly or mainly to allow the individual to have his residence within a reasonable daily travelling distance of his new place of employment, and
  - (b) his former residence is not within a reasonable daily travelling distance of that place.
- The individual’s “new place of employment” means the place where he normally performs, or is normally to perform, the duties of his employment after the relocation.
- (6) In this paragraph—
- (a) references to the acquisition of the dwelling are to the acquisition, by way of transfer, of a major interest in the dwelling;
  - (b) references to the market value of the dwelling and of the permitted area are, respectively, to the market value of that major interest in the dwelling and of that interest so far as it relates to that area; and
  - (c) references to an individual’s employer include a prospective employer.

*Acquisition by property trader in case of relocation of employment*

- 6 (1) Where a dwelling is acquired by a property trader from an individual (whether alone or with other individuals), the acquisition is exempt from charge if the following conditions are met.
- (2) The conditions are—
- (a) that the acquisition is made in the course of a business that consists of or includes acquiring dwellings from individuals in connection with a change of residence resulting from relocation of employment,
  - (b) that the individual occupied the dwelling as his only or main residence at some time in the period of two years ending with the date of the acquisition,
  - (c) that the acquisition is made in connection with a change of residence by the individual resulting from relocation of employment,

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- (d) that the consideration for the acquisition does not exceed the market value of the dwelling,
- (e) that the property trader does not intend—
  - (i) to spend more than the permitted amount on refurbishment of the dwelling, or
  - (ii) to grant a lease or licence of the dwelling, or
  - (iii) to permit any of its principals or employees (or any person connected with any of its principals or employees) to occupy the dwelling, and
- (f) that the area of land acquired does not exceed the permitted area.

Paragraph (e)(ii) does not apply to the grant of a lease or licence to the individual for a period of no more than six months.

- (3) Where the conditions in sub-paragraph (2)(a) to (e) are met but the area of land acquired exceeds the permitted area, the chargeable consideration for the acquisition is taken to be the amount calculated by deducting the market value of the permitted area from the market value of the dwelling.
- (4) In this paragraph “relocation of employment” means a change of the individual’s place of employment due to—
  - (a) his becoming employed by a new employer,
  - (b) an alteration of the duties of his employment, or
  - (c) an alteration of the place where he normally performs those duties.
- (5) For the purposes of this paragraph a change of residence is one “resulting from” relocation of employment if—
  - (a) the change is made wholly or mainly to allow the individual to have his residence within a reasonable daily travelling distance of his new place of employment, and
  - (b) his former residence is not within a reasonable daily travelling distance of that place.

An individual’s “new place of employment” means the place where he normally performs, or is normally to perform, the duties of his employment after the relocation.

- (6) In this paragraph—
  - (a) references to the acquisition of the dwelling are to the acquisition, by way of transfer, of a major interest in the dwelling; and
  - (b) references to the market value of the dwelling and of the permitted area are, respectively, to the market value of that major interest in the dwelling and of that interest so far as it relates to that area.

*Meaning of “dwelling”, “new dwelling” and “the permitted area”*

- 7 (1) “Dwelling” includes land occupied and enjoyed with the dwelling as its garden or grounds.
- (2) A building or part of a building is a “new dwelling” if—
  - (a) it has been constructed for use as a single dwelling and has not previously been occupied, or
  - (b) it has been adapted for use as a single dwelling and has not been occupied since its adaptation.



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- (3) “The permitted area”, in relation to a dwelling, means land occupied and enjoyed with the dwelling as its garden or grounds that does not exceed—
- (a) an area (inclusive of the site of the dwelling) of 0.5 of a hectare, or
  - (b) such larger area as is required for the reasonable enjoyment of the dwelling as a dwelling having regard to its size and character.
- (4) Where sub-paragraph (3)(b) applies, the permitted area is taken to consist of that part of the land that would be the most suitable for occupation and enjoyment with the dwelling as its garden or grounds if the rest of the land were separately occupied.

*Meaning of “property trader” and “principal”*

- 8 (1) A “property trader” means—
- (a) a company,
  - (b) a limited liability partnership, or
  - (c) a partnership whose members are all either companies or limited liability partnerships,
- that carries on the business of buying and selling dwellings.
- (2) In relation to a property trader a “principal” means—
- (a) in the case of a company, a director;
  - (b) in the case of a limited liability partnership, a member;
  - (c) in the case of a partnership whose members are all either companies or limited liability partnerships, a member or a person who is a principal of a member.
- (3) For the purposes of this Schedule—
- (a) anything done by or in relation to a company connected with a property trader is treated as done by or in relation to that property trader, and
  - (b) references to the principals or employees of a property trader include the principals or employees of any such company.

*Meaning of “refurbishment” and “the permitted amount”*

- 9 (1) “Refurbishment” of a dwelling means the carrying out of works that enhance or are intended to enhance the value of the dwelling, but does not include—
- (a) cleaning the dwelling, or
  - (b) works required solely for the purpose of ensuring that the dwelling meets minimum safety standards.
- (2) The “permitted amount”, in relation to the refurbishment of a dwelling, is—
- (a) 10,000, or
  - (b) 5% of the consideration for the acquisition of the dwelling,
- whichever is the greater, but subject to a maximum of £20,000.

*Connected companies etc*

- 10 [F660Section 1122 of the Corporation Tax Act 2010] (connected persons) has effect for the purposes of this Schedule.

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### Textual Amendments

**F660** Words in Sch. 6A para. 10 substituted (with effect in accordance with s. 1184(1) of the amending Act) by Corporation Tax Act 2010 (c. 4), s. 1184(1), **Sch. 1 para. 415** (with Sch. 2)

### *Withdrawal of relief under this Schedule*

- 11 (1) Relief under this Schedule is withdrawn in the following circumstances.
- (2) Relief under paragraph 2 (acquisition by property trader from individual acquiring new dwelling) is withdrawn if the property trader—
- (a) spends more than the permitted amount on refurbishment of the old dwelling, or
  - (b) grants a lease or licence of the old dwelling, or
  - (c) permits any of its principals or employees (or any person connected with any of its principals or employees) to occupy the old dwelling.

Paragraph (b) does not apply to the grant of lease or licence to the individual for a period of no more than six months.

- (3) Relief under paragraph 3 (acquisition by property trader from personal representatives) is withdrawn if the property trader—
- (a) spends more than the permitted amount on refurbishment of the dwelling, or
  - (b) grants a lease or licence of the dwelling, or
  - (c) permits any of its principals or employees (or any person connected with any of its principals or employees) to occupy the dwelling.
- (4) Relief under paragraph 4 (acquisition by property trader from individual where chain of transactions breaks down) is withdrawn if the property trader—
- (a) spends more than the permitted amount on refurbishment of the old dwelling, or
  - (b) grants a lease or licence of the old dwelling, or
  - (c) permits any of its principals or employees (or any person connected with any of its principals or employees) to occupy the old dwelling.

Paragraph (b) does not apply to the grant of lease or licence to the individual for a period of no more than six months.

- (5) Relief under paragraph 6 (acquisition by property trader in case of relocation of employment) is withdrawn if the property trader—
- (a) spends more than the permitted amount on refurbishment of the dwelling, or
  - (b) grants a lease or licence of the dwelling, or
  - (c) permits any of its principals or employees (or any person connected with any of its principals or employees) to occupy the dwelling.

Paragraph (b) does not apply to the grant of lease or licence to the individual for a period of no more than six months.

- (6) Where relief is withdrawn the amount of tax chargeable is the amount that would have been chargeable in respect of the acquisition but for the relief.]

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## [<sup>F661</sup>SCHEDULE 6B

Section 58D

### TRANSFERS INVOLVING MULTIPLE DWELLINGS

#### Textual Amendments

**F661** Sch. 6B inserted (with effect in accordance with Sch. 22 para. 9 of the amending Act) by [Finance Act 2011 \(c. 11\)](#), [Sch. 22 para. 3](#)

#### *Introduction*

- 1 This Schedule is arranged as follows—
- (a) paragraph 2 identifies the transactions to which this Schedule applies,
  - (b) paragraph 3 defines key terms,
  - (c) paragraphs 4 and 5 describe the relief available if a claim is made,
  - (d) paragraph 6 provides for adjustments if circumstances change after a claim is made, and
  - (e) paragraph 7 contains rules for determining what counts as a dwelling.

#### *Transactions to which this Schedule applies*

- 2 (1) This Schedule applies to a chargeable transaction that is—
- (a) within sub-paragraph (2) or sub-paragraph (3), and
  - (b) not excluded by sub-paragraph (4).
- (2) A transaction is within this sub-paragraph if its main subject-matter consists of—
- (a) an interest in at least two dwellings, or
  - (b) an interest in at least two dwellings and other property.
- (3) A transaction is within this sub-paragraph if—
- (a) its main subject-matter consists of—
    - (i) an interest in a single dwelling, or
    - (ii) an interest in a single dwelling and other property,
  - (b) it is one of a number of linked transactions, and
  - (c) the main subject-matter of at least one of the other linked transactions consists of—
    - (i) an interest in some other dwelling or dwellings, or
    - (ii) an interest in some other dwelling or dwellings and other property.
- (4) A transaction is excluded by this sub-paragraph if—
- (a) section 74 or 75 applies to it, <sup>F662</sup>...  
[ paragraph 3 of Schedule 4A applies to it, or]  
<sup>F663</sup>(aa)
  - (b) relief under Schedule 7<sup>F664</sup>, Schedule 7A] or Schedule 8 is available for it or would be available for it on the making of a claim or has been withdrawn from it.
- (5) A reference in this Schedule to an interest in a dwelling is to any chargeable interest in or over a dwelling.

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- (6) But, in the case of a dwelling subject to a lease granted for an initial term of more than 21 years, any interest that is a superior interest in relation to the lease is to be ignored in determining whether a transaction is a relevant transaction.

[ Sub-paragraph (6) does not apply where—

- <sup>F665</sup>(7) (a) the vendor is a qualifying body within the meaning of paragraph 5 of Schedule 9,  
 (b) the transaction is a sale under a sale and leaseback arrangement within the meaning of section 57A(2),  
 (c) that sale is the grant of a leasehold interest, and  
 (d) the leaseback element of that arrangement is exempt from charge under section 57A.]

#### Textual Amendments

- F662** Word in Sch. 6B para. 2(4)(a) omitted (with effect in accordance with Sch. 35 para. 10 of the amending Act) by virtue of [Finance Act 2012 \(c. 14\)](#), [Sch. 35 para. 8\(a\)](#)  
**F663** Sch. 6B para. 2(4)(aa) inserted (with effect in accordance with Sch. 35 para. 10 of the amending Act) by [Finance Act 2012 \(c. 14\)](#), [Sch. 35 para. 8\(b\)](#)  
**F664** Words in Sch. 6B para. 2(4)(b) inserted (with effect in accordance with Sch. 16 para. 15 of the amending Act) by [Finance Act 2016 \(c. 24\)](#), [Sch. 16 para. 13](#)  
**F665** Sch. 6B para. 2(7) inserted (with effect in accordance with s. 69(2) of the amending Act) by [Finance Act 2015 \(c. 11\)](#), [s. 69\(1\)](#)

#### Key terms

- 3 (1) A chargeable transaction to which this Schedule applies is referred to in this Schedule as a “relevant transaction”.
- (2) A relevant transaction is a “single dwelling transaction” if its main subject-matter consists of—  
 (a) an interest in a single dwelling, or  
 (b) an interest in a single dwelling and other property.
- (3) In relation to such a transaction, the single dwelling is referred to as “the dwelling”.
- (4) A relevant transaction is a “multiple dwelling transaction” if its main subject-matter consists of—  
 (a) an interest in at least two dwellings, or  
 (b) an interest in at least two dwellings and other property.
- (5) In relation to such a transaction, those dwellings are referred to as “the dwellings”.

#### The relief

- 4 <sup>F666</sup>(1) If relief under this Schedule is claimed for a relevant transaction, the amount of tax chargeable in respect of the transaction is the sum of—  
 (a) the tax related to the consideration attributable to dwellings (see paragraph 5(1) and (2)), and  
 (b) the tax related to the remaining consideration (if any) (see paragraph 5(7)).]
- (2) “The consideration attributable to dwellings” is—

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- (a) for a single dwelling transaction, so much of the chargeable consideration for the transaction as is attributable to the dwelling,
  - (b) for a multiple dwelling transaction, so much of the chargeable consideration for the transaction as is attributable to the dwellings in total.
- (3) “The remaining consideration” is the chargeable consideration for the transaction less the consideration attributable to dwellings.
- <sup>F667</sup>(4) .....
- (5) If the whole or part of the chargeable consideration for a relevant transaction is rent, sub-paragraph (1) has effect subject to section 56 and Schedule 5.
- (6) “Attributable” means attributable on a just and reasonable basis.

**Textual Amendments**

- F666** Sch. 6B para. 4(1) substituted (with effect in accordance with s. 2(2) of the amending Act) by [Stamp Duty Land Tax Act 2015 \(c. 1\)](#), **Sch. para. 7(2)** (with s. 2(3)-(6))
- F667** Sch. 6B para. 4(4) omitted (with effect in accordance with s. 2(2) of the amending Act) by virtue of [Stamp Duty Land Tax Act 2015 \(c. 1\)](#), **Sch. para. 7(3)** (with s. 2(3)-(6))

*[<sup>F668</sup>The amount of tax chargeable]*

**Textual Amendments**

- F668** Sch. 6B cross-heading substituted (with effect in accordance with s. 2(2) of the amending Act) by [Stamp Duty Land Tax Act 2015 \(c. 1\)](#), **Sch. para. 7(4)** (with s. 2(3)-(6))

- 5 <sup>F669</sup>(1) For the purposes of paragraph 4(1)(a), “the tax related to the consideration attributable to dwellings” is determined as follows—
- Step 1* Determine the amount of tax that would be chargeable under section 55 on the assumption that—
    - (a) the relevant land consisted entirely of residential property, and
    - (b) the relevant consideration were the fraction produced by dividing total dwellings consideration by total dwellings.
  - Step 2* Multiply the amount determined at Step 1 by total dwellings.
  - Step 3* If the relevant transaction is one of a number of linked transactions, go to Step 4. Otherwise, the amount found at Step 2 is the tax related to the consideration attributable to dwellings.
  - Step 4* Multiply the amount found at Step 2 by—

$$\frac{\text{CD}}{\text{TDC}}$$

where—

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“CD” is the consideration attributable to dwellings for the relevant transaction, and

“TDC” is total dwellings consideration.

- (2) But if the amount found at Step 2 of sub-paragraph (1) is less than 1% of total dwellings consideration, for the purposes of paragraph 4(1)(a) “the tax related to the consideration attributable to dwellings” is an amount equal to 1% of the consideration attributable to dwellings.]
- (3) For a transaction that is not one of a number of linked transactions, “total dwellings consideration” is the consideration attributable to dwellings for that transaction (see paragraph 4(2)).
- (4) For one of a number of linked transactions, “total dwellings consideration” is—
- the total of the consideration attributable to dwellings for that transaction and all the other linked transactions that are relevant transactions, plus
  - so much of the chargeable consideration for any of the linked transactions (whether or not relevant transactions) as is not included in the calculation under paragraph (a) but is attributable to the same dwellings by reference to which that calculation is made.
- (5) “Total dwellings” is the total number of dwellings by reference to which total dwellings consideration is calculated.
- (6) In the application of sub-paragraph (1), no account is to be taken of—
- section 116(7), or
  - paragraph 9A(4) of Schedule 5.
- [ In the application of sub-paragraph (1), account is to be taken of paragraph 1 of <sup>F670</sup>(6A) Schedule 4ZA if the relevant transaction is a higher rates transaction for the purposes of that paragraph.]
- [<sup>F671</sup>(7) For the purposes of paragraph 4(1)(b), “the tax related to the remaining consideration” is the appropriate fraction of the amount of tax which (but for this Schedule) would be due in respect of the relevant transaction.
- (8) In subsection (7) “the appropriate fraction” means—

$$\frac{RC}{TDC + TRC}$$

where—

“RC” is the remaining consideration for the relevant transaction,

“TDC” is total dwellings consideration, and

“TRC” is total remaining consideration.

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- (9) For a transaction that is not one of a number of linked transactions, “total remaining consideration” is the remaining consideration for that transaction (see paragraph 4(3)).
- (10) For one of a number of linked transactions, “total remaining consideration” is—
  - (a) the total of the chargeable consideration for all those transactions, less
  - (b) total dwellings consideration.]

#### Textual Amendments

- F669** Sch. 6B para. 5(1)(2) substituted (with effect in accordance with s. 2(2) of the amending Act) by [Stamp Duty Land Tax Act 2015 \(c. 1\)](#), [Sch. para. 7\(5\)](#) (with s. 2(3)-(6))
- F670** Sch. 6B para. 5(6A) inserted (with effect in accordance with s. 128(5)(6) of the amending Act) by [Finance Act 2016 \(c. 24\)](#), [s. 128\(4\)](#)
- F671** Sch. 6B para. 5(7)-(10) substituted for Sch. 6B para. 5(7) (with effect in accordance with s. 2(2) of the amending Act) by [Stamp Duty Land Tax Act 2015 \(c. 1\)](#), [Sch. para. 7\(6\)](#) (with s. 2(3)-(6))

#### *Adjustment for change of circumstances*

- 6 (1) This paragraph applies if—
  - (a) relief under this Schedule is claimed for a relevant transaction,
  - (b) an event occurs in the relevant period, and
  - <sup>F672</sup>(c) had the event occurred immediately before the effective date of the transaction, more tax (calculated according to the effective date of the transaction) would have been payable, whether because the transaction would not have been a relevant transaction or otherwise.]
- (2) If this paragraph applies, tax is chargeable on the transaction as if the event had occurred immediately before the effective date of the transaction.
- (3) In that case—
  - (a) the purchaser must make a return to Her Majesty's Revenue and Customs before the end of the period of 30 days beginning with the date of the event,
  - (b) the return must contain a self-assessment of the tax chargeable in respect of the transaction on the basis of the information contained in the return,
  - (c) <sup>F673</sup> ..... and
  - (d) the additional tax payable must be paid not later than the filing date for the return.
- (4) The provisions of section 78A and Schedule 10 apply to a return under this paragraph as they apply to a return under section 76, but with references in Schedule 10 to the effective date of the transaction being read as references to the date of the event.
- (5) “The relevant period” means the shorter of—
  - (a) the period of 3 years beginning with the effective date of the transaction, and
  - (b) the period beginning with the effective date of the transaction and ending with the date on which the purchaser disposes of the dwelling, or the dwellings, to a person who is not connected with the purchaser.
- (6) In relation to a transaction effected on completion of a contract that was substantially performed before completion, sub-paragraph (5) applies as if references to the

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effective date of the transaction were to the date on which the contract was substantially performed.

- (7) In this paragraph—
- “completion” has the same meaning as in section 44;
  - “contract” includes any agreement (including, in the case of Scotland, missives of let not constituting a lease);
  - “event” includes any change of circumstance or change of plan;
  - “substantially performed” has the same meaning as in section 44.
- (8) Section 1122 of the Corporation Tax Act 2010 (connected persons) has effect for the purposes of this paragraph.

#### Textual Amendments

- F672** Sch. 6B para. 6(1)(c) substituted (with effect in accordance with s. 2(2) of the amending Act) by [Stamp Duty Land Tax Act 2015 \(c. 1\)](#), [Sch. para. 7\(7\)](#) (with s. 2(3)-(6))
- F673** Sch. 6B para. 6(3)(c) omitted (with effect in accordance with s. 2(2) of the amending Act) by virtue of [Stamp Duty Land Tax Act 2015 \(c. 1\)](#), [Sch. para. 7\(8\)](#) (with s. 2(3)-(6))

#### *What counts as a dwelling*

- 7 (1) This paragraph sets out rules for determining what counts as a dwelling for the purposes of this Schedule.
- (2) A building or part of a building counts as a dwelling if—
- (a) it is used or suitable for use as a single dwelling, or
  - (b) it is in the process of being constructed or adapted for such use.
- (3) Land that is, or is to be, occupied or enjoyed with a dwelling as a garden or grounds (including any building or structure on such land) is taken to be part of that dwelling.
- (4) Land that subsists, or is to subsist, for the benefit of a dwelling is taken to be part of that dwelling.
- (5) The main subject-matter of a transaction is also taken to consist of or include an interest in a dwelling if—
- (a) substantial performance of a contract constitutes the effective date of that transaction by virtue of a relevant deeming provision,
  - (b) the main subject-matter of the transaction consists of or includes an interest in a building, or a part of a building, that is to be constructed or adapted under the contract for use as a single dwelling, and
  - (c) construction or adaptation of the building, or the part of a building, has not begun by the time the contract is substantially performed.
- (6) In sub-paragraph (5)—
- “contract” includes any agreement (including, in the case of Scotland, missives of let not constituting a lease);
  - “relevant deeming provision” means any of sections 44 to 45A [<sup>F674</sup>or paragraph 5(1) or (2) of Schedule 2A] or paragraph 12A or 19(3) of Schedule 17A;
  - “substantially performed” has the same meaning as in section 44.



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(7) Subsections (2) to (5) of section 116 apply for the purposes of this paragraph as they apply for the purposes of subsection (1)(a) of that section.]

**Textual Amendments**

**F674** Words in Sch. 6B para. 7(6) inserted (with effect in accordance with Sch. 39 para. 11 of the amending Act) by [Finance Act 2013 \(c. 29\)](#), **Sch. 39 para. 9**

[<sup>F675</sup>SCHEDULE 6C

Section 61A

STAMP DUTY LAND TAX: RELIEF FOR FREEPORT TAX SITES

**Textual Amendments**

**F675** [Sch. 6C](#) inserted (10.6.2021) by [Finance Act 2021 \(c. 26\)](#), **Sch. 23 para. 8**

**PART 1**

QUALIFYING FREEPORT LAND

*Transaction land*

- 1 In this Schedule, “transaction land”, in relation to a land transaction, means land a chargeable interest in which is the subject matter of the transaction.

*Qualifying freeport land*

- 2 For the purposes of this Schedule, transaction land is “qualifying freeport land” if, on the effective date of the transaction—
- (a) it is situated in a freeport tax site, and
  - (b) the purchaser intends it to be used exclusively in a qualifying manner.

*Use of land in a qualifying manner*

- 3 (1) For the purposes of this Schedule, transaction land is used in a qualifying manner if—
- (a) it is used by the purchaser or a connected person in the course of a commercial trade or profession,
  - (b) it is developed or redeveloped by the purchaser or a connected person for use (by any person) in the course of a commercial trade or profession,
  - (c) it is exploited by the purchaser or a connected person, in the course of a commercial trade or profession, as a source of rents or other receipts (other than excluded rents), or
  - (d) it is used in two or more of the ways described in paragraphs (a) to (c).
- (2) But land is not used in a qualifying manner to the extent that it is—
- (a) used as a dwelling or as the garden or grounds of a dwelling,

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- (b) developed or redeveloped to become residential property,
  - (c) exploited as a source of rents or other receipts payable by a person using the land as a dwelling or as the garden or grounds of a dwelling, or
  - (d) held (as stock of the business) for resale without development or redevelopment.
- (3) For the purposes of this paragraph, use of land in the course of a commercial trade or profession includes use of land for a purpose that is ancillary to the use of other land which—
- (a) is situated in a freeport tax site, and
  - (b) is being used, or developed or redeveloped, in the course of a commercial trade or profession.
- (4) The references in sub-paragraph (2) to land used as the garden or grounds of a dwelling include a building or structure on the land.
- (5) The references in this paragraph to doing something in the course of a commercial trade or profession include doing something in the course of a property rental business.
- (6) In this paragraph—
- “commercial”, in relation to a trade or profession, means carried on—
    - (a) on a commercial basis, and
    - (b) with a view to profit;
  - “excluded rents” has the same meaning as in section 133 of the Finance Act 2013;
  - “property rental business” means a property business as defined in Chapter 2 of Part 3 of the Income Tax (Trading and Other Income) Act 2005.

#### *Connected persons*

- 4 (1) In this Schedule, “connected person” means a person who is connected with the purchaser.
- (2) Section 1122 of the Corporation Tax Act 2010 (connected persons) has effect for the purposes of this paragraph.

## **PART 2**

### THE RELIEF

#### *Exemption*

- 5 (1) This paragraph applies to a land transaction if at least 90% of the chargeable consideration for the transaction is attributable to qualifying freeport land.
- (2) The transaction is exempt from charge.

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### *Other relief*

- 6 (1) This paragraph applies to a land transaction if the proportion of the chargeable consideration for the transaction that is attributable to qualifying freeport land (“the relevant proportion”) is less than 90% but at least 10%.
- (2) The tax chargeable in respect of the transaction is reduced by the relevant proportion.

### *Attributing chargeable consideration to land*

- 7 (1) For the purposes of this Schedule, the consideration attributable to qualifying freeport land must be determined on a just and reasonable basis.
- (2) Sub-paragraphs (3) and (4) apply if less than 100% of the chargeable consideration attributable to transaction land situated in a freeport tax site (“the freeport consideration”) is attributable to land that satisfies the condition in paragraph 2(b).
- (3) If at least 90% of the freeport consideration is attributable to land that satisfies the condition in paragraph 2(b) then, for the purposes of this Schedule, all of the freeport consideration is to be treated as being attributable to qualifying freeport land.
- (4) If less than 10% of the freeport consideration is attributable to land that satisfies the condition in paragraph 2(b) then, for the purposes of this Schedule, all of the freeport consideration is to be treated as not being attributable to qualifying freeport land.

## PART 3

### WITHDRAWAL OF RELIEF

### *Withdrawal of relief*

- 8 (1) This paragraph applies where relief under Part 2 of this Schedule has been allowed in respect of a land transaction.
- (2) The relief is withdrawn if, at any time during the control period, the qualifying freeport land is not used exclusively in a qualifying manner.
- (3) But the relief is not withdrawn where, because of a change in circumstances that is unforeseen and beyond the purchaser’s control, it is not reasonable to expect the qualifying freeport land to be used exclusively in a qualifying manner at that time.
- (4) Where, at a time during the control period, the use of all or part of the qualifying freeport land in a qualifying manner has not yet begun, that land, or that part of the land, is to be treated as being used exclusively in a qualifying manner if reasonable steps are being taken to ensure that it is used in that manner.
- (5) Where, at a time during the control period, the use of all or part of the qualifying freeport land in a qualifying manner has ceased, that land, or that part of the land, is to be treated as being used exclusively in a qualifying manner if reasonable steps are being taken—
  - (a) to ensure that it is used in that manner, or
  - (b) to dispose of all chargeable interests in that land, or that part of the land, that are held by the purchaser and connected persons in a timely manner.

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### *The control period*

- 9 (1) In this Schedule, “the control period”, in relation to a land transaction, means the shorter of—
- (a) the period of three years beginning with the effective date of that transaction, and
  - (b) the period beginning with the effective date of that transaction and ending with the effective date of the final transaction.
- (2) For the purposes of this paragraph, a land transaction is “the final transaction” if, immediately after the effective date of the transaction, neither the purchaser nor a connected person holds a chargeable interest in the qualifying freeport land (whether as a result of that transaction alone or as a result of that transaction and other land transactions).

### *Disposal of interest in part of qualifying freeport land during control period*

- 10 (1) This paragraph applies where the purchaser ceases to hold a chargeable interest in part of the qualifying freeport land during the control period.
- (2) The references in paragraphs 8 and 9 to the qualifying freeport land are to be treated as references only to the part of the qualifying freeport land in relation to which the purchaser still holds a chargeable interest (whether the chargeable interest acquired in the land transaction in respect of which relief was allowed under Part 2 of this Schedule or another chargeable interest).

## **PART 4**

### ALTERNATIVE FINANCE ARRANGEMENTS

#### *Cases involving alternative finance arrangements*

- 11 (1) This paragraph applies where either of the following applies—
- (a) section 71A (land sold to financial institution and leased to person), or
  - (b) section 73 (land sold to financial institution and re-sold to person).
- (2) This paragraph applies for the purposes of determining—
- (a) whether relief is available under Part 2 of this Schedule for the first transaction, and
  - (b) whether relief allowed for the first transaction is withdrawn under Part 3 of this Schedule.
- (3) For those purposes this Schedule has effect as if—
- (a) references to the purchaser were references to the relevant person, and
  - (b) the reference in paragraph 3(2)(d) to land held (as stock of the business) for resale without development or redevelopment were a reference to land held in that manner by the relevant person.
- (4) The first transaction does not qualify for relief under Part 2 of this Schedule except where it does so by virtue of this paragraph.
- (5) In this paragraph—

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“the first transaction” has the same meaning as in section 71A or 73 (as appropriate);

“the relevant person” means the person, other than the financial institution, who entered into the arrangements mentioned in section 71A(1) or 73(1) (as appropriate).

## PART 5

### POWER TO CHANGE WHEN RELIEF IS AVAILABLE

#### *Power to change the cases in which relief is available*

- 12 (1) The Treasury may by regulations—
- (a) amend the meaning of “qualifying freeport land”, [<sup>F676</sup>or]
  - [<sup>F677</sup>(b) make other provision about the availability of relief under this Schedule, including provision—
    - (i) adding, removing or altering, or otherwise about, conditions that must be met in order for relief to be available,
    - (ii) about the withdrawal of relief, or
    - (iii) about returns where relief is withdrawn.]
- (2) Regulations under this paragraph may not remove the requirement for land to be situated in a freeport tax site.
- (3) Regulations under this paragraph may, among other things—
- (a) make provision by reference to the land, the land transaction, the purchaser or connected persons;
  - (b) impose conditions relating to accounts or other records;
  - (c) impose other conditions requiring a person to take steps specified in the regulations.
- (4) Regulations under this paragraph—
- (a) may amend, repeal or otherwise modify provisions of this Schedule, and
  - (b) where made in reliance on [<sup>F678</sup>sub-paragraph (1)(b) of this paragraph or on] section 114(6)(c), may amend, repeal or otherwise modify other provisions of this Act.
- [<sup>F679</sup>(5) The power to make regulations under this paragraph may be exercised only in relation to transactions with an effective date that is on or after the date on which the regulations come into force.]

#### **Textual Amendments**

**F676** Word in Sch. 6C para. 12(1)(a) inserted (24.2.2022) by Finance Act 2022 (c. 3), Sch. 16 para. 6(2)(a)

**F677** Sch. 6C para. 12(1)(b) substituted for Sch. 6C para. 12(1)(b)(c) (24.2.2022) by Finance Act 2022 (c. 3), Sch. 16 para. 6(2)(b)

**F678** Words in Sch. 6C para. 12(4)(b) inserted (24.2.2022) by Finance Act 2022 (c. 3), Sch. 16 para. 6(3)

**F679** Sch. 6C para. 12(5) inserted (24.2.2022) by Finance Act 2022 (c. 3), Sch. 16 para. 6(4)

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### *Approval of regulations*

- 13 (1) An instrument containing regulations under paragraph 12 must be laid before the House of Commons after being made.
- (2) If the regulations are not approved by the House of Commons before the end of the period of 28 days beginning with the day on which they are made, they cease to have effect at the end of that period (if they have not already ceased to have effect under sub-paragraph (3)).
- (3) If, on any day during that period of 28 days, the House of Commons, in proceedings on a motion that (or to the effect that) the regulations be approved, comes to a decision rejecting the regulations, they shall cease to have effect at the end of that day.
- (4) In reckoning any such period of 28 days, no account is to be taken of any time during which—
- (a) Parliament is prorogued or dissolved, or
  - (b) the House of Commons is adjourned for more than four days.
- (5) Where regulations cease to have effect under sub-paragraph (3), their ceasing to have effect is without prejudice to anything done in reliance on them.]

## SCHEDULE 7

Section 62

### STAMP DUTY LAND TAX: GROUP RELIEF AND RECONSTRUCTION AND ACQUISITION RELIEFS

#### PART 1

#### GROUP RELIEF

##### *Group relief*

- 1 (1) A transaction is exempt from charge if the vendor and purchaser are companies that at the effective date of the transaction are members of the same group.
- (2) For the purposes of group relief—
- (a) “company” means a body corporate, and
  - (b) companies are members of the same group if one is the 75% subsidiary of the other or both are 75% subsidiaries of a third company.
- (3) For the purposes of group relief a company (“company A”) is the 75% subsidiary of another company (“company B”) if company B—
- (a) is beneficial owner of not less than 75% of the ordinary share capital of company A,
  - (b) is beneficially entitled to not less than 75% of any profits available for distribution to equity holders of company A, and
  - (c) would be beneficially entitled to not less than 75% of any assets of company A available for distribution to its equity holders on a winding-up.
- (4) The ownership referred to in sub-paragraph (3)(a) is ownership either directly or through another company or companies.

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For the purposes of that provision the amount of ordinary share capital of company A owned by company B through another company or companies shall be determined in accordance with [<sup>F680</sup>sections 1155 to 1157 of the Corporation Tax Act 2010].

(5) In sub-paragraphs (3)(a) and (4) above “ordinary share capital”, in relation to a company, means all the issued share capital (by whatever name called) of the company, other than capital the holders of which have a right to a dividend at a fixed rate but have no other right to share in the profits of the company.

[<sup>F681</sup>(6) Chapter 6 of Part 5 of the Corporation Tax Act 2010 (group relief: equity holders and profits or assets available for distribution) applies for the purposes of sub-paragraphs (3)(b) and (c) above as it applies for the purposes of section 151(4)(a) and (b) of that Act.

(6A) In that Chapter as it applies for the purposes of sub-paragraphs (3)(b) and (c) above, sections 171(1)(b) and (3), 173, 174 and 176 to 178 of that Act are to be treated as omitted.]

(7) This paragraph is subject to paragraph 2 (restrictions on availability of group relief) and [<sup>F682</sup>paragraphs 3 and 4A] (withdrawal of group relief).

#### Textual Amendments

**F680** Words in Sch. 7 para. 1(4) substituted (with effect in accordance with s. 1184(1) of the amending Act) by [Corporation Tax Act 2010 \(c. 4\)](#), s. 1184(1), **Sch. 1 para. 416(2)(a)** (with Sch. 2)

**F681** Sch. 7 para. 1(6)(6A) substituted for Sch. 7 para. 1(6) (with effect in accordance with s. 1184(1) of the amending Act) by [Corporation Tax Act 2010 \(c. 4\)](#), s. 1184(1), **Sch. 1 para. 416(2)(b)** (with Sch. 2)

**F682** Words in Sch. 7 para. 1(7) substituted (with effect in accordance with Sch. 10 para. 16(1)(6)-(9) of the amending Act) by [Finance \(No. 2\) Act 2005 \(c. 22\)](#), **Sch. 10 para. 3**

#### Modifications etc. (not altering text)

**C36** Sch. 7 para. 1 applied (with modifications) (6.4.2006) by [The Pension Protection Fund \(Tax\) Regulations 2006 \(S.I. 2006/575\)](#), regs. 1, **43(2)**

#### *Restrictions on availability of group relief*

- 2 (1) Group relief is not available if at the effective date of the transaction there are arrangements in existence by virtue of which, at that or some later time, a person has or could obtain, or any persons together have or could obtain, control of the purchaser but not of the vendor.

This does not apply to arrangements entered into with a view to an acquisition of shares by a company (“the acquiring company”)—

- (a) in relation to which section 75 of the Finance Act 1986 (c. 41) (stamp duty: acquisition relief) will apply,
- (b) in relation to which the conditions for relief under that section will be met, and
- (c) as a result of which the purchaser will be a member of the same group as the acquiring company.

[<sup>F683</sup>For other exceptions to this, see sub-paragraph (3A) and paragraphs 2A and 2B.]

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- (2) Group relief is not available if the transaction is effected in pursuance of, or in connection with, arrangements under which—
- (a) the consideration, or any part of the consideration, for the transaction is to be provided or received (directly or indirectly) by a person other than a group company, or
  - (b) the vendor and the purchaser are to cease to be members of the same group by reason of the purchaser ceasing to be a 75% subsidiary of the vendor or a third company.
- (3) Arrangements are within sub-paragraph (2)(a) if under them the vendor or the purchaser, or another group company, is to be enabled to provide any of the consideration, or is to part with any of it, by or in consequence of the carrying out of a transaction or transactions involving, or any of them involving, a payment or other disposition by a person other than a group company.
- [<sup>F684</sup>(3A) Sub-paragraphs (1) and (2)(b) do not apply to arrangements in so far as they are for the purpose of facilitating a transfer of the whole or part of the business of a company to another company in relation to which—
- (a) section 96 of the Finance Act 1997 is intended to apply (stamp duty relief: demutualisation of insurance companies), and
  - (b) the conditions for relief under that section are intended to be met.]
- (4) In sub-paragraphs (2)(a) and (3) a “group company” means a company that at the effective date of the transaction is a member of the same group as the vendor or the purchaser.
- [<sup>F685</sup>(4A) Group relief is not available if the transaction—
- (a) is not effected for bona fide commercial reasons, or
  - (b) forms part of arrangements of which the main purpose, or one of the main purposes, is the avoidance of liability to tax.
- “Tax” here means stamp duty, income tax, corporation tax, capital gains tax or tax under this Part.]
- (5) In this paragraph—
- “arrangements” includes any scheme, agreement or understanding, whether or not legally enforceable; and
- “control” has the meaning given by [<sup>F686</sup>section 1124 of the Corporation Tax Act 2010].

#### Textual Amendments

- F683** Words in Sch. 7 para. 2(1) substituted (1.3.2013) by [The Enactment of Extra-Statutory Concessions Order 2013 \(S.I. 2013/234\)](#), arts. 1, 8 (with art. 9)
- F684** Sch. 7 para. 2(3A) inserted (with effect in accordance with s. 167(5) of the amending Act) by [Finance Act 2006 \(c. 25\)](#), s. 167(3)
- F685** Sch. 7 para. 2(4A) inserted (with effect in accordance with Sch. 10 para. 22(1)-(3)(5) of the amending Act) by [Finance \(No. 2\) Act 2005 \(c. 22\)](#), [Sch. 10 para. 19](#)
- F686** Words in Sch. 7 para. 2(5) substituted (with effect in accordance with s. 1184(1) of the amending Act) by [Corporation Tax Act 2010 \(c. 4\)](#), s. 1184(1), [Sch. 1 para. 416\(3\)](#) (with Sch. 2)



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#### **Modifications etc. (not altering text)**

**C37** Sch. 7 para. 2 modified (25.2.2011) by [Horseshoe Betting and Olympic Lottery Act 2004 \(c. 25\)](#), **ss. 4(3)(c)**, 40; [S.I. 2011/462](#), **art. 2**

### *f<sup>F687</sup> Certain arrangements not within paragraph 2*

#### **Textual Amendments**

**F687** Sch. 7 paras. 2A, 2B inserted (1.3.2013) by [The Enactment of Extra-Statutory Concessions Order 2013 \(S.I. 2013/234\)](#), **arts. 1, 7** (with **art. 9**)

- 2A (1) Arrangements entered into by a joint venture company which, apart from this section, would be arrangements to which paragraph 2 applies are not to be treated as such arrangements if and so long as—
- (a) the arrangements fall within sub-paragraph (2), and
  - (b) none of the contingencies mentioned in sub-paragraph (3) to which the arrangements relate has occurred.
- (2) Arrangements fall within this sub-paragraph if they are—
- (a) an agreement which provides for the transfer of shares or securities in the joint venture company to one or more members of that company on, or as a result of, one or more contingencies mentioned in sub-paragraph (3) occurring, or
  - (b) a provision in a constitutional document of the joint venture company which provides for the suspension of a member's voting rights on, or as a result of, one or more of those contingencies occurring.
- (3) The contingencies referred to in sub-paragraph (1)(b) and (2) are—
- (a) the voluntary departure of a member,
  - (b) the commencement of the liquidation, administration, administrative receivership or receivership of, or the entering into of a voluntary arrangement by, a member under the Insolvency Act 1986 or the Insolvency (Northern Ireland) Order 1989 or the commencement, or entering into, of equivalent proceedings or arrangements under the law of any country or territory outside the United Kingdom,
  - (c) a serious deterioration in the financial condition of a member,
  - (d) a change of control of a member,
  - (e) a default by a member in performing its obligations under any agreement between the members or with the joint venture company (which, for this purpose, includes any constitutional document of the joint venture company),
  - (f) an external change in the commercial circumstances in which the joint venture company operates such that its viability is threatened,
  - (g) an unresolved disagreement between the members, and
  - (h) any contingency of a similar kind to that mentioned in any of paragraphs (a) to (g) which is provided for, but not intended to happen, when the options arrangements in question were entered into.
- (4) This paragraph does not apply if a member could alone or together with connected persons dictate the terms or timing of—

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- (a) the transfer of shares or securities, or
  - (b) the suspension of a member's voting rights,
- in advance of one or more of the contingencies occurring.
- (5) For the purposes of sub-paragraph (4) members are not connected with each other by reason only of their membership of the joint venture company.
- (6) In this paragraph—
- “connected” has the same meaning as in section 1122 of the Corporation Tax Act 2010;
  - “constitutional document” means a memorandum of association, articles of association or any other similar document regulating the affairs of the joint venture company;
  - “joint venture company” means a company which—
    - (a) has two or more member companies, and
    - (b) carries on a commercial activity governed by an agreement regulating the affairs of its members;
  - “member” means a holder of shares or securities in the joint venture company.

*Certain mortgage arrangements not within paragraph 2*

- 2B (1) Arrangements entered into by a company which, apart from this paragraph, would be arrangements to which paragraph 2 applies are not to be treated as such arrangements if and so long as—
- (a) the arrangements are a mortgage, secured by way of shares or securities in the company, which on default or the happening of any other event allows the mortgagee to exercise its rights against the mortgagor, and
  - (b) the mortgagee has not exercised its rights against the mortgagor.
- (2) This paragraph does not apply if the mortgagee—
- (a) possesses greater rights in respect of the shares or securities which are the subject of the mortgage than it requires to protect its interest as mortgagee, or
  - (b) could alone or together with connected persons dictate the terms or timing of the default or the happening of any event which allows it to exercise its rights against the mortgagor.
- (3) For the purposes of sub-paragraph (2)(b) a mortgagee is not, by reason only of the mortgage, connected with a company whose shares or securities are the subject of the mortgage.
- (4) In this paragraph—
- “connected” has the same meaning as in section 1122 of the Corporation Tax Act 2010;
  - “mortgage” means—
    - (a) in England <sup>F688</sup>... , and Northern Ireland, any legal or equitable charge, and
    - (b) in Scotland, any right in security.]

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### Textual Amendments

**F688** Words in Sch. 7 para. 2B(4) omitted (1.4.2018 with effect in accordance with s. 16(4)(5) of the amending Act) by virtue of [Wales Act 2014 \(c. 29\)](#), s. 29(2)(b)(3), [Sch. 2 para. 10](#); S.I. 2018/214, art. 2(a)

### *Withdrawal of group relief*

- 3 (1) Where in the case of a transaction (“the relevant transaction”) that is exempt from charge by virtue of paragraph 1 (group relief)—
- (a) the purchaser ceases to be a member of the same group as the vendor—
    - (i) before the end of the period of three years beginning with the effective date of the transaction, or
    - (ii) in pursuance of, or in connection with, arrangements made before the end of that period,
  - and
  - (b) at the time the purchaser ceases to be a member of the same group as the vendor (“the relevant time”), it or a relevant associated company holds a chargeable interest—
    - (i) that was acquired by the purchaser under the relevant transaction, or
    - (ii) that is derived from a chargeable interest so acquired,
- and that has not subsequently been acquired at market value under a chargeable transaction for which group relief was available but was not claimed,
- group relief in relation to the relevant transaction, or an appropriate proportion of it, is withdrawn and tax is chargeable in accordance with this paragraph.
- [<sup>F689</sup>(2) The amount chargeable is the tax that would have been chargeable in respect of the relevant transaction but for group relief if the chargeable consideration for that transaction had been an amount equal to—
- (a) the market value of the subject-matter of the transaction, and
  - (b) if the acquisition was the grant of a lease at a rent, that rent,
- or, as the case may be, an appropriate proportion of the tax that would have been so chargeable.]
- (3) In sub-paragraphs (1) and (2) “an appropriate proportion” means an appropriate proportion having regard to the subject matter of the relevant transaction and what is held at the relevant time by the transferee company or, as the case may be, by that company and its relevant associated companies.
- (4) In this paragraph—
- “arrangements” includes any scheme, agreement or understanding, whether or not legally enforceable; and
  - “relevant associated company”, in relation to the purchaser, means a company that—
    - (a) is a member of the same group as the purchaser immediately before the purchaser ceases to be a member of the same group as the vendor, and
    - (b) ceases to be a member of the same group as the vendor in consequence of the purchaser so ceasing.

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- (5) This paragraph has effect subject to [<sup>F690</sup>paragraphs 4 and 4ZA] (cases in which group relief not withdrawn) [<sup>F691</sup>and paragraph 4A (withdrawal of group relief in certain cases involving successive transactions)].

#### Textual Amendments

**F689** Sch. 7 para. 3(2) substituted (with effect in accordance with Sch. 10 para. 16(1)(6)-(9) of the amending Act) by Finance (No. 2) Act 2005 (c. 22), **Sch. 10 para. 4(a)**

**F690** Words in Sch. 7 para. 3(5) substituted (with effect in accordance with s. 96(6) of the amending Act) by Finance Act 2008 (c. 9), **s. 96(2)**

**F691** Words in Sch. 7 para. 3(5) inserted (with effect in accordance with Sch. 10 para. 16(1)(6)-(9) of the amending Act) by Finance (No. 2) Act 2005 (c. 22), **Sch. 10 para. 4(b)**

#### Modifications etc. (not altering text)

**C38** Sch. 7 para. 3 excluded (with effect in accordance with reg. 1(2) of the amending S.I.) by The Mutual Societies (Transfers of Business) (Tax) Regulations 2009 (S.I. 2009/2971), regs. 1(1), **33(1)**

**C39** Sch. 7 para. 3(1) modified (6.4.2006) by The Pension Protection Fund (Tax) Regulations 2006 (S.I. 2006/575), regs. 1, **43(3)**

#### *Cases in which group relief not withdrawn*

- 4 (1) Group relief is not withdrawn under paragraph 3 in the following cases.
- <sup>F692</sup>(2) . . . . .
- <sup>F693</sup>(3) . . . . .
- (4) The second case is where the purchaser ceases to be a member of the same group as the vendor by reason of anything done for the purposes of, or in the course of, winding up the vendor or another company that is above the vendor in the group structure.
- (5) For [<sup>F694</sup>the purposes of [<sup>F695</sup>sub-paragraph (4)]] a company is “above” the vendor in the group structure if the vendor, or another company that is above the vendor in the group structure, is a 75% subsidiary of the company.
- (6) The third case is where—
- (a) the purchaser ceases to be a member of the same group as the vendor as a result of an acquisition of shares by another company (“the acquiring company”) in relation to which—
- (i) section 75 of the Finance Act 1986 (c. 41) applies (stamp duty: acquisition relief), and
- (ii) the conditions for relief under that section are met,
- and
- (b) the purchaser is immediately after that acquisition a member of the same group as the acquiring company.
- <sup>F696</sup>(6A) The fourth case is where—
- (a) the purchaser ceases to be a member of the same group as the vendor as a result of the transfer of the whole or part of the vendor's business to another company (“the acquiring company”) in relation to which—

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- (i) section 96 of the Finance Act 1997 applies (stamp duty relief: demutualisation of insurance companies), and
      - (ii) the conditions for relief under that section are met, and
    - (b) the purchaser is immediately after that transfer a member of the same group as the acquiring company.]
  - (7) But if in a case within sub-paragraph (6) [<sup>F697</sup>or (6A)] —
    - (a) the purchaser ceases to be a member of the same group as the acquiring company—
      - (i) before the end of the period of three years beginning with the effective date of the relevant transaction, or
      - (ii) in pursuance of, or in connection with, arrangements made before the end of that period,
    - and
    - (b) at the time the purchaser ceases to be a member of the same group as the acquiring company, it or a relevant associated company holds a chargeable interest—
      - (i) that was acquired by the purchaser under the relevant transaction, or
      - (ii) that is derived from an interest so acquired,
- and that has not subsequently been acquired at market value under a chargeable transaction for which group relief was available but was not claimed,
- the provisions of this Part relating to group relief apply as if the purchaser had then ceased to be a member of the same group as the vendor.
- (8) In sub-paragraph (7)—
  - “arrangements” includes any scheme, agreement or understanding, whether or not legally enforceable; and
  - “relevant associated company”, in relation to the purchaser, means a company that is a member of the same group as the purchaser that ceases to be a member of the same group as the acquiring company in consequence of the purchaser so ceasing.

#### Textual Amendments

- F692** Sch. 7 para. 4(2) omitted (with effect in accordance with s. 96(6) of the amending Act) by virtue of [Finance Act 2008 \(c. 9\), s. 96\(3\)\(a\)](#)
- F693** Sch. 7 para. 4(3) omitted (with effect in accordance with s. 96(6) of the amending Act) by virtue of [Finance Act 2008 \(c. 9\), s. 96\(3\)\(a\)](#)
- F694** Words in Sch. 7 para. 4(5) substituted (with effect in accordance with Sch. 10 para. 16(1)(6)–(9) of the amending Act) by [Finance \(No. 2\) Act 2005 \(c. 22\), Sch. 10 para. 5\(b\)](#)
- F695** Words in Sch. 7 para. 4(5) substituted (with effect in accordance with s. 96(6) of the amending Act) by [Finance Act 2008 \(c. 9\), s. 96\(3\)\(b\)](#)
- F696** Sch. 7 para. 4(6A) inserted (with effect in accordance with s. 167(5) of the amending Act) by [Finance Act 2006 \(c. 25\), s. 167\(4\)\(a\)](#)
- F697** Words in Sch. 7 para. 4(7) inserted (with effect in accordance with s. 167(5) of the amending Act) by [Finance Act 2006 \(c. 25\), s. 167\(4\)\(b\)](#)

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### [<sup>F698</sup>Group relief not withdrawn where vendor leaves group

#### Textual Amendments

**F698** Sch. 7 para. 4ZA and cross-heading inserted (with effect in accordance with s. 96(6) of the amending Act) by [Finance Act 2008 \(c. 9\)](#), s. 96(4)

- 4ZA (1) Group relief is not withdrawn under paragraph 3 where the purchaser ceases to be a member of the same group as the vendor because the vendor leaves the group.
- (2) The vendor is regarded as leaving the group if the companies cease to be members of the same group by reason of a transaction relating to shares in—
- (a) the vendor, or
  - (b) another company that—
    - (i) is above the vendor in the group structure, and
    - (ii) as a result of the transaction ceases to be a member of the same group as the purchaser.
- (3) For the purpose of sub-paragraph (2) a company is “above” the vendor in the group structure if the vendor, or another company that is above the vendor in the group structure, is a 75% subsidiary of the company.
- (4) But if there is a change in the control of the purchaser after the vendor leaves the group, paragraphs 3, 4(6) and (7), 5 and 6 have effect as if the purchaser had then ceased to be a member of the same group as the vendor (but see sub-paragraph (7)).
- (5) For the purposes of this paragraph there is a change in the control of the purchaser if—
- (a) a person who controls the purchaser (alone or with others) ceases to do so,
  - (b) a person obtains control of the purchaser (alone or with others), or
  - (c) the purchaser is wound up.
- (6) For the purposes of sub-paragraph (5) a person does not control, or obtain control of, the purchaser if that person is under the control of another person or other persons.
- (7) Sub-paragraph (4) does not apply where—
- (a) there is a change in the control of the purchaser because a loan creditor (within the meaning [<sup>F699</sup>given by section 453 of the Corporation Tax Act 2010]) obtains control of, or ceases to control, the purchaser, and
  - (b) the other persons who controlled the purchaser before that change continue to do so.
- (8) In this paragraph references to “control” shall be interpreted in accordance with [<sup>F700</sup>sections 450 and 451 of the Corporation Tax Act 2010] (subject to sub-paragraph (6)).]

#### Textual Amendments

**F699** Words in Sch. 7 para. 4ZA(7)(a) substituted (with effect in accordance with s. 1184(1) of the amending Act) by [Corporation Tax Act 2010 \(c. 4\)](#), s. 1184(1), [Sch. 1 para. 416\(4\)\(a\)](#) (with [Sch. 2](#))

**F700** Words in Sch. 7 para. 4ZA(8) substituted (with effect in accordance with s. 1184(1) of the amending Act) by [Corporation Tax Act 2010 \(c. 4\)](#), s. 1184(1), [Sch. 1 para. 416\(4\)\(b\)](#) (with [Sch. 2](#))

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*[<sup>F701</sup>Withdrawal of group relief in certain cases involving successive transactions*

**Textual Amendments**

**F701** Sch. 7 para. 4A and cross-heading inserted (with effect in accordance with Sch. 10 para. 16(1)(6)-(9) of the amending Act) by [Finance \(No. 2\) Act 2005 \(c. 22\)](#), [Sch. 10 para. 6](#)

- 4A (1) Where, in the case of a transaction (“the relevant transaction”) that is exempt from charge by virtue of paragraph 1 (group relief)—
- (a) there is a change in the control of the purchaser,
  - (b) that change occurs—
    - (i) before the end of the period of three years beginning with the effective date of the relevant transaction, or
    - (ii) in pursuance of, or in connection with, arrangements made before the end of that period,
  - (c) apart from this paragraph, group relief in relation to the relevant transaction would not be withdrawn under paragraph 3, and
  - (d) any previous transaction falls within sub-paragraph (2),
- paragraphs 3<sup>F702</sup>, 4 and 4ZA] have effect in relation to the relevant transaction as if the vendor in relation to the earliest previous transaction falling within sub-paragraph (2) were the vendor in relation to the relevant transaction.

[ Sub-paragraph (1) has effect subject to sub-paragraph (3A).]

<sup>F703</sup>(1A)

- (2) A previous transaction falls within this sub-paragraph if—
- (a) the previous transaction is exempt from charge by virtue of paragraph 1, 7 or 8,
  - (b) the effective date of the previous transaction is less than three years before the date of the event falling within sub-paragraph (1)(a),
  - (c) the chargeable interest acquired under the relevant transaction by the purchaser in relation to that transaction is the same as, comprises, forms part of, or is derived from, the chargeable interest acquired under the previous transaction by the purchaser in relation to the previous transaction, and
  - (d) since the previous transaction, the chargeable interest acquired under that transaction has not been acquired by any person under a transaction that is not exempt from charge by virtue of paragraph 1, 7 or 8.
- (3) For the purposes of [<sup>F704</sup>this paragraph] there is a change in the control of a company if—
- (a) any person who controls the company (alone or with others) ceases to do so,
  - (b) a person obtains control of the company (alone or with others), or
  - (c) the company is wound up.

References to “control” in [<sup>F705</sup>this paragraph] shall be construed in accordance with [<sup>F706</sup>sections 450 and 451 of the Corporation Tax Act 2010].

[ Sub-paragraph (1) does not apply where—

- <sup>F707</sup>(3A) (a) there is a change in the control of the purchaser because a loan creditor (within the meaning [<sup>F708</sup>given by section 453 of the Corporation Tax Act 2010]) obtains control of, or ceases to control, the purchaser, and

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- (b) the other persons who controlled the purchaser before that change continue to do so.]
- (4) If two or more transactions effected at the same time are the earliest previous transactions falling within sub-paragraph (2), the reference in sub-paragraph (1) to the vendor in relation to the earliest previous transaction is a reference to the persons who are the vendors in relation to the earliest previous transactions.
- (5) In this paragraph “arrangements” includes any scheme, agreement or understanding, whether or not legally enforceable.]

#### Textual Amendments

- F702** Words in Sch. 7 para. 4A(1) substituted (with effect in accordance with s. 96(6) of the amending Act) by [Finance Act 2008 \(c. 9\), s. 96\(5\)\(a\)](#)
- F703** Sch. 7 para. 4A(1A) inserted (with effect in accordance with s. 96(6) of the amending Act) by [Finance Act 2008 \(c. 9\), s. 96\(5\)\(b\)](#)
- F704** Words in Sch. 7 para. 4A(3) substituted (with effect in accordance with s. 96(6) of the amending Act) by [Finance Act 2008 \(c. 9\), s. 96\(5\)\(c\)\(i\)](#)
- F705** Words in Sch. 7 para. 4A(3) substituted (with effect in accordance with s. 96(6) of the amending Act) by [Finance Act 2008 \(c. 9\), s. 96\(5\)\(c\)\(ii\)](#)
- F706** Words in Sch. 7 para. 4A(3) substituted (with effect in accordance with s. 1184(1) of the amending Act) by [Corporation Tax Act 2010 \(c. 4\), s. 1184\(1\), Sch. 1 para. 416\(5\)\(a\)](#) (with [Sch. 2](#))
- F707** Sch. 7 para. 4A(3A) inserted (with effect in accordance with s. 96(6) of the amending Act) by [Finance Act 2008 \(c. 9\), s. 96\(5\)\(d\)](#)
- F708** Words in Sch. 7 para. 4A(3A)(a) substituted (with effect in accordance with s. 1184(1) of the amending Act) by [Corporation Tax Act 2010 \(c. 4\), s. 1184\(1\), Sch. 1 para. 416\(5\)\(b\)](#) (with [Sch. 2](#))

#### *Recovery of group relief from another group company or controlling director*

- 5 (1) This paragraph applies where—
- (a) tax is chargeable under paragraph 3 (withdrawal of group relief),
  - (b) the amount so chargeable has been finally determined, and
  - (c) the whole or part of the amount so chargeable is unpaid six months after the date on which it became payable.
- (2) The following persons may, by notice under paragraph 6, be required to pay the unpaid tax—
- (a) the vendor;
  - (b) any company that at any relevant time was a member of the same group as the purchaser and was above it in the group structure;
  - (c) any person who at any relevant time was a controlling director of the purchaser or a company having control of the purchaser.
- (3) For the purposes of sub-paragraph (2)(b)—
- (a) a “relevant time” means any time between the effective date of the relevant transaction and the purchaser ceasing to be a member of the same group as the vendor; and
  - (b) a company (“company A”) is “above” another company (“company B”) in a group structure if company B, or another company that is above company B in the group structure, is a 75% subsidiary of company A.



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(4) In sub-paragraph (2)(c)—

“director”, in relation to a company, has the meaning given by section 67(1) of the Income Tax (Earnings and Pensions) Act 2003 (c. 1) (read with subsection (2) of that section) and includes any person falling within [<sup>F709</sup>section 452(1) of the Corporation Tax Act 2010]; and

“controlling director”, in relation to a company, means a director of the company who has control of it (construing control in accordance with [<sup>F710</sup>sections 450 and 451 of the Corporation Tax Act 2010]).

#### Textual Amendments

**F709** Words in Sch. 7 para. 5(4) substituted (with effect in accordance with s. 1184(1) of the amending Act) by Corporation Tax Act 2010 (c. 4), Sch. 1 para. 416(6)(a) (with Sch. 2)

**F710** Words in Sch. 7 para. 5(4) substituted (with effect in accordance with s. 1184(1) of the amending Act) by Corporation Tax Act 2010 (c. 4), Sch. 1 para. 416(6)(b) (with Sch. 2)

#### *Recovery of group relief: supplementary*

- 6
- (1) The Inland Revenue may serve a notice on a person within paragraph 5(2) above requiring him within 30 days of the service of the notice to pay the amount that remains unpaid.
  - (2) Any such notice must be served before the end of the period of three years beginning with the date of the final determination mentioned in paragraph 5(1)(b).
  - (3) The notice must state the amount required to be paid by the person on whom the notice is served.
  - (4) The notice has effect—
    - (a) for the purposes of the recovery from that person of the amount required to be paid and of interest on that amount, and
    - (b) for the purposes of appeals,as if it were a notice of assessment and that amount were an amount of tax due from that person.
  - (5) A person who has paid an amount in pursuance of a notice under this paragraph may recover that amount from the purchaser.
  - (6) A payment in pursuance of a notice under this paragraph is not allowed as a deduction in computing any income, profits or losses for any tax purpose.

## PART 2

### RECONSTRUCTION AND ACQUISITION RELIEFS

#### *Reconstruction relief*

- 7
- (1) Where—
    - (a) a company (“the acquiring company”) acquires the whole or part of the undertaking of another company (“the target company”) in pursuance of a scheme for the reconstruction of the target company, and

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(b) the first, second and third conditions specified below are met,  
 a land transaction entered into for the purposes of or in connection with the transfer of the undertaking or part is exempt from charge.

Relief under this paragraph is referred to in this Part as “reconstruction relief”.

(2) The first condition is that the consideration for the acquisition consists wholly or partly of the issue of non-redeemable shares in the acquiring company to all the shareholders of the target company.

“Non-redeemable shares” means shares that are not redeemable shares.

(3) Where the consideration for the acquisition consists partly of the issue of non-redeemable shares as mentioned in the first condition, that condition is met only if the rest of the consideration consists wholly of the assumption or discharge by the acquiring company of liabilities of the target company.

(4) The second condition is that after the acquisition has been made—

- (a) each shareholder of each of the companies is a shareholder of the other, and
- (b) the proportion of shares of one of the companies held by any shareholder is the same, or as nearly as may be the same, as the proportion of shares of the other company held by that shareholder.

(5) The third condition is that the acquisition is effected for bona fide commercial reasons and does not form part of a scheme or arrangement of which the main purpose, or one of the main purposes, is the avoidance of liability to tax.

“Tax” here means stamp duty, income tax, corporation tax, capital gains tax or tax under this Part.

[<sup>F711</sup>(5A) If immediately before the acquisition the target company or the acquiring company holds any of its own shares, the shares are to be treated for the purposes of sub-paragraphs (2) and (4) as having been cancelled before the acquisition (and, accordingly, the company is to be treated as if it were not a shareholder of itself).]

(6) This paragraph is subject to paragraph 9 (withdrawal of reconstruction or acquisition relief).

#### Textual Amendments

**F711** Sch. 7 para. 7(5A) inserted (with effect in accordance with s. 74(5) of the amending Act) by [Finance Act 2007 \(c. 11\), s. 74\(3\)](#)

#### *Acquisition relief*

8 (1) Where—

- (a) a company (“the acquiring company”) acquires the whole or part of the undertaking of another company (“the target company”), and
- (b) [<sup>F712</sup>all the conditions] specified below are met,

the [<sup>F713</sup>amount] of tax chargeable on a land transaction entered into for the purposes of or in connection with the transfer of the undertaking or part is limited to [<sup>F714</sup>an amount equal to 0.5% of the chargeable consideration for the transaction].

Relief under this paragraph is referred to in this Part as “acquisition relief”.

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- (2) The first condition is that the consideration for the acquisition consists wholly or partly of the issue of non-redeemable shares in the acquiring company to—
- (a) the target company, or
  - (b) all or any of the target company’s shareholders.
- “Non-redeemable shares” means shares that are not redeemable shares.
- (3) Where the consideration for the acquisition consists partly of the issue of non-redeemable shares as mentioned in the first condition, that condition is met only if the rest of the consideration consists wholly of—
- (a) cash not exceeding 10% of the nominal value of the non-redeemable shares so issued, or
  - (b) the assumption or discharge by the acquiring company of liabilities of the target company, or
  - (c) both of those things.
- (4) The second condition is that the acquiring company is not associated with another company that is a party to arrangements with the target company relating to shares of the acquiring company issued in connection with the transfer of the undertaking or part.
- [<sup>F715</sup>(5) For this purpose companies are associated if one has control of the other or both are controlled by the same person or persons.  
The reference to control shall be construed in accordance with section 416 of the Taxes Act 1988.]
- [<sup>F716</sup>(5A) The third condition is that the undertaking or part acquired by the acquiring company has as its main activity the carrying on of a trade that does not consist wholly or mainly of dealing in chargeable interests.  
In this sub-paragraph “trade” has the same meaning as in the Taxes Act 1988.]
- [<sup>F717</sup>(5B) The fourth condition is that the acquisition is effected for bona fide commercial reasons and does not form part of arrangements of which the main purpose, or one of the main purposes, is the avoidance of liability to tax.  
“Tax” here means stamp duty, income tax, corporation tax, capital gains tax or tax under this Part.
- (5C) In this paragraph “arrangements” include any scheme, agreement or understanding, whether or not legally enforceable.]
- (6) This paragraph is subject to paragraph 9 (withdrawal of reconstruction or acquisition relief).

#### Textual Amendments

- F712** Words in Sch. 7 para. 8(1)(b) substituted (with effect in accordance with Sch. 10 para. 16(5)-(9) of the amending Act) by [Finance \(No. 2\) Act 2005 \(c. 22\)](#), [Sch. 10 para. 8\(a\)](#)
- F713** Word in Sch. 7 para. 8(1) substituted (with effect in accordance with s. 2(2) of the amending Act) by [Stamp Duty Land Tax Act 2015 \(c. 1\)](#), [Sch. para. 8\(a\)](#) (with s. 2(3)-(6))
- F714** Words in Sch. 7 para. 8(1) substituted (with effect in accordance with s. 2(2) of the amending Act) by [Stamp Duty Land Tax Act 2015 \(c. 1\)](#), [Sch. para. 8\(b\)](#) (with s. 2(3)-(6))
- F715** Sch. 7 para. 8(5) substituted (with effect in accordance with Sch. 10 para. 22(1)-(3)(5) of the amending Act) by [Finance \(No. 2\) Act 2005 \(c. 22\)](#), [Sch. 10 para. 20\(a\)](#)

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**F716** Sch. 7 para. 8(5A) inserted (with effect in accordance with Sch. 10 para. 16(5)-(9) of the amending Act) by [Finance \(No. 2\) Act 2005 \(c. 22\)](#), **Sch. 10 para. 8(b)**

**F717** Sch. 7 para. 8(5B)(5C) inserted (with effect in accordance with Sch. 10 para. 22(1)-(3)(5) of the amending Act) by [Finance \(No. 2\) Act 2005 \(c. 22\)](#), **Sch. 10 para. 20(b)**

*Withdrawal of reconstruction or acquisition relief*

- 9 (1) Where in the case of a transaction (“the relevant transaction”) that is exempt by virtue of reconstruction relief or is subject to a reduced rate of tax by virtue of acquisition relief—
- (a) control of the acquiring company changes—
    - (i) before the end of the period of three years beginning with the effective date of the transaction, or
    - (ii) in pursuance of, or in connection with, arrangements made before the end of that period,

and
  - (b) at the time control of the acquiring company changes (“the relevant time”), it or a relevant associated company holds a chargeable interest—
    - (i) that was acquired by the acquiring company under the relevant transaction, or
    - (ii) that is derived from an interest so acquired,

and that has not subsequently been acquired at market value under a chargeable transaction in relation to which reconstruction or acquisition relief was available but was not claimed,

reconstruction or acquisition relief in relation to the relevant transaction, or an appropriate proportion of it, is withdrawn and tax is chargeable in accordance with this paragraph.
- [<sup>F718</sup>(2) The amount chargeable is the tax that would have been chargeable in respect of the relevant transaction but for reconstruction or acquisition relief if the chargeable consideration for that transaction had been an amount equal to—
- (a) the market value of the subject-matter of the transaction, and
  - (b) if the acquisition was the grant of a lease at a rent, that rent,
- or, as the case may be, an appropriate proportion of the tax that would have been so chargeable.]
- (3) In sub-paragraphs (1) and (2) “an appropriate proportion” means an appropriate proportion having regard to the subject-matter of the relevant transaction and what is held at the relevant time by the acquiring company or, as the case may be, by that company and any relevant associated companies.
  - (4) In this paragraph “relevant associated company”, in relation to the acquiring company, means a company—
    - (a) that is controlled by the acquiring company immediately before the control of that company changes, and
    - (b) of which control changes in consequence of the change of control of that company.
  - (5) In this paragraph—
    - (a) “arrangements” includes any scheme, agreement or understanding, whether or not legally enforceable;

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- (b) “control” shall be construed in accordance with [F719 sections 450 and 451 of the Corporation Tax Act 2010]; and
  - (c) references to control of a company changing are to the company becoming controlled—
    - (i) by a different person,
    - (ii) by a different number of persons, or
    - (iii) by two or more persons at least one of whom is not the person, or one of the persons, by whom the company was previously controlled.
- (6) This paragraph has effect subject to paragraph 10 (cases in which reconstruction or acquisition relief not withdrawn).

#### Textual Amendments

**F718** Sch. 7 para. 9(2) substituted (with effect in accordance with Sch. 10 para. 16(2)(6)-(9) of the amending Act) by [Finance \(No. 2\) Act 2005 \(c. 22\)](#), [Sch. 10 para. 9](#)

**F719** Words in Sch. 7 para. 9(5)(b) substituted (with effect in accordance with s. 1184(1) of the amending Act) by [Corporation Tax Act 2010 \(c. 4\)](#), s. 1184(1), [Sch. 1 para. 416\(7\)](#) (with [Sch. 2](#))

#### *Cases in which reconstruction or acquisition relief not withdrawn*

- 10 (1) Reconstruction or acquisition relief is not withdrawn under paragraph 9 in the following cases.
- (2) The first case is where control of the acquiring company changes as a result of a share transaction that is effected as mentioned in any of paragraphs (a) to (d) of paragraph 3 of Schedule 3 (transactions in connection with divorce etc).
  - (3) The second case is where control of the acquiring company changes as a result of a share transaction that—
    - (a) is effected as mentioned in paragraph 4(1) of Schedule 3, and
    - (b) meets the conditions in paragraph 4(2) of that Schedule (variation of testamentary dispositions etc).
  - (4) The third case is where control of the acquiring company changes as a result of an exempt intra-group transfer.

An “exempt intra-group transfer” means a transfer of shares effected by an instrument that is exempt from stamp duty by virtue of section 42 of the Finance Act 1930 (c. 28) or section 11 of the Finance Act (Northern Ireland) 1954 (c. 23 (N. I.)) (transfers between associated bodies corporate).

But see paragraph 11 (withdrawal of relief in case of subsequent non-exempt transfer).

- (5) The fourth case is where control of the acquiring company changes as a result of a transfer of shares to another company in relation to which share acquisition relief applies.

“Share acquisition relief” means relief under section 77 of the Finance Act 1986 (c. 41) and a transfer is one in relation to which that relief applies if an instrument effecting the transfer is exempt from stamp duty by virtue of that provision. But see paragraph 11 (withdrawal in case of subsequent non-exempt transfer).

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(6) The fifth case is where—

- (a) control of the acquiring company changes as a result of a loan creditor becoming, or ceasing to be, treated as having control of the company, and
- (b) the other persons who were previously treated as controlling the company continue to be so treated.

“Loan creditor” here has the meaning given by [F720 section 453 of the Corporation Tax Act 2010].

#### **Textual Amendments**

**F720** Words in Sch. 7 para. 10(6) substituted (with effect in accordance with s. 1184(1) of the amending Act) by Corporation Tax Act 2010 (c. 4), s. 1184(1), **Sch. 1 para. 416(8)** (with Sch. 2)

#### *Withdrawal of reconstruction or acquisition relief on subsequent non-exempt transfer*

11 (1) Where paragraph 10(4) (change of control of acquiring company as a result of exempt intra-group transfer) has effect to prevent the withdrawal of reconstruction or acquisition relief on a change of control of the acquiring company, but—

- (a) a company holding shares in the acquiring company to which the exempt intra-group transfer related, or that are derived from shares to which that transfer related, ceases to be a member of the same group as the target company—
  - (i) before the end of the period of three years beginning with the effective date of the relevant transaction, or
  - (ii) in pursuance of or in connection with arrangements made before the end of that period,

and

- (b) the acquiring company or a relevant associated company, at that time (“the relevant time”), holds a chargeable interest—
  - (i) that was transferred to the acquiring company by the relevant transaction, or
  - (ii) that is derived from an interest that was so transferred,
 and that has not subsequently been transferred at market value by a chargeable transaction in relation to which reconstruction or acquisition relief was available but was not claimed,

reconstruction or acquisition relief in relation to the relevant transaction, or an appropriate proportion of it, is withdrawn and tax is chargeable in accordance with this paragraph.

(2) Where paragraph 10(5) (change of control of acquiring company as a result of a transfer to which share acquisition relief applies) has effect to prevent the withdrawal of reconstruction or acquisition relief on a change of control of the acquiring company, but—

- (a) control of the other company mentioned in that provision changes—
  - (i) before the end of the period of three years beginning with the effective date of the relevant transaction, or
  - (ii) in pursuance of or in connection with arrangements made before the end of that period,

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at a time when that company holds any shares transferred to it by the exempt transfer, or any shares derived from shares so transferred,

and

(b) the acquiring company or a relevant associated company, at that time (“the relevant time”), holds a chargeable interest—

(i) that was transferred to the acquiring company by the relevant transaction, or

(ii) that is derived from an interest that was so transferred,

and that has not subsequently been transferred at market value by a chargeable transaction in relation to which reconstruction or acquisition relief was available but was not claimed,

reconstruction or acquisition relief in relation to the relevant transaction, or an appropriate proportion of it, is withdrawn and tax is chargeable in accordance with this paragraph.

- (3) The amount chargeable is the tax that would have been chargeable in respect of the relevant transaction but for reconstruction or acquisition relief if the chargeable consideration for that transaction had been an amount equal to the market value of the subject matter of the transaction or, as the case may be, an appropriate proportion of the tax that would have been so chargeable.
- (4) In sub-paragraphs (1), (2) and (3) “an appropriate proportion” means an appropriate proportion having regard to the subject-matter of the relevant transaction and what is held at the relevant time by the acquiring company or, as the case may be, by that company and any relevant associated companies.
- (5) In this paragraph “relevant associated company”, in relation to the acquiring company, means a company—
- (a) that is controlled by the acquiring company immediately before the control of that company changes, and
- (b) of which control changes in consequence of the change of control of that company.
- (6) In this paragraph—
- (a) “arrangements” includes any scheme, agreement or understanding, whether or not legally enforceable;
- (b) “control” shall be construed in accordance with [F721sections 450 and 451 of the Corporation Tax Act 2010]; and
- (c) references to control of a company changing are to the company becoming controlled—
- (i) by a different person,
- (ii) by a different number of persons, or
- (iii) by two or more persons at least one of whom is not the person, or one of the persons, by whom the company was previously controlled.

#### Textual Amendments

**F721** Words in Sch. 7 para. 11(6)(b) substituted (with effect in accordance with s. 1184(1) of the amending Act) by [Corporation Tax Act 2010 \(c. 4\)](#), s. 1184(1), [Sch. 1 para. 416\(9\)](#) (with [Sch. 2](#))

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*Recovery of reconstruction or acquisition relief  
 from another group company or controlling director*

- 12 (1) This paragraph applies where—
- (a) tax is chargeable under paragraph 9 or 11 (withdrawal of reconstruction or acquisition relief),
  - (b) the amount so chargeable has been finally determined, and
  - (c) the whole or part of the amount so chargeable is unpaid six months after the date on which it became payable.
- (2) The following persons may, by notice under paragraph 13, be required to pay the unpaid tax—
- (a) any company that at any relevant time was a member of the same group as the acquiring company and was above it in the group structure;
  - (b) any person who at any relevant time was a controlling director of the acquiring company or a company having control of the acquiring company.
- (3) For the purposes of sub-paragraph (2) “relevant time” means any time between effective date of the relevant transaction and the change of control by virtue of which tax is chargeable.
- (4) For the purposes of sub-paragraph (2)(a) a company (“company A”) is “above” another company (“company B”) in a group structure if company B, or another company that is above company B in the group structure, is a 75% subsidiary of company A.
- (5) For the purposes of sub-paragraph (2)(b)—
- (a) “director”, in relation to a company, has the meaning given by section 67(1) of the Income Tax (Earnings and Pensions) Act 2003 (c. 1) (read with subsection (2) of that section) and includes any person falling within [F722]section 452(1) of the Corporation Tax Act 2010]; and
  - (b) “controlling director”, in relation to a company, means a director of the company who has control of it (construing control in accordance with [F723]sections 450 and 451 of the Corporation Tax Act 2010).

**Textual Amendments**

**F722** Words in Sch. 7 para. 12(5)(a) substituted (with effect in accordance with s. 1184(1) of the amending Act) by [Corporation Tax Act 2010 \(c. 4\)](#), [Sch. 1 para. 416\(10\)\(a\)](#) (with [Sch. 2](#))

**F723** Words in Sch. 7 para. 12(5)(b) substituted (with effect in accordance with s. 1184(1) of the amending Act) by [Corporation Tax Act 2010 \(c. 4\)](#), [Sch. 1 para. 416\(10\)\(b\)](#) (with [Sch. 2](#))

*Recovery of reconstruction or acquisition relief: supplementary*

- 13 (1) The Inland Revenue may serve a notice on a person within paragraph 12(2) above requiring him within 30 days of the service of the notice to pay the amount that remains unpaid.
- (2) Any such notice must be served before the end of the period of three years beginning with the date of the final determination mentioned in paragraph 12(1)(b).
- (3) The notice must state the amount required to be paid by the person on whom the notice is served.



*Status: Point in time view as at 15/03/2023.*

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- (4) The notice has effect—
- (a) for the purposes of the recovery from that person of the amount required to be paid and of interest on that amount, and
  - (b) for the purposes of appeals,
- as if it were a notice of assessment and that amount were an amount of tax due from that person.
- (5) A person who has paid an amount in pursuance of a notice under this paragraph may recover that amount from the acquiring company.
- (6) A payment in pursuance of a notice under this paragraph is not allowed as a deduction in computing any income, profits or losses for any tax purpose.

[<sup>F724</sup>SCHEDULE 7A

Section 65A

PAIF SEEDING RELIEF AND COACS SEEDING RELIEF

**Textual Amendments**

**F724** Sch. 7A inserted (with effect in accordance with Sch. 16 para. 15 of the amending Act) by [Finance Act 2016 \(c. 24\)](#), [Sch. 16 para. 4](#)

**PART 1**

PROPERTY AUTHORISED INVESTMENT FUNDS

*PAIF seeding relief*

- 1 (1) A land transaction is exempt from charge if conditions A to D are met.
- Relief under this paragraph is referred to in this Part of this Act as “PAIF seeding relief”.
- (2) Condition A is that the purchaser is a property AIF (see paragraph 2).
- (3) Condition B is that the main subject-matter of the transaction consists of a major interest in land.
- (4) Condition C is that the only consideration for the transaction is the issue of units in the property AIF to a person who is the vendor.
- (5) Condition D is that the effective date of the transaction is a day within the seeding period (see paragraph 3).
- (6) This paragraph is subject to paragraph 4 (restrictions on availability of relief) and paragraphs 5 to 8 (withdrawal of relief).

*Meaning of “property AIF”*

- 2 (1) This paragraph has effect for the purposes of this Schedule.

*Status: Point in time view as at 15/03/2023.*

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- (2) A “property AIF” is an open-ended investment company to which Part 4A of the AIF (Tax) Regulations applies.
- (3) In sub-paragraph (2) “open-ended investment company” is to be read in accordance with regulation 7(1) and (2) of those Regulations (part of an umbrella company is regarded as an open-ended investment company).
- (4) Regulation 7(3)(a) of those Regulations applies for the purposes of this Schedule as it applies for the purposes of those Regulations but as if references to investments and scheme property were a reference to chargeable interests.
- (5) References to a property AIF are treated as including a collective investment scheme which—
  - (a) is a company incorporated under the law of an EEA State <sup>F725</sup> ..., and
  - (b) is authorised under the law of that EEA State in a way which makes it, under that law, the equivalent of a property AIF as defined in sub-paragraph (2).
- (6) In sub-paragraph (5) “collective investment scheme” has the meaning given by section 235 of FSMA 2000.

#### Textual Amendments

**F725** Words in *Sch. 7A para. 2(5)(a)* omitted (31.12.2020) by virtue of *The Taxes (Amendments) (EU Exit) Regulations 2019 (S.I. 2019/689)*, regs. 1, **11(4)** (with regs. 39-41); 2020 c. 1, *Sch. 5 para. 1(1)*

#### *Meaning of “seeding period”*

- 3 (1) In this Part of this Schedule, subject to sub-paragraph (2), the “seeding period” means—
  - (a) the period beginning with the first property seeding date and ending with the date of the first external investment into the property AIF, or
  - (b) if shorter, the period of 18 months beginning with the first property seeding date.
- (2) The property AIF may elect to bring the seeding period to an end sooner than it would otherwise end under sub-paragraph (1).
 

Where an election is made, the seeding period is the period beginning with the first property seeding date and ending with the date specified in the election.
- (3) An election under sub-paragraph (2) may be made—
  - (a) by being included in a notice accompanying a claim for PAIF seeding relief (see section 65A), or
  - (b) by separate notice in writing to HMRC.
- (4) In sub-paragraphs (1) and (2), “the first property seeding date” means the earliest effective date of a transaction in respect of which conditions A to C in paragraph 1 are met.
- (5) In this paragraph—
 

“external investment” means a non-land transaction in which the vendor is an external investor;

*Status: Point in time view as at 15/03/2023.*

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“external investor” means a person other than a person who has been a vendor in a transaction—

- (a) the effective date of which is on or before the date of the non-land transaction, and
- (b) in respect of which conditions A to C in paragraph 1 are met;

“non-land transaction” means a transaction by which the property AIF acquires assets which do not consist of or include a chargeable interest.

*Restrictions on availability of relief*

- 4 (1) This paragraph restricts the availability of PAIF seeding relief for a transaction in respect of which conditions A to D in paragraph 1 are met.
- (2) PAIF seeding relief is not available unless, at the effective date of the transaction, the property AIF has arrangements in place requiring a person who is the vendor to notify the authorised corporate director of the property AIF of the following matters—
- (a) the identity of the beneficial owner of the units in the property AIF received in consideration of the transaction, and
  - (b) any disposal of units in the property AIF on or after the effective date of that transaction by that owner (or, where that person is a company, by a group company) which is or could be a relevant disposal (see paragraph 7).

In paragraph (b) “group company” means a company which is a member of the same group of companies as the person mentioned in paragraph (a) for the purposes mentioned in paragraph 1(2) of Schedule 7 (group relief).

- (3) PAIF seeding relief is not available if at the effective date of the transaction there are arrangements in existence by virtue of which, at that or some later time, a person who is the vendor makes or could make a disposal of units in the property AIF which is or could be a relevant disposal (see paragraph 7).
- (4) PAIF seeding relief is not available if the transaction—
- (a) is not effected for bona fide commercial reasons, or
  - (b) forms part of arrangements of which the main purpose, or one of the main purposes, is the avoidance of liability to tax.

“Tax” here means stamp duty, income tax, corporation tax, capital gains tax or tax under this Part.

*Withdrawal of relief: ceasing to be property AIF*

- 5 (1) Where PAIF seeding relief has been allowed in respect of a transaction (“the relevant transaction”), and the purchaser ceases to be a property AIF—
- (a) at any time after the effective date of that transaction but within the seeding period,
  - (b) at any time in the control period (see paragraph 21), or
  - (c) in pursuance of, or in connection with, arrangements made before the end of the control period,

then, subject to sub-paragraph (2), the relief, or an appropriate proportion of it, is withdrawn, and tax is chargeable in accordance with this paragraph.

- (2) Relief is withdrawn only if, at the time when the purchaser ceases to be a property AIF, the purchaser holds—

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- (a) the chargeable interest that was acquired by the purchaser under the relevant transaction, or
  - (b) a chargeable interest that is derived from that interest.
- (3) The amount chargeable is the amount that would have been chargeable in respect of the relevant transaction but for PAIF seeding relief or, as the case may be, an appropriate proportion of the tax that would have been so chargeable.
- (4) In sub-paragraphs (1) and (3) an “appropriate proportion” means an appropriate proportion having regard to the subject-matter of the relevant transaction and what is held by the purchaser at the time it ceases to be a property AIF.

*Withdrawal of relief: portfolio test not met*

- 6 (1) Where PAIF seeding relief has been allowed in respect of a transaction, and the portfolio test is not met immediately before the end of the seeding period, the relief is withdrawn and tax is chargeable in accordance with sub-paragraph (2).
- See sub-paragraph (7) for the meaning of “portfolio test”.
- (2) The amount chargeable is the amount that would have been chargeable in respect of the transaction but for PAIF seeding relief.
- (3) Where PAIF seeding relief has been allowed in respect of a transaction (“the relevant transaction”), and the portfolio test is met immediately before the end of the seeding period, but is not met—
- (a) at a time in the control period, or
  - (b) at a time after the end of the control period, where the failure is pursuant to or in connection with arrangements made before the end of that period,
- then, subject to sub-paragraph (4), the relief, or an appropriate proportion of it, is withdrawn, and tax is chargeable in accordance with sub-paragraph (5).
- (4) The requirement to meet the portfolio test at a time mentioned in sub-paragraph (3) (a) or (b) applies only to times when the property AIF holds—
- (a) the chargeable interest that was acquired by the property AIF under the relevant transaction, or
  - (b) a chargeable interest that is derived from that interest.
- (5) The amount chargeable is the amount that would have been chargeable in respect of the relevant transaction but for PAIF seeding relief or, as the case may be, an appropriate proportion of the tax that would have been so chargeable.
- (6) In sub-paragraphs (3) and (5) an “appropriate proportion” means an appropriate proportion having regard to the subject-matter of the relevant transaction and what is held by the property AIF at the time when the portfolio test is not met.
- (7) The portfolio test is a requirement that the property AIF meets—
- (a) the non-residential portfolio test (see sub-paragraph (8)), or
  - (b) the residential portfolio test (see sub-paragraph (9)).
- (8) The “non-residential portfolio test” is met at any time if—
- (a) the property AIF holds at least 10 seeded interests at that time,

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- (b) so much of the total chargeable consideration as is attributable to all the seeded interests held by the property AIF at that time (“the seeded portfolio”) is at least £100 million, and
  - (c) so much of the total chargeable consideration as is attributable to so many of those seeded interests as are interests in or over residential property (if any) does not exceed 10% of the seeded portfolio.
- (9) The “residential portfolio test” is met at any time if—
- (a) so much of the total chargeable consideration as is attributable to all the seeded interests held by the property AIF at that time is at least £100 million, and
  - (b) at least 100 of the seeded interests held by the property AIF at that time are interests in or over residential property.
- (10) In sub-paragraphs (8) and (9)—
- “seeded interest” means a chargeable interest acquired by the property AIF in a transaction for which PAIF seeding relief is allowed (whether or not relief is subsequently withdrawn to any extent) (a “seeding transaction”), and
  - “total chargeable consideration” means the total of the chargeable consideration for all seeding transactions.
- (11) For the purposes of this paragraph, section 116(7) does not apply (modification of what counts as residential property).

*Withdrawal of relief: units disposed of*

- 7 (1) This paragraph applies where—
- (a) a person (“V”) makes a relevant disposal of one or more units in a property AIF—
    - (i) at any time in the seeding period,
    - (ii) at any time in the control period, or
    - (iii) in pursuance of, or in connection with, arrangements made before the end of the control period, and
  - (b) there is, in relation to that disposal, a relevant seeding transaction (see sub-paragraph (6)).
- (2) In respect of a transaction which is, in relation to the relevant disposal, a relevant seeding transaction—
- (a) PAIF seeding relief is withdrawn to the extent set out in this paragraph, and
  - (b) tax is chargeable in accordance with this paragraph.
- (3) V's disposal of units in a property AIF is a “relevant disposal” for the purposes of this paragraph if, in relation to the disposal, A exceeds B.
- (4) In this paragraph—
- “A” means—
    - (a) where the value of V's investment in the property AIF immediately before the disposal is equal to or greater than the total of the chargeable consideration for all relevant seeding transactions, the total of the chargeable consideration for all relevant seeding transactions, or
    - (b) where the value of V's investment in the property AIF immediately before the disposal is less than the total of the chargeable consideration

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for all relevant seeding transactions, the value of V's investment in the property AIF immediately before the disposal, and  
“B” means the value of V's investment in the property AIF immediately after the disposal.

(5) The amount chargeable in respect of a relevant seeding transaction (“RST”) is—

$$\frac{C}{CCRST} \times SDLT$$

where—

“C” means the difference between A and B;

“CCRST” means the total of the chargeable consideration for all relevant seeding transactions;

“SDLT” means the amount of tax that would have been chargeable in respect of RST but for PAIF seeding relief, ignoring any amount of tax that has been charged under this paragraph in respect of RST in relation to an earlier disposal of units by V.

(6) In this paragraph—

“group company” means (where V is a company) a company which is a member of the same group of companies as V for the purposes mentioned in paragraph 1(2) of Schedule 7 (group relief);

“relevant seeding transaction”, in relation to a disposal of units by V in a property AIF, means a seeding transaction—

- (a) the effective date of which is, or is before, the date of the disposal,
- (b) in which that property AIF is the purchaser, and
- (c) in which a vendor is—
  - (i) V, or
  - (ii) (where V is a company) a company which is a group company at the time of the disposal;

“seeding transaction” means a transaction in respect of which PAIF seeding relief is allowed (whether or not relief is subsequently withdrawn to any extent);

“the value of V's investment in the property AIF” at a particular time means the market value of all units in the property AIF held at that time by—

- (a) V, and
- (b) (where V is a company) a company which—
  - (i) is a group company at that time, and
  - (ii) before that time, has been a vendor in one or more seeding transactions in which the property AIF was the purchaser.

(7) For the purposes of this paragraph, the “market value” on a particular date of units in the property AIF is an amount equal to the buying price (that is, the lower price) published by the authorised corporate director on that date (or, if no such price is published on that date, on the latest date before).

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*Withdrawal of relief: dwelling occupied by non-qualifying individual*

- 8 (1) This paragraph applies to a transaction (“the relevant transaction”) if—
- (a) PAIF seeding relief has been allowed in respect of the transaction,
  - (b) the main subject-matter of the transaction consists of a chargeable interest in or over land which is or includes a dwelling, and
  - (c) a non-qualifying individual (see paragraph 9) is permitted to occupy the dwelling at any time on or after the effective date of the transaction.

The dwelling which a non-qualifying individual is permitted to occupy is referred to as “the disqualifying dwelling”.

- (2) The relief, or an appropriate proportion of it, is withdrawn, and tax is chargeable in accordance with this paragraph.

This is subject to sub-paragraphs (3) and (4).

- (3) Relief is withdrawn only if, at the time a non-qualifying individual is permitted to occupy the disqualifying dwelling, the property AIF holds a chargeable interest in or over that dwelling—

- (a) that was acquired by the property AIF under the relevant transaction, or
- (b) that is derived from an interest so acquired.

- (4) Where a non-qualifying individual is first permitted to occupy the disqualifying dwelling at a time after the end of the control period, relief is withdrawn only if, at that time, the purchaser in the relevant transaction fails to meet the genuine diversity of ownership condition set out in regulation 9A of the AIF (Tax) Regulations.

For the purposes of this sub-paragraph, regulation 9A(2)(a) of those Regulations is to be read as if the words “throughout the accounting period” were omitted.

- (5) The amount chargeable is the amount that would have been chargeable in respect of the relevant transaction but for PAIF seeding relief or, as the case may be, an appropriate proportion of the tax that would have been so chargeable.
- (6) In sub-paragraphs (2) and (5), an “appropriate proportion” means an appropriate proportion having regard to the extent to which the subject-matter of the relevant transaction was an interest in or over land other than the disqualifying dwelling.

- 9 (1) In paragraph 8 “non-qualifying individual”, in relation to a land transaction and a property AIF, means any of the following—

- (a) an individual who is a major participant in the property AIF;
- (b) an individual who is connected with a major participant in the property AIF;
- (c) an individual who is connected with the property AIF;
- (d) a relevant settlor;
- (e) the spouse or civil partner of an individual falling within paragraph (b), (c) or (d);
- (f) a relative of an individual falling within paragraph (b), (c) or (d), or the spouse or civil partner of a relative of an individual falling within paragraph (b), (c) or (d);
- (g) a relative of the spouse or civil partner of an individual falling within paragraph (b), (c) or (d);
- (h) the spouse or civil partner of an individual falling within paragraph (g).

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- (2) An individual who participates in a property AIF is a “major participant” in it if the individual—
- (a) is entitled to a share of at least 50% either of all the profits or income arising from the property AIF or of any profits or income arising from it that may be distributed to participants, or
  - (b) would in the event of the winding up of the property AIF be entitled to 50% or more of the assets of the property AIF that would then be available for distribution among the participants.
- (3) The reference in sub-paragraph (2)(a) to profits or income arising from the property AIF is to profits or income arising from the acquisition, holding, management or disposal of the property subject to the property AIF.
- (4) In this paragraph—
- “relative” means brother, sister, ancestor or lineal descendant;
  - “relevant settlor”, in relation to a land transaction, means an individual who is a settlor in relation to a relevant settlement (as defined in sub-paragraph (5));
  - “settlement” has the same meaning as in Chapter 5 of Part 5 of ITTOIA 2005 (see section 620 of that Act).
- (5) Where a person, in the capacity of trustee of a settlement, is connected with a person who is the purchaser under a land transaction, that settlement is a “relevant settlement” in relation to the transaction.
- (6) In sub-paragraph (5) “trustee” is to be read in accordance with section 1123(3) of CTA 2010 (“connected” persons: supplementary).
- (7) Section 1122 of CTA 2010 (connected persons) has effect for the purposes of this paragraph, but for those purposes, subsections (7) and (8) of that section (application of rules about connected persons to partnerships) are to be disregarded.

## PART 2

### CO-OWNERSHIP AUTHORISED CONTRACTUAL SCHEMES

#### *COACS seeding relief*

- 10 (1) A land transaction is exempt from charge if conditions A to D are met.
- Relief under this paragraph is referred to in this Part of this Act as “COACS seeding relief”.
- (2) Condition A is that the purchaser is a co-ownership authorised contractual scheme (see section 102A).
  - (3) Condition B is that the main subject-matter of the transaction consists of a major interest in land.
  - (4) Condition C is that the only consideration for the transaction is the issue of units in the co-ownership authorised contractual scheme to a person who is the vendor.
  - (5) Condition D is that the effective date of the transaction is a day within the seeding period (see paragraph 11).



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- (6) This paragraph is subject to paragraph 12 (restrictions on availability of relief) and paragraphs 13, 14, 16, 17 and 18 (withdrawal of relief).

*Meaning of “seeding period”*

- 11 (1) In this Part of this Schedule, subject to sub-paragraph (2), the “seeding period” means—
- (a) the period beginning with the first property seeding date and ending with the date of the first external investment into the co-ownership authorised contractual scheme, or
  - (b) if shorter, the period of 18 months beginning with the first property seeding date.
- (2) The co-ownership authorised contractual scheme may elect to bring the seeding period to an end sooner than it would otherwise end under sub-paragraph (1).
- Where an election is made, the seeding period is the period beginning with the first property seeding date and ending with the date specified in the election.
- (3) An election under sub-paragraph (2) may be made—
- (a) by being included in a notice accompanying a claim for COACS seeding relief (see section 65A), or
  - (b) by separate notice in writing to HMRC.
- (4) In sub-paragraphs (1) and (2), “the first property seeding date” means the earliest effective date of a transaction in respect of which conditions A to C in paragraph 10 are met.
- (5) In this paragraph—
- “external investment” means a non-land transaction in which the vendor is an external investor;
  - “external investor” means a person other than a person who has been a vendor in a transaction—
    - (a) the effective date of which is on or before the date of the non-land transaction, and
    - (b) in respect of which conditions A to C in paragraph 10 are met;
  - “non-land transaction” means a transaction by which the scheme acquires assets which do not consist of or include a chargeable interest.

*Restrictions on availability of relief*

- 12 (1) This paragraph restricts the availability of COACS seeding relief for a transaction in respect of which conditions A to D in paragraph 10 are met.
- (2) COACS seeding relief is not available unless, at the effective date of the transaction, the arrangements constituting the co-ownership authorised contractual scheme require a person who is the vendor to notify the operator of the scheme of the following matters—
- (a) the identity of the beneficial owner of the units in the scheme received in consideration of the transaction, and

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- (b) any disposal of units in the scheme on or after the effective date of that transaction by that owner (or, where that person is a company, by a group company) which is or could be a relevant disposal (see paragraph 17).

In paragraph (b) “group company” means a company which is a member of the same group of companies as the person mentioned in paragraph (a) for the purposes mentioned in paragraph 1(2) of Schedule 7 (group relief).

- (3) COACS seeding relief is not available if at the effective date of the transaction there are arrangements in existence by virtue of which, at that or some later time, a person who is the vendor makes or could make a disposal of units in the co-ownership authorised contractual scheme which is or could be a relevant disposal (see paragraph 17).
- (4) COACS seeding relief is not available if the transaction—
- (a) is not effected for bona fide commercial reasons, or
  - (b) forms part of arrangements of which the main purpose, or one of the main purposes, is the avoidance of liability to tax.

“Tax” here means stamp duty, income tax, corporation tax, capital gains tax or tax under this Part.

*Withdrawal of relief: ceasing to be co-ownership authorised contractual scheme*

- 13 (1) Where COACS seeding relief has been allowed in respect of a transaction (“the relevant transaction”), and the purchaser ceases to be a co-ownership authorised contractual scheme—
- (a) at any time after the effective date of that transaction but within the seeding period,
  - (b) at any time in the control period (see paragraph 21), or
  - (c) in pursuance of, or in connection with, arrangements made before the end of the control period,
- then, subject to sub-paragraph (2), the relief, or an appropriate proportion of it, is withdrawn, and tax is chargeable in accordance with this paragraph.
- (2) Relief is withdrawn only if, at the time when the purchaser ceases to be a co-ownership authorised contractual scheme, the purchaser holds—
- (a) the chargeable interest that was acquired by the purchaser under the relevant transaction, or
  - (b) a chargeable interest that is derived from that interest.
- (3) The amount chargeable is the amount that would have been chargeable in respect of the relevant transaction but for COACS seeding relief or, as the case may be, an appropriate proportion of the tax that would have been so chargeable.
- (4) In sub-paragraphs (1) and (3) an “appropriate proportion” means an appropriate proportion having regard to the subject-matter of the relevant transaction and what is held by the purchaser at the time it ceases to be a co-ownership authorised contractual scheme.

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*Withdrawal of relief: genuine diversity of ownership condition not met*

- 14 (1) Where COACS seeding relief has been allowed in respect of a transaction (“the relevant transaction”), and the genuine diversity of ownership condition (see paragraph 15) is not met—
- (a) immediately before the end of the seeding period,
  - (b) at a time in the control period, or
  - (c) at a time after the end of the control period, where the failure is pursuant to or in connection with arrangements made before the end of that period,
- then, subject to sub-paragraph (2), the relief, or an appropriate proportion of it, is withdrawn, and tax is chargeable in accordance with this paragraph.
- (2) The requirement to meet the genuine diversity of ownership condition at a time mentioned in sub-paragraph (1) applies only to times when the co-ownership authorised contractual scheme holds—
- (a) the chargeable interest that was acquired by the scheme under the relevant transaction, or
  - (b) a chargeable interest that is derived from that interest.
- (3) The amount chargeable is the amount that would have been chargeable in respect of the relevant transaction but for COACS seeding relief or, as the case may be, an appropriate proportion of the tax that would have been so chargeable.
- (4) In sub-paragraphs (1) and (3) an “appropriate proportion” means an appropriate proportion having regard to the subject-matter of the relevant transaction and what is held by the scheme at the time when the genuine diversity of ownership condition is not met.
- (5) For the purposes of this paragraph, the operator of a co-ownership authorised contractual scheme may apply to HMRC in writing for clearance that the scheme meets the genuine diversity of ownership condition, and where an application is made, HMRC must notify the scheme of its decision within 28 days of the receipt of all the information that is needed to make the decision.
- (6) Any such clearance has effect only for so long as the information on which HMRC relies in granting clearance is materially unchanged and the scheme is operated in accordance with it (including, in particular, continuing to operate in accordance with condition C of the genuine diversity of ownership condition).

*Genuine diversity of ownership condition*

- 15 (1) This paragraph has effect for the purposes of paragraphs 14 and 18(4).
- (2) A co-ownership authorised contractual scheme meets the genuine diversity of ownership condition at any time when it meets conditions A to C.
- (3) Condition A is that the scheme documents, which are available to investors and to HMRC, contain—
- (a) a statement specifying the intended categories of investor,
  - (b) an undertaking that units in the scheme will be widely available, and
  - (c) an undertaking that units in the scheme will be marketed and made available in accordance with the requirements of sub-paragraph (6)(a).
- (4) Condition B is that—

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- (a) the specification of the intended categories of investor does not have a limiting or deterrent effect, and
  - (b) any other terms or conditions governing participation in the scheme do not have a limiting or deterrent effect.
- (5) In sub-paragraph (4) “limiting or deterrent effect” means an effect which—
- (a) limits investors to a limited number of specific persons or specific groups of connected persons, or
  - (b) deters a reasonable investor falling within one of (what are specified as) the intended categories of investor from investing in the scheme.
- (6) Condition C is that—
- (a) units in the scheme are marketed and made available—
    - (i) sufficiently widely to reach the intended categories of investors, and
    - (ii) in a manner appropriate to attract those categories of investors, and
  - (b) a person who falls within one of the intended categories of investors can, upon request to the operator of the scheme, obtain information about the scheme and acquire units in it.
- (7) A scheme is not regarded as failing to meet condition C at any time by reason of the scheme's having, at that time, no capacity to receive additional investments, unless—
- (a) the capacity of the scheme to receive investments in it is fixed by the scheme documents (or otherwise), and
  - (b) a pre-determined number of specific persons or specific groups of connected persons make investments in the scheme which collectively exhaust all, or substantially all, of that capacity.
- (8) A co-ownership authorised contractual scheme also meets the genuine diversity of ownership condition at any time when—
- (a) there is a feeder fund in relation to the scheme (see paragraph 20), and
  - (b) conditions A to C are met in relation to the scheme after taking into account—
    - (i) the scheme documents relating to the feeder fund, and
    - (ii) the intended investors in the feeder fund.
- (9) Section 1122 of CTA 2010 (connected persons) has effect for the purposes of this paragraph.

*Withdrawal of relief: portfolio test not met*

- 16 (1) Where COACS seeding relief has been allowed in respect of a transaction, and the portfolio test is not met immediately before the end of the seeding period, the relief is withdrawn and tax is chargeable in accordance with sub-paragraph (2).
- See sub-paragraph (7) for the meaning of “portfolio test”.
- (2) The amount chargeable is the amount that would have been chargeable in respect of the transaction but for COACS seeding relief.
- (3) Where COACS seeding relief has been allowed in respect of a transaction (“the relevant transaction”), and the portfolio test is met immediately before the end of the seeding period, but is not met—
- (a) at a time in the control period, or

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- (b) at a time after the end of the control period, where the failure is pursuant to or in connection with arrangements made before the end of that period, then, subject to sub-paragraph (4), the relief, or an appropriate proportion of it, is withdrawn, and tax is chargeable in accordance with sub-paragraph (5).
- (4) The requirement to meet the portfolio test at a time mentioned in sub-paragraph (3) (a) or (b) applies only to times when the co-ownership authorised contractual scheme holds—
- (a) the chargeable interest that was acquired by the scheme under the relevant transaction, or
- (b) a chargeable interest that is derived from that interest.
- (5) The amount chargeable is the amount that would have been chargeable in respect of the relevant transaction but for COACS seeding relief or, as the case may be, an appropriate proportion of the tax that would have been so chargeable.
- (6) In sub-paragraphs (3) and (5) an “appropriate proportion” means an appropriate proportion having regard to the subject-matter of the relevant transaction and what is held by the scheme at the time when the portfolio test is not met.
- (7) The portfolio test is a requirement that the scheme meets—
- (a) the non-residential portfolio test (see sub-paragraph (8)), or
- (b) the residential portfolio test (see sub-paragraph (9)).
- (8) The “non-residential portfolio test” is met at any time if—
- (a) the scheme holds at least 10 seeded interests at that time,
- (b) so much of the total chargeable consideration as is attributable to all the seeded interests held by the scheme at that time (“the seeded portfolio”) is at least £100 million, and
- (c) so much of the total chargeable consideration as is attributable to so many of those seeded interests as are interests in or over residential property (if any) does not exceed 10% of the seeded portfolio.
- (9) The “residential portfolio test” is met at any time if—
- (a) so much of the total chargeable consideration as is attributable to all the seeded interests held by the scheme at that time is at least £100 million, and
- (b) at least 100 of the seeded interests held by the scheme at that time are interests in or over residential property.
- (10) In sub-paragraphs (8) and (9)—
- “seeded interest” means a chargeable interest acquired by the scheme in a transaction for which COACS seeding relief is allowed (whether or not relief is subsequently withdrawn to any extent) (a “seeding transaction”), and
- “total chargeable consideration” means the total of the chargeable consideration for all seeding transactions.
- (11) For the purposes of this paragraph, section 116(7) does not apply (modification of what counts as residential property).

*Withdrawal of relief: units disposed of*

- 17 (1) This paragraph applies where—

*Status: Point in time view as at 15/03/2023.*

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- (a) a person (“V”) makes a relevant disposal of one or more units in a co-ownership authorised contractual scheme—
- (i) at any time in the seeding period,
  - (ii) at any time in the control period, or
  - (iii) in pursuance of, or in connection with, arrangements made before the end of the control period, and
- (b) there is, in relation to that disposal, a relevant seeding transaction (see subparagraph (6)).
- (2) In respect of a transaction which is, in relation to the relevant disposal, a relevant seeding transaction—
- (a) COACS seeding relief is withdrawn to the extent set out in this paragraph, and
  - (b) tax is chargeable in accordance with this paragraph.
- (3) V's disposal of units in a scheme is a “relevant disposal” for the purposes of this paragraph if, in relation to the disposal, A exceeds B.
- (4) In this paragraph—
- “A” means—
- (a) where the value of V's investment in the scheme immediately before the disposal is equal to or greater than the total of the chargeable consideration for all relevant seeding transactions, the total of the chargeable consideration for all relevant seeding transactions, or
  - (b) where the value of V's investment in the scheme immediately before the disposal is less than the total of the chargeable consideration for all relevant seeding transactions, the value of V's investment in the scheme immediately before the disposal, and
- “B” means the value of V's investment in the scheme immediately after the disposal.
- (5) The amount chargeable in respect of a relevant seeding transaction (“RST”) is—

$$\frac{C}{CCRST} \times SDLT$$

where—

“C” means the difference between A and B;

“CCRST” means the total of the chargeable consideration for all relevant seeding transactions;

“SDLT” means the amount of tax that would have been chargeable in respect of RST but for COACS seeding relief, ignoring any amount of tax that has been charged under this paragraph in respect of RST in relation to an earlier disposal of units by V.

- (6) In this paragraph—

“group company” means (where V is a company) a company which is a member of the same group of companies as V for the purposes mentioned in paragraph 1(2) of Schedule 7 (group relief);

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“relevant seeding transaction”, in relation to a disposal of units by V in a co-ownership authorised contractual scheme, means a seeding transaction—

- (a) the effective date of which is, or is before, the date of the disposal,
- (b) in which that scheme is the purchaser, and
- (c) in which a vendor is—
  - (i) V, or
  - (ii) (where V is a company) a company which is a group company at the time of the disposal;

“seeding transaction” means a transaction in respect of which COACS seeding relief is allowed (whether or not relief is subsequently withdrawn to any extent);

“the value of V's investment in the scheme” at a particular time means the market value of all units in the co-ownership authorised contractual scheme held at that time by—

- (a) V, and
- (b) (where V is a company) a company which—
  - (i) is a group company at that time, and
  - (ii) before that time, has been a vendor in one or more seeding transactions in which the scheme was the purchaser.

- (7) For the purposes of this paragraph, the “market value” on a particular date of units in the scheme is an amount equal to the buying price (that is, the lower price) published by the operator on that date (or, if no such price is published on that date, on the latest date before).

*Withdrawal of relief: dwelling occupied by non-qualifying individual*

- 18 (1) This paragraph applies to a transaction (“the relevant transaction”) if—
- (a) COACS seeding relief has been allowed in respect of the transaction,
  - (b) the main subject-matter of the transaction consists of a chargeable interest in or over land which is or includes a dwelling, and
  - (c) a non-qualifying individual (see paragraph 19) is permitted to occupy the dwelling at any time on or after the effective date of the transaction.

The dwelling which a non-qualifying individual is permitted to occupy is referred to as “the disqualifying dwelling”.

- (2) The relief, or an appropriate proportion of it, is withdrawn, and tax is chargeable in accordance with this paragraph.

This is subject to sub-paragraphs (3) and (4).

- (3) Relief is withdrawn only if, at the time a non-qualifying individual is permitted to occupy the disqualifying dwelling, the co-ownership authorised contractual scheme holds a chargeable interest in or over that dwelling—

- (a) that was acquired by the scheme under the relevant transaction, or
- (b) that is derived from an interest so acquired.

- (4) Where a non-qualifying individual is first permitted to occupy the disqualifying dwelling at a time after the end of the control period, relief is withdrawn only if, at that time, the scheme fails to meet the genuine diversity of ownership condition (see paragraph 15).

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- (5) The amount chargeable is the amount that would have been chargeable in respect of the relevant transaction but for COACS seeding relief or, as the case may be, an appropriate proportion of the tax that would have been so chargeable.
- (6) In sub-paragraphs (2) and (5), an “appropriate proportion” means an appropriate proportion having regard to the extent to which the subject-matter of the relevant transaction was an interest in or over land other than the disqualifying dwelling.
- 19 (1) In paragraph 18 “non-qualifying individual”, in relation to a land transaction and a co-ownership authorised contractual scheme, means any of the following—
- (a) an individual who is a major participant in the scheme;
  - (b) an individual who is connected with a major participant in the scheme;
  - (c) an individual who is connected with the operator of the scheme (see section 102A) or the depository of the scheme;
  - (d) a relevant settlor;
  - (e) the spouse or civil partner of an individual falling within paragraph (b), (c) or (d);
  - (f) a relative of an individual falling within paragraph (b), (c) or (d), or the spouse or civil partner of a relative of an individual falling within paragraph (b), (c) or (d);
  - (g) a relative of the spouse or civil partner of an individual falling within paragraph (b), (c) or (d);
  - (h) the spouse or civil partner of an individual falling within paragraph (g).
- (2) An individual who participates in a scheme is a “major participant” in it if the individual—
- (a) is entitled to a share of at least 50% either of all the profits or income arising from the scheme or of any profits or income arising from it that may be distributed to participants, or
  - (b) would in the event of the winding up of the scheme be entitled to 50% or more of the assets of the scheme that would then be available for distribution among the participants.
- (3) The reference in sub-paragraph (2)(a) to profits or income arising from the scheme is to profits or income arising from the acquisition, holding, management or disposal of the property subject to the scheme.
- (4) In this paragraph—
- “depository”, in relation to a co-ownership authorised contractual scheme, means the person to whom the property subject to the scheme is entrusted for safekeeping;
- “relative” means brother, sister, ancestor or lineal descendant;
- “relevant settlor”, in relation to a land transaction, means an individual who is a settlor in relation to a relevant settlement (as defined in sub-paragraph (5));
- “settlement” has the same meaning as in Chapter 5 of Part 5 of ITTOIA 2005 (see section 620 of that Act).
- (5) Where a person, in the capacity of trustee of a settlement, is connected with a person who is the purchaser under a land transaction, that settlement is a “relevant settlement” in relation to the transaction.



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- (6) In sub-paragraph (5) “trustee” is to be read in accordance with section 1123(3) of CTA 2010 (“connected” persons: supplementary).
- (7) Section 1122 of CTA 2010 (connected persons) has effect for the purposes of this paragraph, but for those purposes, subsections (7) and (8) of that section (application of rules about connected persons to partnerships) are to be disregarded.

### PART 3

#### INTERPRETATION

##### *“Feeder fund” and “units”*

- 20 In this Schedule—
- a “feeder fund” of a property AIF means a unit trust scheme—
    - (a) one of the main objects of which is investment in the property AIF, and
    - (b) which is managed by the same person as the property AIF;
  - a “feeder fund” of a co-ownership authorised contractual scheme means an open-ended investment company, an offshore fund or a unit trust scheme—
    - (a) one of the main objects of which is investment in the co-ownership authorised contractual scheme, and
    - (b) which is managed by the same person as the scheme;
  - “units in the property AIF” means—
    - (a) units in the property AIF (and, where the property AIF is a part of an umbrella company as mentioned in regulation 7(1) and (2) of the AIF (Tax) Regulations, this means units in the separate pool to which that part of the umbrella company relates), and
    - (b) units in a feeder fund of the property AIF;
  - “units in the co-ownership authorised contractual scheme” means—
    - (a) units in the co-ownership authorised contractual scheme (and, where the co-ownership authorised contractual scheme is a sub-scheme of an umbrella COACS (see section 102A(3) and (4)), this means units in the separate pool to which that sub-scheme relates), and
    - (b) units in a feeder fund of the scheme;
- “units” means the rights or interests (however described) of the participants in the property AIF or the co-ownership authorised contractual scheme.

##### *Interpretation of other terms*

- 21 In this Schedule—
- the “AIF (Tax) Regulations” means the Authorised Investment Funds (Tax) Regulations 2006 (S.I. 2006/964);
  - “arrangements” includes any scheme, agreement or understanding, whether or not legally enforceable;
  - “attributable” means attributable on a just and reasonable basis;
  - “authorised corporate director”, in relation to a property AIF, has the same meaning as in regulation 8 of the AIF (Tax) Regulations;
  - “COACS seeding relief” means relief under paragraph 10;

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“control period” means the period of 3 years beginning with the day following the last day of the seeding period;

“co-ownership authorised contractual scheme” is to be construed in accordance with section 102A (see in particular subsections (2), (5), (7) and (8) of that section);

“CTA 2010” means the Corporation Tax Act 2010;

“FSMA 2000” means the Financial Services and Markets Act 2000;

the “genuine diversity of ownership condition”, in relation to a co-ownership authorised contractual scheme, has the meaning given by paragraph 15;

“ITTOIA 2005” means the Income Tax (Trading and Other Income) Act 2005;

“non-qualifying individual” has the meaning given by paragraph 9 (in relation to a property AIF) and paragraph 19 (in relation to a co-ownership authorised contractual scheme);

“offshore fund” has the meaning given by section 355 of the Taxation (International and Other Provisions) Act 2010;

“open-ended investment company” has the meaning given by section 236 of FSMA 2000;

“operator”, in relation to a co-ownership authorised contractual scheme, has the same meaning as in section 102A;

“PAIF seeding relief” means relief under paragraph 1;

“participant” is to be read in accordance with section 235 of FSMA 2000;

“portfolio test” has the meaning given by paragraph 6(7) (in relation to a property AIF) and paragraph 16(7) (in relation to a co-ownership authorised contractual scheme);

“property AIF” is to be construed in accordance with paragraph 2 (see in particular sub-paragraphs (2), (3) and (5) of that paragraph);

“relevant disposal” has the meaning given by paragraph 7(3) (in relation to a property AIF) and paragraph 17(3) (in relation to a co-ownership authorised contractual scheme);

“seeding period” has the meaning given by paragraph 3 (in relation to a property AIF) and paragraph 11 (in relation to a co-ownership authorised contractual scheme);

“unit trust scheme” has the meaning given by section 237(1) of FSMA 2000.]

## SCHEDULE 8

Section 68

### STAMP DUTY LAND TAX: CHARITIES RELIEF

#### *Charities relief*

- 1 (1) A land transaction is exempt from charge if the purchaser is a charity and the following conditions are met.

Relief under [<sup>F726</sup>this Schedule] is referred to in this Part as “charities relief”.

*Status: Point in time view as at 15/03/2023.*

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- (2) The first condition is that the purchaser must intend to hold the subject-matter of the transaction for qualifying charitable purposes,<sup>F727</sup> ...
- (3) The second condition is that the transaction must not have [<sup>F728</sup>been] entered into for the purpose of avoiding tax under this Part (whether by the purchaser or any other person).
- [<sup>F729</sup>3A) For the purposes of this Schedule, a charity (“C”) holds a chargeable interest for qualifying charitable purposes if it holds it—
- (a) for use in furtherance of the charitable purposes of C or another charity, or
  - (b) as an investment from which the profits are applied to the charitable purposes of C.]
- <sup>F730</sup>(4) .....

#### Textual Amendments

- F726** Words in Sch. 8 para. 1(1) substituted (with effect in accordance with s. 302(7) of the amending Act) by [Finance Act 2004 \(c. 12\), s. 302\(3\)](#)
- F727** Words in Sch. 8 para. 1(2) omitted (with effect in accordance with Sch. 23 para. 5 of the amending Act) by virtue of [Finance Act 2014 \(c. 26\), Sch. 23 para. 2\(a\)](#)
- F728** Word in Sch. 8 para. 1(3) substituted (with effect in accordance with Sch. 23 para. 5 of the amending Act) by [Finance Act 2014 \(c. 26\), Sch. 23 para. 2\(b\)](#)
- F729** Sch. 8 para. 1(3A) inserted (with effect in accordance with Sch. 23 para. 5 of the amending Act) by [Finance Act 2014 \(c. 26\), Sch. 23 para. 2\(c\)](#)
- F730** Sch. 8 para. 1(4) omitted (with effect in accordance with art. 14 of the amending S.I.) by virtue of [Finance Act 2010 \(c. 13\), Sch. 6 paras. 19, 34\(2\); S.I. 2012/736, art. 14](#)

#### *Withdrawal of charities relief*

- 2 (1) Where in the case of a transaction (“the relevant transaction”) that is exempt by virtue of [<sup>F731</sup>this Schedule] —
- (a) a disqualifying event occurs—
    - (i) before the end of the period of three years beginning with the effective date of the transaction, or
    - (ii) in pursuance of, or in connection with, arrangements made before the end of that period,
  - and
  - (b) at the time of the disqualifying event the purchaser holds a chargeable interest—
    - (i) that was acquired by the purchaser under the relevant transaction, or
    - (ii) that is derived from an interest so acquired,
- charities relief in relation to the relevant transaction, or an appropriate proportion of it, is withdrawn and tax is chargeable in accordance with this paragraph.
- (2) The amount chargeable is the amount that would have been chargeable in respect of the relevant transaction but for charities relief or, as the case may be, an appropriate proportion of the tax that would have been so chargeable.
- (3) For the purposes of this paragraph a “disqualifying event” means—

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- (a) the purchaser ceasing to be established for charitable purposes only, or
  - (b) the subject-matter of the transaction, or any interest or right derived from it, being used or held by the purchaser otherwise than for qualifying charitable purposes.
- (4) In sub-paragraphs (1) and (2) an “appropriate proportion” means an appropriate proportion having regard to—
- (a) what was acquired by the purchaser under the relevant transaction and what is held by the purchaser at the time of the disqualifying event, and
  - (b) the extent to which what is held by the purchaser at that time becomes used or held for purposes other than qualifying charitable purposes.
- (5) In this paragraph “qualifying charitable purposes” has the same meaning as in paragraph 1.

#### Textual Amendments

**F731** Words in Sch. 8 para. 2(1) substituted (with effect in accordance with s. 302(7) of the amending Act) by [Finance Act 2004 \(c. 12\), s. 302\(4\)](#)

#### *[<sup>F732</sup>Cases where first condition not fully met*

#### Textual Amendments

**F732** Sch. 8 para. 3 and cross-heading inserted (with effect in accordance with s. 302(7) of the amending Act) by [Finance Act 2004 \(c. 12\), s. 302\(1\)](#)

- 3 (1) This paragraph applies where—
- (a) a land transaction is not exempt from charge under paragraph 1 because the first condition in that paragraph is not met, but
  - (b) the purchaser (“C”) intends to hold the greater part of the subject-matter of the transaction for qualifying charitable purposes.
- (2) In such a case—
- (a) the transaction is exempt from charge, but
  - (b) for the purposes of paragraph 2 (withdrawal of charities relief) “disqualifying event” includes—
    - (i) any transfer by C of a major interest in the whole or any part of the subject-matter of the transaction, or
    - (ii) any grant by C at a premium of a low-rental lease of the whole or any part of that subject-matter,
 that is not made in furtherance of the charitable purposes of C.
- (3) For the purposes of sub-paragraph (2)(b)(ii)—
- (a) a lease is granted “at a premium” if there is consideration other than rent, and
  - (b) a lease is a “low-rental” lease if the annual rent (if any) [<sup>F733</sup>is less than £1,000] a year.
- (4) In relation to a transaction that, by virtue of this paragraph, is a disqualifying event for the purposes of paragraph 2—

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- (a) the date of the event for those purposes is the effective date of the transaction;
  - (b) paragraph 2 has effect as if—
    - (i) in sub-paragraph (1)(b), for “at the time of” there were substituted “immediately before”,
    - (ii) in sub-paragraph (4)(a), for “at the time of” there were substituted “immediately before and immediately after”, and
    - (iii) sub-paragraph (4)(b) were omitted.
- (5) In this paragraph—
- “qualifying charitable purposes” has the same meaning as in paragraph 1;
  - “rent” has the same meaning as in Schedule 5 (amount of tax chargeable: rent) and “annual rent” has the same meaning as in paragraph [<sup>F734</sup>9A] of that Schedule.]

#### Textual Amendments

**F733** Words in Sch. 8 para. 3(3)(b) substituted (with effect in accordance with s. 95(13) of the amending Act) by [Finance Act 2008 \(c. 9\), s. 95\(7\)\(a\)](#)

**F734** Word in Sch. 8 para. 3(5) substituted (with effect in accordance with s. 95(13) of the amending Act) by [Finance Act 2008 \(c. 9\), s. 95\(7\)\(b\)](#)

#### <sup>F735</sup> *Joint purchasers: partial relief*

#### Textual Amendments

**F735** Sch. 8 paras. 3A-3C and cross-headings inserted (with effect in accordance with Sch. 23 para. 5 of the amending Act) by [Finance Act 2014 \(c. 26\), Sch. 23 para. 3](#)

- 3A (1) Sub-paragraphs (3) to (5) apply in any case where—
- (a) there are two or more purchasers under a land transaction,
  - (b) the purchasers acquire the subject-matter of the transaction as tenants in common (or, in Scotland, as owners in common),
  - (c) at least one of them is, and at least one of them is not, a qualifying charity, and
  - (d) no purchaser enters into the transaction for the purpose of the avoidance of tax under this Part (whether by that purchaser or another person).
- (2) A charity (“C”) that is a purchaser under a land transaction is a “qualifying charity” in relation to the transaction if C intends to hold its undivided share of the subject-matter of the transaction for qualifying charitable purposes.
- (3) The tax chargeable in respect of the transaction is reduced by the amount of the relief under sub-paragraph (4).
- (4) The relief is equal to the relevant proportion of the tax that would have been chargeable in respect of the transaction without this Schedule.
- (5) The “relevant proportion”, in the case of a qualifying charity, is the lower of P1 and P2, where—
- P1 is the proportion of the subject-matter of the transaction that is acquired by all the qualifying charities that are purchasers under the transaction (in aggregate);

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P2 is the proportion of the chargeable consideration for the transaction that is given by all the qualifying charities that are purchasers under the transaction (in aggregate).

*Withdrawal of relief given under paragraph 3A*

- 3B (1) This paragraph applies where—
- (a) relief has been given under paragraph 3A in respect of a transaction (“the relevant transaction”),
  - (b) a disqualifying event occurs in relation to a qualifying charity (“C”) which was a purchaser under the transaction, and
  - (c) the disqualifying event occurs in the circumstances required by sub-paragraphs (2) and (3).
- (2) The disqualifying event must occur—
- (a) before the end of the period of 3 years beginning with the effective date of the transaction, or
  - (b) in pursuance of, or in connection with, arrangements made before the end of that period.
- (3) At the time of the disqualifying event C must hold a chargeable interest that—
- (a) was acquired by C under the relevant transaction, or
  - (b) is derived from an interest so acquired.
- (4) There is a “disqualifying event” in relation to C if—
- (a) C ceases to be established for charitable purposes only, or
  - (b) the chargeable interest acquired by C under the transaction, or any interest or right derived from that interest, is used or held by C otherwise than for qualifying charitable purposes.
- (5) C's portion of the relief mentioned in sub-paragraph (1)(a), or an appropriate proportion of C's portion of that relief, is withdrawn and tax is chargeable in accordance with this paragraph.
- (6) The amount chargeable is equal to C's portion of the relief or, as the case may be, the appropriate proportion of C's portion of the relief.
- (7) C's portion of the relief depends on whether P1 or P2 was lower in the calculation under paragraph 3A(5).
- (8) If P1 was lower, C's portion of the relief is equal to—

$$\frac{p1}{P1} \times R$$

where—

p1 is the proportion of the subject-matter of the transaction that was acquired by C under the transaction;

P1 has the same meaning as in paragraph 3A(5);

- (9) If P2 was lower, C's portion of the relief is equal to—

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$$\frac{p2}{P2} \times R$$

where—

p2 is the proportion of chargeable consideration for the transaction that was given by C;

P2 has the same meaning as in paragraph 3A(5);

- (10) In sub-paragraphs (5) and (6) “appropriate proportion” means an appropriate proportion having regard to—
- (a) what was acquired by C under the relevant transaction and what is held by C at the time of the disqualifying event, and
  - (b) the extent to which what is held by C at that time becomes used or held for purposes other than qualifying charitable purposes.

*Partial relief: charity not fully meeting the “qualifying charity” condition*

- 3C (1) This paragraph applies where—
- (a) a charity (“C”) is one of two or more purchasers acquiring the subject-matter of a land transaction (“the relevant transaction”) as tenants in common (or, in Scotland, as owners in common),
  - (b) C is not a qualifying charity in relation to the transaction,
  - (c) paragraph 3A(3) to (5) would apply if C were a qualifying charity, and
  - (d) C intends to hold the greater part of its undivided share of the subject-matter of the transaction for qualifying charitable purposes.
- (2) In such a case—
- (a) paragraph 3A has effect as if C were a qualifying charity, but
  - (b) for the purposes of paragraph 3B (withdrawal of relief under paragraph 3A) “disqualifying event” includes any additional disqualifying transaction.
- (3) The following are “additional disqualifying transactions” if they are not made in furtherance of the charitable purposes of C—
- (a) any transfer by C of a major interest in the whole or any part of the chargeable interest acquired by C under the relevant transaction;
  - (b) any grant by C at a premium of a low-rental lease of the whole or any part of that chargeable interest.
- (4) Paragraph 3(3) (meaning of “at a premium” and “low-rental”) applies for the purposes of sub-paragraph (3)(b) as it applies for the purposes of paragraph 3(2)(b)(ii).
- (5) In relation to a transaction that, by virtue of this paragraph, is a disqualifying event for the purposes of paragraph 3B—
- (a) the date of the event for those purposes is the effective date of the transaction;
  - (b) paragraph 3B has effect with the modifications in sub-paragraph (6).
- (6) The modifications to paragraph 3B are—
- (a) in sub-paragraph (3), for “At the time of” substitute “Immediately before”;

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- (b) in sub-paragraph (10)(a), for “at the time of” substitute “ immediately before and immediately after ”;
- (c) omit sub-paragraph (10)(b).]

*[<sup>F736</sup>Charitable trusts*

**Textual Amendments**

**F736** Sch. 8 para. 4 and cross-heading inserted (with effect in accordance with s. 302(7) of the amending Act) by [Finance Act 2004 \(c. 12\)](#), **s. 302(2)**

- 4 (1) This Schedule applies in relation to a charitable trust as it applies in relation to a charity.
- (2) In this paragraph “charitable trust” means—
- (a) a trust of which all the beneficiaries are charities, or
  - (b) a unit trust scheme in which all the unit holders are charities,
- <sup>F737</sup> ...
- (3) In this Schedule as it applies by virtue of this paragraph—
- (a) [<sup>F738</sup>references in paragraph 1(3A) to the charitable purposes of C are to those of] the beneficiaries or unit holders, or any of them;
  - (b) the [<sup>F739</sup>references] to the purchaser in paragraph 2(3)(a)[<sup>F739</sup>, and to C in paragraph 3B(4)(a), are] to any of the beneficiaries or unit holders;
  - (c) the [<sup>F740</sup>references in paragraphs 3(2)(b) and 3C(3) to the charitable purposes of C are] to those of the beneficiaries or unit holders, or any of them.]

**Textual Amendments**

**F737** Words in Sch. 8 para. 4(2) omitted (with effect in accordance with art. 14 of the commencing S.I.) by virtue of [Finance Act 2010 \(c. 13\)](#), **Sch. 6 paras. 20, 34(2)**; [S.I. 2012/736](#), art. 14

**F738** Words in Sch. 8 para. 4(3)(a) substituted (with effect in accordance with Sch. 23 para. 5 of the amending Act) by [Finance Act 2014 \(c. 26\)](#), **Sch. 23 para. 4(a)**

**F739** Words in Sch. 8 para. 4(3)(b) substituted (with effect in accordance with Sch. 23 para. 5 of the amending Act) by [Finance Act 2014 \(c. 26\)](#), **Sch. 23 para. 4(b)**

**F740** Words in Sch. 8 para. 4(3)(c) substituted (with effect in accordance with Sch. 23 para. 5 of the amending Act) by [Finance Act 2014 \(c. 26\)](#), **Sch. 23 para. 4(c)**

SCHEDULE 9

Section 70

STAMP DUTY LAND TAX: RIGHT TO BUY, SHARED OWNERSHIP LEASES ETC

**Modifications etc. (not altering text)**

**C40** Sch. 9 modified (temp.) (22.7.2020) by [Stamp Duty Land Tax \(Temporary Relief\) Act 2020 \(c. 15\)](#), **s. 1** (as amended (10.6.2021) by [2021 c. 26](#), **s. 87(2)**)



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### *Right to buy transactions*

- 1 (1) In the case of a right to buy transaction—
- (a) section 51(1) (contingent consideration to be included in chargeable consideration on assumption that contingency will occur) does not apply, and
  - (b) any consideration that would be payable only if a contingency were to occur, or that is payable only because a contingency has occurred, does not count as chargeable consideration.
- (2) A “right to buy transaction” means—
- (a) the sale of a dwelling at a discount, or the grant of a lease of a dwelling at a discount, by a relevant public sector body, or
  - (b) the sale of a dwelling, or the grant of a lease of a dwelling, in pursuance of the preserved right to buy.
- (3) The following are relevant public sector bodies for the purposes of sub-paragraph (2)
- (a):
- Government**
    - A Minister of the Crown
    - The Scottish Ministers
    - A Northern Ireland department
  - Local Government**
    - A local housing authority within the meaning of the Housing Act 1985 (c. 68)
    - A county council in England
    - A council constituted under section 2 of the Local Government etc. (Scotland) Act 1994 (c. 39), the common good of such a council or any trust under its control
    - A district council within the meaning of the Local Government Act (Northern Ireland) 1972 (c. 9 (N.I.))
  - Social housing**
    - [<sup>F741</sup>The Regulator of Social Housing]
    - Scottish Homes
    - The Northern Ireland Housing Executive
    - [<sup>F742</sup>A non-profit registered provider of social housing]
    - A registered social landlord
    - A housing action trust established under Part 3 of the Housing Act 1988 (c. 50)
  - New towns and development corporations [<sup>F743</sup> etc.]**
    - The [<sup>F744</sup>Homes and Communities Agency]
    - [<sup>F745</sup>The Greater London Authority so far as exercising its housing or regeneration functions or its new towns and urban development functions]
    - A development corporation established by an order made, or having effect as if made, under the New Towns Act 1981 (c. 64)
    - A development corporation established by an order made, or having effect as if made, under the New Towns (Scotland) Act 1968 (c. 16)
    - A new town commission established under section 7 of the New Towns Act (Northern Ireland) 1965 (c. 13 (N.I.))
    - An urban development corporation established by an order made under section 135 of the Local Government, Planning and Land Act 1980 (c. 65)

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F746 .....

**Police**

A [<sup>F747</sup>local policing body] within the meaning of section 101(1) of the Police Act 1996 (c. 16)

[<sup>F748</sup>The Scottish Police Authority]

The Northern Ireland Policing Board

**Miscellaneous**

An Education and Libraries Board within the meaning of the Education and Libraries (Northern Ireland) Order 1986 (S.I. 1986/594 (N.I. 3))

The United Kingdom Atomic Energy Authority

Any person mentioned in paragraphs (g), (k), (l) or (n) of section 61(11) of the Housing (Scotland) Act 1987 (c. 26)

A body prescribed for the purposes of this sub-paragraph by Treasury order.

(4) For the purposes of sub-paragraph (2)(b) the transfer of a dwelling, or the grant of a lease of a dwelling, is made in pursuance of the preserved right to buy if—

(a) the vendor is—

(i) in England and Wales, a person against whom the right to buy under Part 5 of the Housing Act 1985 (c. 68) is exercisable by virtue of section 171A of that Act, or

(ii) in Scotland, a person against whom the right to buy under section 61 of the Housing (Scotland) Act 1987 is exercisable by virtue of section 81A of that Act,

(which provide for the preservation of the right to buy on disposal to a private sector landlord),

(b) the purchaser is the qualifying person for the purposes of the preserved right to buy, and

(c) the dwelling is the qualifying dwelling-house in relation to the purchaser.

<sup>F749</sup>(5) .....

[<sup>F750</sup>(6) A grant under section 19 of the Housing and Regeneration Act 2008 which—

(a) is made by virtue of section 35 of that Act, or

(b) is otherwise made to a relevant provider of social housing (within the meaning of section 35 of that Act) in respect of discounts given by the provider on disposals of dwellings to tenants,

does not count as part of the chargeable consideration for a right to buy transaction to which the vendor is a relevant provider of social housing.]

[<sup>F751</sup>(7) A grant by the Greater London Authority which—

(a) is made by virtue of section 35 of the Housing and Regeneration Act 2008 as applied by section 333ZE of the Greater London Authority Act 1999, or

(b) is otherwise made to a relevant provider of social housing (within the meaning of section 35 of the Housing and Regeneration Act 2008) in respect of discounts given by the provider on disposals of dwellings to tenants,

does not count as part of the chargeable consideration for a right to buy transaction to which the vendor is a relevant provider of social housing.]

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### Textual Amendments

- F741** Words in Sch. 9 para. 1(3) substituted (1.4.2010) by [Housing and Regeneration Act 2008 \(c. 17\)](#), s. 325(1), [Sch. 9 para. 32\(2\)\(a\)](#); S.I. 2010/862, art. 2 (with Sch.)
- F742** Words in Sch. 9 para. 1(3) inserted (1.4.2010) by [Housing and Regeneration Act 2008 \(c. 17\)](#), s. 325(1), [Sch. 9 para. 32\(2\)\(b\)](#); S.I. 2010/862, art. 2 (with Sch.)
- F743** Word in Sch. 9 para. 1(3) inserted (1.12.2008) by [Housing and Regeneration Act 2008 \(c. 17\)](#), s. 325(1), [Sch. 8 para. 80\(2\)\(a\)](#); S.I. 2008/3068, art. 2(1)(w)(3) (with arts. 6-13)
- F744** Words in Sch. 9 para. 1(3) substituted (1.12.2008) by [Housing and Regeneration Act 2008 \(c. 17\)](#), s. 325(1), [Sch. 8 para. 80\(2\)\(b\)](#); S.I. 2008/3068, art. 2(1)(w)(3) (with arts. 6-13)
- F745** Words in Sch. 9 para. 1(3) inserted (1.4.2012) by [Localism Act 2011 \(c. 20\)](#), s. 240(2), [Sch. 19 para. 41\(2\)\(a\)](#); S.I. 2012/628, art. 6(i) (with arts. 9, 11, 14, 15, 17)
- F746** Words in Sch. 9 para. 1(3) omitted (1.4.2006) by virtue of [The Welsh Development Agency \(Transfer of Functions to the National Assembly for Wales and Abolition\) Order 2005 \(S.I. 2005/3226\)](#), arts. 1(2), 7, [Sch. 2 para. 14](#) (with art. 3(1))
- F747** Words in Sch. 9 substituted (16.1.2012) by [Police Reform and Social Responsibility Act 2011 \(c. 13\)](#), s. 157(1), [Sch. 16 para. 314](#); S.I. 2011/3019, art. 3, Sch. 1
- F748** Words in Sch. 9 para. 1(3) substituted (1.4.2013) by [The Police and Fire Reform \(Scotland\) Act 2012 \(Consequential Provisions and Modifications\) Order 2013 \(S.I. 2013/602\)](#), art. 1(2), [Sch. 2 para. 40](#)
- F749** Sch. 9 para. 1(5) omitted (E.W.) (26.1.2019) by virtue of [Abolition of the Right to Buy and Associated Rights \(Wales\) Act 2018 \(anaw 1\)](#), s. 11(3)(4), [Sch. 1 para. 4\(2\)](#); S.I. 2018/100, art. 2(b) (with art. 3) (with savings in S.I. 2019/110, reg. 5)
- F750** Sch. 9 para. 1(6) inserted (1.4.2010) by [Housing and Regeneration Act 2008 \(c. 17\)](#), s. 325(1), [Sch. 9 para. 32\(4\)](#); S.I. 2010/862, art. 2 (with Sch.)
- F751** Sch. 9 para. 1(7) inserted (1.4.2012) by [Localism Act 2011 \(c. 20\)](#), s. 240(2), [Sch. 19 para. 41\(2\)\(b\)](#); S.I. 2012/628, art. 6(i) (with arts. 9, 11, 14, 15, 17)

### Modifications etc. (not altering text)

- C41** Sch. 9 para. 1(3) modified (1.12.2008) by [The Transfer of Housing Corporation Functions \(Modifications and Transitional Provisions\) Order 2008 \(S.I. 2008/2839\)](#), arts. 1(1), 3, [Sch. para. 1](#) (with art. 6) (see S.I. 2008/3068, art. 2(1)(b))

### *Shared ownership lease: election for market value treatment*

- 2 (1) This paragraph applies where—
- (a) a lease is granted—
    - (i) by a qualifying body, or
    - (ii) in pursuance of the preserved right to buy,
  - (b) the conditions in sub-paragraph (2) are met, and
  - (c) the purchaser elects for tax to be charged in accordance with this paragraph.
- (2) The conditions are as follows—
- (a) the lease must be of a dwelling;
  - (b) the lease must give the lessee or lessees exclusive use of the dwelling;
  - (c) the lease must provide for the lessee or lessees to acquire the reversion;
  - (d) the lease must be granted partly in consideration of rent and partly in consideration of a premium calculated by reference to—
    - (i) the market value of the dwelling, or
    - (ii) a sum calculated by reference to that value;
  - (e) the lease must contain a statement of—

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- (i) the market value of the dwelling, or
  - (ii) the sum calculated by reference to that value,  
by reference to which the premium is calculated.
- (3) An election for tax to be charged in accordance with this paragraph must be included in the land transaction return made in respect of the grant of the lease, or in an amendment of that return, and is irrevocable, so that the return may not be amended so as to withdraw the election.
- (4) Where this paragraph applies the chargeable consideration for the grant of the lease shall be taken to be the amount stated in the lease in accordance with sub-paragraph (2)(e)(i) or (ii).

As to the tax treatment of the acquisition of the reversion in pursuance of the lease, see paragraph 3.

- [<sup>F752</sup>(4A) Where this paragraph applies no account shall be taken for the purposes of stamp duty land tax of the rent mentioned in sub-paragraph (2)(d).]
- (5) Section 118 (meaning of “market value”) does not apply in relation to the reference in sub-paragraph (2)(e) above to the market value of the dwelling.

#### Textual Amendments

**F752** Sch. 9 para. 2(4A) inserted (19.7.2007) by [Finance Act 2007 \(c. 11\), s. 78](#)

#### *Transfer of reversion under shared ownership lease where election made for market value treatment*

- 3 The transfer of the reversion to the lessee or lessees under the terms of a lease to which paragraph 2 applies (shared ownership lease: election for market value treatment) is exempt from charge if—
- (a) an election was made for tax to be charged in accordance with that paragraph, and
  - (b) any tax chargeable in respect of the grant of the lease has been paid.

#### *Shared ownership lease: election where staircasing allowed*

- 4 (1) This paragraph applies where—
- (a) a lease is granted by a qualifying body or in pursuance of the preserved right to buy,
  - (b) the conditions in sub-paragraph (2) below are met, and
  - (c) the purchaser elects for tax to be charged in accordance with this paragraph.
- (2) The conditions are as follows—
- (a) the lease must be of a dwelling;
  - (b) the lease must give the lessee or lessees exclusive use of the dwelling;
  - (c) the lease must provide that the lessee or lessees may, on the payment of a sum, require the terms of the lease to be altered so that the rent payable under it is reduced;
  - (d) the lease must be granted partly in consideration of rent and partly in consideration of a premium calculated by reference to—

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- (i) the premium obtainable on the open market for the grant of a lease containing the same terms as the lease but with the substitution of the minimum rent for the rent payable under the lease, or
  - (ii) a sum calculated by reference to that premium;
  - (e) the lease must contain a statement of the minimum rent and of—
    - (i) the premium obtainable on the open market, or
    - (ii) the sum calculated by reference to that premium,by reference to which the premium is calculated.
- (3) An election for tax to be charged in accordance with this paragraph must be included in the land transaction return made in respect of the grant of the lease, or in an amendment of that return, and is irrevocable, so that the return may not be amended so as to withdraw the election.
- (4) Where this paragraph applies—
- (a) the rent in consideration of which the lease is granted shall be taken to be the minimum rent stated in the lease in accordance with sub-paragraph (2) (e), and
  - (b) the chargeable consideration for the grant other than rent shall be taken to be the amount stated in the lease in accordance with sub-paragraph (2)(e) (i) or (ii).

[<sup>F753</sup>(4A) See paragraph 15 for further provision in connection with relief for first-time buyers.]

- (5) In this paragraph the “minimum rent” means the lowest rent which could become payable under the lease if it were altered as mentioned in sub-paragraph (2)(c) at the date when the lease is granted.

#### Textual Amendments

**F753** Sch. 9 para. 4(4A) inserted (with effect in accordance with s. 42(7) of the amending Act) by [Finance Act 2019 \(c. 1\)](#), s. 42(2)

#### <sup>F754</sup>Shared ownership lease: treatment of staircasing transaction

#### Textual Amendments

**F754** Sch. 9 para. 4A and cross-heading inserted (with effect in accordance with s. 303(4) of the amending Act) by [Finance Act 2004 \(c. 12\)](#), s. 303(1)

- 4A (1) This paragraph applies where under a shared ownership lease—
- (a) the lessee or lessees have the right, on the payment of a sum, to require the terms of the lease to be altered so that the rent payable under it is reduced, and
  - (b) by exercising that right the lessee or lessees acquire an interest, additional to one already held, calculated by reference to the market value of the dwelling and expressed as a percentage of the dwelling or its value (a “share of the dwelling”).
- (2) Such an acquisition is exempt from charge if—

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- (a) an election was made for tax to be charged in accordance with paragraph 2 or, as the case may be, paragraph 4 and any tax chargeable in respect of the grant of the lease has been paid, or
  - (b) immediately after the acquisition the total share of the dwelling held by the lessee or lessees does not exceed 80%.
- (3) In this paragraph “shared ownership lease” means a lease granted—
- (a) by a qualifying body, or
  - (b) in pursuance of the preserved right to buy,
- in relation to which the conditions in paragraph 2(2) or 4(2) are met.
- (4) Section 118 (meaning of “market value”) does not apply in relation to the references in this paragraph to the market value of the dwelling.]

*[<sup>F755</sup> Shared ownership lease: grant not linked with staircasing transactions etc*

**Textual Amendments**

**F755** Sch. 9 para. 4B and cross-heading inserted (with effect in accordance with s. 95(13) of the amending Act) by [Finance Act 2008 \(c. 9\), s. 95\(8\)](#)

- 4B (1) For the purpose of determining the [<sup>F756</sup>amount] of tax chargeable on the grant of a shared ownership lease of a dwelling, the grant shall be treated as if it were not linked to—
- (a) any acquisition of an interest in the dwelling to which paragraph 4A applies, or
  - (b) a transfer of the reversion to the lessee or lessees under the terms of the lease.
- (2) In this paragraph “shared ownership lease” has the same meaning as in paragraph 4A.]

**Textual Amendments**

**F756** Word in Sch. 9 para. 4B(1) substituted (with effect in accordance with s. 2(2) of the amending Act) by [Stamp Duty Land Tax Act 2015 \(c. 1\), Sch. para. 14](#) (with s. 2(3)-(6))

*Shared ownership leases: meaning of “qualifying body” and “preserved right to buy”*

- 5 (1) This paragraph has effect for the purposes of paragraphs [<sup>F757</sup>2, 4 and 4A] (shared ownership leases: election as to basis of taxation).
- (2) A “qualifying body” means—
- (a) a local housing authority within the meaning of the Housing Act 1985 (c. 68);
  - (b) a housing association within the meaning of—
    - (i) the Housing Associations Act 1985 (c. 69), or
    - (ii) Part 2 of the Housing (Northern Ireland) Order 1992 (S.I. 1992/1725 (N.I. 15));
  - (c) a housing action trust established under Part 3 of the Housing Act 1988 (c. 50);
  - (d) the Northern Ireland Housing Executive;

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- [<sup>F758</sup>(e) the Homes and Communities Agency;]
  - [<sup>F759</sup>(ea) the Greater London Authority so far as exercising its housing or regeneration functions or its new towns and urban development functions;]
  - (f) a development corporation established by an order made, or having effect as if made, under the New Towns Act 1981 (c. 64).
  - [<sup>F760</sup>(g) a [<sup>F761</sup>private registered provider] of social housing that is not within paragraph (b) (subject to sub-paragraph (2A)).]
- [<sup>F762</sup>(2A) A [<sup>F763</sup>private registered provider] of social housing within sub-paragraph (2)(g) (“R”) is only a qualifying body in relation to a lease of premises if the following has been funded with the assistance of a grant or other financial assistance [<sup>F764</sup>made or given] under section 19 of the Housing and Regeneration Act 2008 [<sup>F765</sup>or by the Greater London Authority] —
- (a) the purchase or construction of the premises by R (or a person connected with R), or
  - (b) the adaptation of the premises by R (or a person connected with R) for use as a dwelling.
- (2B) [<sup>F766</sup>Section 1122 of the Corporation Tax Act 2010] (connected persons) has effect for the purposes of sub-paragraph (2A).]
- (3) A lease is granted “in pursuance of the preserved right to buy” if—
- (a) the vendor is a person against whom the right to buy under Part 5 of the Housing Act 1985 is exercisable by virtue of section 171A of that Act (preservation of right to buy on disposal to private sector landlord),
  - (b) the lessee is, or lessees are, the qualifying person for the purposes of the preserved right to buy, and
  - (c) the lease is of a dwelling that is the qualifying dwelling-house in relation to the purchaser.

#### Textual Amendments

- F757** Words in Sch. 9 para. 5(1) substituted (with effect in accordance with s. 303(4) of the amending Act) by [Finance Act 2004 \(c. 12\), s. 303\(2\)](#)
- F758** Sch. 9 para. 5(2)(e) substituted (1.12.2008) by [Housing and Regeneration Act 2008 \(c. 17\), s. 325\(1\), Sch. 8 para. 80\(3\)](#); S.I. 2008/3068, art. 2(1)(w)(3) (with arts. 6-13)
- F759** Sch. 9 para. 5(2)(ea) inserted (1.4.2012) by [Localism Act 2011 \(c. 20\), s. 240\(2\), Sch. 19 para. 41\(3\)\(a\)](#); S.I. 2012/628, art. 6(i) (with arts. 9, 11, 14, 15, 17)
- F760** Sch. 9 para. 5(2)(g) inserted (with effect in accordance with s. 81(8) of the amending Act) by [Finance Act 2009 \(c. 10\), s. 81\(6\)\(a\)](#)
- F761** Words in Sch. 9 para. 5(2)(g) substituted (1.4.2010) by [The Housing and Regeneration Act 2008 \(Registration of Local Authorities\) Order 2010 \(S.I. 2010/844\), art. 1\(2\), Sch. 2 para. 25\(b\)](#)
- F762** Sch. 9 para. 5(2A)(2B) inserted (with effect in accordance with s. 81(8) of the amending Act) by [Finance Act 2009 \(c. 10\), s. 81\(6\)\(b\)](#)
- F763** Words in Sch. 9 para. 5(2A) substituted (1.4.2010) by [The Housing and Regeneration Act 2008 \(Registration of Local Authorities\) Order 2010 \(S.I. 2010/844\), art. 1\(2\), Sch. 2 para. 25\(b\)](#)
- F764** Words in Sch. 9 para. 5(2A) inserted (1.4.2012) by [Localism Act 2011 \(c. 20\), s. 240\(2\), Sch. 19 para. 41\(3\)\(b\)\(i\)](#); S.I. 2012/628, art. 6(i) (with arts. 9, 11, 14, 15, 17)
- F765** Words in Sch. 9 para. 5(2A) inserted (1.4.2012) by [Localism Act 2011 \(c. 20\), s. 240\(2\), Sch. 19 para. 41\(3\)\(b\)\(ii\)](#); S.I. 2012/628, art. 6(i) (with arts. 9, 11, 14, 15, 17)

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**F766** Words in Sch. 9 para. 5(2B) substituted (with effect in accordance with s. 1184(1) of the amending Act) by [Corporation Tax Act 2010 \(c. 4\)](#), s. 1184(1), **Sch. 1 para. 417(2)** (with [Sch. 2](#))

*Rent to mortgage or rent to loan: chargeable consideration*

- 6 (1) The chargeable consideration for a rent to mortgage or rent to loan transaction is determined in accordance with this paragraph.
- (2) A “rent to mortgage transaction” means—
- (a) the transfer of a dwelling to a person, or
  - (b) the grant of a lease of a dwelling to a person,
- pursuant to the exercise by that person of the right to acquire on rent to mortgage terms under Part 5 of the Housing Act 1985 (c. 68).
- (3) The chargeable consideration for such a transaction is equal to the price that, by virtue of section 126 of the Housing Act 1985, would be payable for—
- (a) a transfer of the dwelling to the person (where the rent to mortgage transaction is a transfer), or
  - (b) the grant of a lease of the dwelling to the person (where the rent to mortgage transaction is the grant of a lease),
- if the person were exercising the right to buy under Part 5 of that Act.
- (4) A “rent to loan transaction” means the execution of a heritable disposition in favour of a person pursuant to the exercise by that person of the right to purchase a house by way of the rent to loan scheme in Part 3 of the Housing (Scotland) Act 1987 (c. 26).
- (5) The chargeable consideration for such a transaction is equal to the price that, by virtue of section 62 of the Housing (Scotland) Act 1987, would be payable for the house if the person were exercising the right to purchase under section 61 of that Act.

*<sup>F767</sup>Shared ownership trust: introduction*

**Textual Amendments**

**F767** Sch. 9 paras. 7-11 and cross-headings inserted (with effect in accordance with s. 77(2) of the amending Act) by [Finance Act 2007 \(c. 11\)](#), **s. 77(1)**

- 7 (1) In this Schedule “shared ownership trust” means a trust of land, within the meaning of section 1 of the Trusts of Land and Appointment of Trustees Act 1996, which satisfies the following conditions.
- (2) Condition 1 is that the trust property is—
- (a) a dwelling, and
  - (b) in England <sup>F768</sup>...
- (3) Condition 2 is that one of the beneficiaries (“the social landlord”) is a qualifying body <sup>F769</sup>....
- (4) Condition 3 is that the terms of the trust—
- (a) provide for one or more of the individual beneficiaries (“the purchaser”) to have exclusive use of the trust property as the only or main residence of the purchaser,



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- (b) require the purchaser to make an initial payment to the social landlord (“the initial capital”),
  - (c) require the purchaser to make additional payments to the social landlord by way of compensation under section 13(6)(a) of the Trusts of Land and Appointment of Trustees Act 1996 (“rent-equivalent payments”),
  - (d) enable the purchaser to make other additional payments to the social landlord (“equity-acquisition payments”),
  - (e) determine the initial beneficial interests of the social landlord and of the purchaser by reference to the initial capital,
  - (f) specify a sum, equating or relating to the market value of the dwelling, by reference to which the initial capital was calculated, and
  - (g) provide for the purchaser's beneficial interest in the trust property to increase, and the social landlord's to diminish (or to be extinguished), as equity-acquisition payments are made.
- (5) Section 118 (meaning of “market value”) does not apply to this paragraph.
- (6) In Condition 1 “dwelling” includes—
- (a) a building which is being constructed or adapted for use as a dwelling,
  - (b) land which is to be used for the purpose of the construction of a dwelling, and
  - (c) land which is, or is to become, the garden or grounds of a dwelling.
- [ In Condition 2 “qualifying body” means—
- <sup>F770</sup>(7) (a) a qualifying body within the meaning of paragraph 5(2)(a) to (f), or
- (b) a [<sup>F771</sup>private registered provider] of social housing within paragraph 5(2)(g) (subject to sub-paragraph (8)).
- (8) A [<sup>F772</sup>private registered provider] of social housing within paragraph 5(2)(g) (“R”) is only a qualifying body in relation to a shared ownership trust if the following has been or is being funded with the assistance of a grant or other financial assistance [<sup>F773</sup>made or given] under section 19 of the Housing and Regeneration Act 2008 [<sup>F774</sup>or by the Greater London Authority] —
- (a) the purchase or construction of the trust property by R (or a person connected with R), or
  - (b) the adaptation of the trust property by R (or a person connected with R) for use as a dwelling.
- (9) [<sup>F775</sup>Section 1122 of the Corporation Tax Act 2010] (connected persons) has effect for the purposes of sub-paragraph (8).]

#### Textual Amendments

- F768** Words in Sch. 9 para. 7(2)(b) omitted (1.4.2018 with effect in accordance with s. 16(4)(5) of the amending Act) by virtue of [Wales Act 2014 \(c. 29\)](#), s. 29(2)(b)(3), [Sch. 2 para. 11](#); S.I. 2018/214, art. 2(a)
- F769** Words in Sch. 9 para. 7(3) omitted (with effect in accordance with s. 81(8) of the amending Act) by virtue of [Finance Act 2009 \(c. 10\)](#), s. 81(7)(a)
- F770** Sch. 9 para. 7(7)-(9) inserted (with effect in accordance with s. 81(8) of the amending Act) by [Finance Act 2009 \(c. 10\)](#), s. 81(7)(b)
- F771** Words in Sch. 9 para. 7(7) substituted (1.4.2010) by [The Housing and Regeneration Act 2008 \(Registration of Local Authorities\) Order 2010 \(S.I. 2010/844\)](#), art. 1(2), [Sch. 2 para. 25\(c\)](#)

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- F772** Words in Sch. 9 para. 7(8) substituted (1.4.2010) by [The Housing and Regeneration Act 2008 \(Registration of Local Authorities\) Order 2010 \(S.I. 2010/844\)](#), art. 1(2), **Sch. 2 para. 25(c)**
- F773** Words in Sch. 9 para. 7(8) inserted (1.4.2012) by [Localism Act 2011 \(c. 20\)](#), s. 240(2), **Sch. 19 para. 41(4)(a)**; S.I. 2012/628, art. 6(i) (with arts. 9, 11, 14, 15, 17)
- F774** Words in Sch. 9 para. 7(8) inserted (1.4.2012) by [Localism Act 2011 \(c. 20\)](#), s. 240(2), **Sch. 19 para. 41(4)(b)**; S.I. 2012/628, art. 6(i) (with arts. 9, 11, 14, 15, 17)
- F775** Words in Sch. 9 para. 7(9) substituted (with effect in accordance with s. 1184(1) of the amending Act) by [Corporation Tax Act 2010 \(c. 4\)](#), **Sch. 1 para. 417(3)** (with Sch. 2)

*Shared ownership trust: “purchaser”*

- 8 For the purposes of the application of stamp duty land tax in relation to a shared ownership trust, the person (or persons) identified as the purchaser in accordance with paragraph 7, and not the social landlord or any other beneficiary, is (or are) to be treated as the purchaser of the trust property.

*Shared ownership trust: election for market value treatment*

- 9 (1) This paragraph applies where—
- (a) a shared ownership trust is declared, and
  - (b) the purchaser elects for tax to be charged in accordance with this paragraph.
- (2) An election must be included in—
- (a) the land transaction return for the declaration of the shared ownership trust, or
  - (b) an amendment of that return.
- (3) An election may not be revoked.
- (4) Where this paragraph applies—
- (a) the chargeable consideration for the declaration of the shared ownership trust shall be taken to be the amount stated in accordance with paragraph 7(4)(f), and
  - (b) no account shall be taken for the purposes of stamp duty land tax of rent-equivalent payments.
- (5) The transfer to the purchaser of an interest in the trust property upon the termination of the trust is exempt from charge if—
- (a) an election was made under this paragraph, and
  - (b) any tax chargeable in respect of the declaration of the shared ownership trust has been paid.

*Shared ownership trust: treatment of staircasing transaction*

- 10 (1) An equity-acquisition <sup>F776</sup>... payment under a shared ownership trust, and the consequent increase in the purchaser's beneficial interest, shall be exempt from charge if—
- (a) an election was made under paragraph 9, and
  - (b) any tax chargeable in respect of the declaration of trust has been paid.
- (2) An equity-acquisition <sup>F777</sup>... payment under a shared ownership trust, and the consequent increase in the purchaser's beneficial interest, shall also be exempt from

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charge if following the increase the purchaser's beneficial interest does not exceed 80% of the total beneficial interest in the trust property.

#### Textual Amendments

**F776** Word in Sch. 9 para. 10(1) omitted (with effect in accordance with s. 95(13) of the amending Act) by virtue of [Finance Act 2008 \(c. 9\), s. 95\(9\)](#)

**F777** Word in Sch. 9 para. 10(2) omitted (with effect in accordance with s. 95(13) of the amending Act) by virtue of [Finance Act 2008 \(c. 9\), s. 95\(9\)](#)

#### *Shared ownership trust: treatment of additional payments where no election made*

- 11 Where no election has been made under paragraph 9 in respect of a shared ownership trust—
- (a) the initial capital shall be treated for the purposes of stamp duty land tax as chargeable consideration other than rent, and
  - (b) any rent-equivalent <sup>F778</sup>... payment by the purchaser shall be treated for the purposes of stamp duty land tax as a payment of rent.]

#### Textual Amendments

**F778** Word in Sch. 9 para. 11(b) omitted (with effect in accordance with s. 95(13) of the amending Act) by virtue of [Finance Act 2008 \(c. 9\), s. 95\(9\)](#)

#### *[<sup>F779</sup>Shared ownership trust: declaration not linked with staircasing transactions etc*

#### Textual Amendments

**F779** Sch. 9 para. 12 and cross-heading inserted (with effect in accordance with s. 95(13) of the amending Act) by [Finance Act 2008 \(c. 9\), s. 95\(10\)](#)

- 12 For the purpose of determining the [<sup>F780</sup>amount] of tax chargeable on the declaration of a shared ownership trust, the declaration shall be treated as if it were not linked to—
- (a) any equity-acquisition payment under the trust or any consequent increase in the purchaser's beneficial interest in the trust property, or
  - (b) a transfer to the purchaser of an interest in the trust property upon the termination of the trust.]

#### Textual Amendments

**F780** Word in Sch. 9 para. 12 substituted (with effect in accordance with s. 2(2) of the amending Act) by [Stamp Duty Land Tax Act 2015 \(c. 1\), Sch. para. 15](#) (with s. 2(3)-(6))

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*<sup>F781</sup>Rent to shared ownership lease: charge to tax*

**Textual Amendments**

**F781** Sch. 9 paras. 13, 14 and cross-headings inserted (with effect in accordance with s. 82(2)(3) of the amending Act) by [Finance Act 2009 \(c. 10\)](#), s. 82(1)

- 13 (1) The chargeable consideration for transactions forming part of a rent to shared ownership lease scheme is determined in accordance with this paragraph.
- (2) A “rent to shared ownership lease scheme” means a scheme or arrangement under which a qualifying body—
- (a) grants an assured shorthold tenancy of a dwelling to a person (“the tenant”) or persons (“the tenants”), and
  - (b) subsequently grants a shared ownership lease of the dwelling or another dwelling to the tenant or one or more of the tenants.
- (3) The following transactions are to be treated as if they were not linked to each other—
- (a) the grant of the assured shorthold tenancy,
  - (b) the grant of the shared ownership lease, and
  - (c) any other land transaction between the qualifying body and the tenant, or any of the tenants, entered into as part of the scheme.
- (4) For the purpose of determining the effective date of the grant of the shared ownership lease, the possession of the dwelling by the tenant or tenants pursuant to the assured shorthold tenancy is to be disregarded.
- (5) In this paragraph—
- “assured shorthold tenancy” has the same meaning as in Part 1 of the Housing Act 1988;
  - “qualifying body” has the same meaning as in paragraph 5;
  - “shared ownership lease” has the same meaning as in paragraph 4A.

*Rent to shared ownership trust: charge to tax*

- 14 (1) The chargeable consideration for transactions forming part of a rent to shared ownership trust scheme is determined in accordance with this paragraph.
- (2) A “rent to shared ownership trust scheme” means a scheme or arrangement under which—
- (a) a qualifying body grants an assured shorthold tenancy of a dwelling to a person (“the tenant”) or persons (“the tenants”), and
  - (b) the tenant, or one or more of tenants, subsequently becomes the purchaser under a shared ownership trust of the dwelling, or another dwelling, under which the qualifying body is the social landlord.
- (3) The following transactions are to be treated as if they were not linked to each other—
- (a) the grant of the assured shorthold tenancy,
  - (b) the declaration of the shared ownership trust, and
  - (c) any other land transaction between the qualifying body and the tenant, or any of the tenants, entered into as part of the scheme.

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- (4) For the purpose of determining the effective date of the declaration of the shared ownership trust, the possession of the dwelling by the tenant or tenants pursuant to the assured shorthold tenancy is to be disregarded.
- (5) In this paragraph—
- “assured shorthold tenancy” has the same meaning as in Part 1 of the Housing Act 1988;
  - “qualifying body” has the same meaning as in paragraph 5;
  - “social landlord” and “purchaser”, in relation to a shared ownership trust, have the same meaning as in paragraph 7.]

*[<sup>F782</sup>Relief for first-time buyers: shared ownership lease where election made*

**Textual Amendments**

**F782** Sch. 9 para. 15 and cross-heading inserted (with effect in accordance with s. 42(7) of the amending Act) by [Finance Act 2019 \(c. 1\), s. 42\(3\)](#)

- 15 Where—
- (a) paragraph 4 applies, and
  - (b) relief is claimed under paragraph 1 of Schedule 6ZA in respect of the grant of the lease concerned,
- no tax is chargeable in respect of so much of the chargeable consideration for the grant as consists of rent.]

*[<sup>F783</sup>Relief for first-time buyers: shared ownership lease where no election made*

**Textual Amendments**

**F783** Sch. 9 paras. 15A, 15B and cross-headings inserted (with effect in accordance with s. 42(7) of the amending Act) by [Finance Act 2019 \(c. 1\), s. 42\(4\)](#)

- 15A (1) This paragraph applies where—
- (a) a shared ownership lease is granted, and
  - (b) no election is made for tax to be charged in accordance with paragraph 2 or 4.
- (2) For the purpose of determining whether the second condition in paragraph 1 of Schedule 6ZA is met in respect of the grant, the chargeable consideration for the grant is to be treated as being the amount stated in the lease in accordance with paragraph 2(2)(e) or paragraph 4(2)(e)(i) or (ii).
- (3) If relief is claimed in respect of the grant under paragraph 1 of Schedule 6ZA no tax is chargeable in respect of so much of the chargeable consideration for the grant as consists of rent.
- (4) In this paragraph “shared ownership lease” has the same meaning as in paragraph 4A.

*Relief for first-time buyers: shared ownership trust where no election made*

- 15B (1) This paragraph applies where—

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- (a) a shared ownership trust is declared, and
  - (b) no election is made for tax to be charged in accordance with paragraph 9.
- (2) For the purpose of determining whether the second condition in paragraph 1 of Schedule 6ZA is met in respect of the declaration, the chargeable consideration for the declaration is to be treated as being the sum specified in the trust in accordance with paragraph 7(4)(f).
- (3) If relief is claimed in respect of the declaration under paragraph 1 of Schedule 6ZA no tax is chargeable in respect of any rent-equivalent payment treated by reason of paragraph 11(b) as rent.]

*[<sup>F784</sup><sup>F785</sup>No relief for first-time buyers for staircasing transactions etc]*

**Textual Amendments**

- F784** Sch. 9 para. 16 and cross-heading inserted (with effect in accordance with s. 41(8) of the amending Act) by [Finance Act 2018 \(c. 3\)](#), **s. 41(5)**
- F785** Sch. 9 para. 16 cross-heading substituted (with effect in accordance with [s. 42\(7\)](#) of the amending Act) by [Finance Act 2019 \(c. 1\)](#), **s. 42(5)**

16 (1) This paragraph applies where—

- <sup>F786</sup>(a) .....
- <sup>F787</sup>(b) .....
- (c) paragraph 4A applies in relation to the acquisition of an interest (but the acquisition is not exempt from charge by virtue of sub-paragraph (2) of that paragraph),
- <sup>F788</sup>(d) ..... or
- (e) an equity-acquisition payment is made under a shared ownership trust (but the equity-acquisition payment, and the consequential increase in the purchaser's beneficial interest, are not exempt from charge by virtue of paragraph 10).

(2) Schedule 6ZA (relief for first-time buyers) does not apply in relation to—

- <sup>F789</sup>(a) .....
- (b) the acquisition of the interest,
- <sup>F790</sup>(c) ..... or
- (d) the equity-acquisition payment and the consequential increase in the purchaser's beneficial interest.]

**Textual Amendments**

- F786** Sch. 9 para. 16(1)(a) omitted (with effect in accordance with [s. 42\(7\)](#) of the amending Act) by virtue of [Finance Act 2019 \(c. 1\)](#), **s. 42(6)(a)**
- F787** Sch. 9 para. 16(1)(b) omitted (with effect in accordance with [s. 42\(7\)](#) of the amending Act) by virtue of [Finance Act 2019 \(c. 1\)](#), **s. 42(6)(a)**
- F788** Sch. 9 para. 16(1)(d) omitted (with effect in accordance with [s. 42\(7\)](#) of the amending Act) by virtue of [Finance Act 2019 \(c. 1\)](#), **s. 42(6)(a)**
- F789** Sch. 9 para. 16(2)(a) omitted (with effect in accordance with [s. 42\(7\)](#) of the amending Act) by virtue of [Finance Act 2019 \(c. 1\)](#), **s. 42(6)(b)**

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**F790** Sch. 9 para. 16(2)(c) omitted (with effect in accordance with s. 42(7) of the amending Act) by virtue of Finance Act 2019 (c. 1), s. 42(6)(b)

## [<sup>F791</sup>SCHEDULE 9A

Section 75ZA

### INCREASED RATES FOR NON-RESIDENT TRANSACTIONS

#### Textual Amendments

**F791** Sch. 9A inserted (with effect in accordance with Sch. 16 para. 6 of the amending Act) by Finance Act 2021 (c. 26), Sch. 16 para. 5

## PART 1

### INTRODUCTION

- 1 This Schedule is arranged as follows—
- (a) Part 2 explains how to determine for the purposes of this Part of this Act whether a chargeable transaction is a “non-resident transaction”;
  - (b) Part 3 explains how to determine for the purposes of this Schedule whether an individual is “non-resident” in relation to a chargeable transaction;
  - (c) Part 4 explains how to determine for the purposes of this Schedule whether a company is “non-resident” in relation to a chargeable transaction;
  - (d) Part 5 contains special rules applying in relation to particular purchasers and transactions;
  - (e) Part 6 contains supplementary provision.

## PART 2

### MEANING OF “NON-RESIDENT TRANSACTION”

#### *Meaning of “non-resident transaction”*

- 2 (1) A chargeable transaction is a “non-resident transaction” for the purposes of this Part of this Act if—
- (a) the purchaser is, or (if there is more than one) the purchasers include, a person who is non-resident in relation to the transaction,
  - (b) the main subject-matter of the transaction consists of—
    - (i) a major interest in one or more dwellings, or
    - (ii) a major interest in one or more dwellings and other property,
  - (c) that major interest, at the beginning of the effective date of the transaction, is not a term of years absolute or leasehold estate that has 7 years or less to run, and
  - (d) the de minimis threshold is exceeded.

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- (2) A reference in sub-paragraph (1)(b) or (c) to a major interest in a dwelling includes an undivided share in a major interest in a dwelling.
- (3) For the purposes of sub-paragraph (1)(d), the de minimis threshold is exceeded if—
- (a) in a case in which the chargeable consideration for the transaction does not consist of or include rent, the chargeable consideration for the transaction is £40,000 or more;
  - (b) in a case in which the chargeable consideration for the transaction consists of or includes rent—
    - (i) the chargeable consideration other than rent is £40,000 or more, or
    - (ii) the annual rent is £1,000 or more.
- (4) In sub-paragraph (3) “annual rent” in relation to a transaction, means the average annual rent over the term of the lease to which the transaction relates or, if—
- (a) different amounts of rents are payable for different parts of the term, and
  - (b) those amounts (or any of them) are ascertainable at the effective date of the transaction,
- the average annual rent over the period for which the highest ascertainable rent is payable.
- (5) For provision modifying sub-paragraph (1)(a) in its application to chargeable transactions of particular descriptions, see—
- paragraph 13 (bare trust acquiring new lease);
  - paragraph 14 (purchases by certain settlements).
- (6) Sub-paragraph (1) is subject to paragraph 17 (completion of contract previously substantially performed).

### PART 3

#### “NON-RESIDENT” IN RELATION TO A CHARGEABLE TRANSACTION: INDIVIDUALS

##### *Whether individual “non-resident” in relation to a chargeable transaction*

- 3 For the purposes of this Schedule, an individual is “non-resident” in relation to a chargeable transaction if the individual is not UK resident in relation to the transaction (see paragraphs 4 and 5).

##### *Whether individual “UK resident” in relation to a chargeable transaction: basic rule*

- 4 (1) For the purposes of this Schedule, an individual is “UK resident” in relation to a chargeable transaction if the individual is present in the United Kingdom on at least 183 days during any continuous period of 365 days that falls within the relevant period.
- (2) “The relevant period” means the period that—
- (a) begins with the day 364 days before the effective date of the chargeable transaction, and
  - (b) ends with the day 365 days after the effective date of the chargeable transaction.



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- (3) This paragraph does not apply in relation to a chargeable transaction to which paragraph 5 applies.
- (4) References in this paragraph to an individual being present in the United Kingdom on a day are to the individual being present in the United Kingdom at the end of that day.
- (5) This paragraph is subject to paragraph 12 (spouses and civil partners of UK residents).

*Whether individual “UK resident” in relation to a chargeable transaction: special cases*

- 5 (1) For the purposes of this Schedule, an individual is “UK resident” in relation to a chargeable transaction to which this paragraph applies if the individual is present in the United Kingdom on at least 183 days during the period that—
  - (a) begins with the day 364 days before the effective date of the chargeable transaction, and
  - (b) ends with the effective date of the chargeable transaction.
- (2) This paragraph applies to a chargeable transaction if any of conditions A to C is met in relation to the transaction.
- (3) Condition A is that the purchaser is, or (if there is more than one) the purchasers include—
  - (a) a company, or
  - (b) a person acting as a trustee of a unit trust scheme.
- (4) Condition B is that the purchaser is, or (if there is more than one) the purchasers include, an individual who is treated as entering into the transaction by virtue of paragraph 2 of Schedule 15 (transaction entered into for the purposes of a partnership treated as entered into by partners).
- (5) Condition C is that—
  - (a) the purchaser is, or (if there is more than one) the purchasers include, an individual who is acting as a trustee of a settlement, and
  - (b) under the terms of the settlement no beneficiary is entitled—
    - (i) to occupy the dwelling or dwellings for life, or
    - (ii) to income earned in respect of the dwelling or dwellings.
- (6) References in this paragraph to an individual being present in the United Kingdom on a day are to the individual being present in the United Kingdom at the end of that day.
- (7) This paragraph is subject to paragraph 12 (spouses and civil partners of UK residents).

*Crown employment*

- 6 (1) For the purposes of paragraphs 4 and 5, an individual is (subject to sub-paragraph (3)) treated as present in the United Kingdom at the end of a day if at that time the individual—
  - (a) is in Crown employment, and
  - (b) is present in a country or territory outside the United Kingdom for the purpose of performing activities in the course of that employment.

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- (2) For the purposes of paragraphs 4 and 5, an individual is (subject to sub-paragraph (3)) treated as present in the United Kingdom at the end of a day if at that time the individual—
- (a) is the spouse or civil partner of an individual who is treated as present in the United Kingdom at the end of that day under sub-paragraph (1), and
  - (b) is living with that spouse or civil partner.
- (3) Sub-paragraph (1) or (2) applies in relation to an individual only if a claim that it should so apply is included in a land transaction return or an amendment of such a return.
- (4) “Crown employment” means employment under the Crown—
- (a) which is of a public nature, and
  - (b) the earnings from which are payable out of the public revenue of the United Kingdom or of Northern Ireland.
- (5) Section 1011 of the Income Tax Act 2007 (references to married persons, or civil partners, living together) applies for the purposes of this paragraph.

#### PART 4

##### “NON-RESIDENT” IN RELATION TO A CHARGEABLE TRANSACTION: COMPANIES

###### *Whether company is “non-resident” in relation to a chargeable transaction*

- 7 (1) For the purposes of this Schedule a company is “non-resident” in relation to a chargeable transaction if either of the following conditions is met.
- (2) The first condition is that, on the effective date of the chargeable transaction, the company is not UK resident for the purposes of the Corporation Tax Acts (see Chapter 3 of Part 2 of CTA 2009).
- (3) The second condition is that, on the effective date of the chargeable transaction, the company (though UK resident for the purposes of the Corporation Tax Acts)—
- (a) is a close company (see paragraph 8),
  - (b) meets the non-UK control test in relation to the transaction (see paragraphs 9 and 10), and
  - (c) is not an excluded company (see paragraph 11).
- (4) This paragraph is subject to—
- (a) paragraph 15 (co-ownership authorised contractual schemes);
  - (b) paragraph 16 (alternative property finance).

###### *Meaning of “close company”*

- 8 (1) For the purposes of this Schedule, a company is a “close company” if it is a close company within the meaning given by Chapter 2 of Part 10 of CTA 2010 (basic definitions), applying that Chapter subject to the following modifications.
- (2) Section 444 (companies involved with close companies) applies as if condition A in that section were omitted.

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- (3) Section 446 (particular types of quoted company not treated as close) is treated as omitted.

#### *Non-UK control*

- 9 (1) For the purposes of this Schedule, a company meets the “non-UK control test” in relation to a chargeable transaction if it is a close company within the meaning given by Chapter 2 of Part 10 of CTA 2010 (basic definitions), applying that Chapter subject to the following modifications.
- (2) Section 439 (“close company”) applies as if—
- (a) references to a participator were to a relevant participator, and
  - (b) references to five or fewer participators were to any number of relevant participators.
- (3) In sub-paragraph (2), “relevant participator” means a participator (within the meaning given by Chapter 2 of Part 10 of CTA 2010) who—
- (a) is non-resident in relation to the chargeable transaction (within the meaning of this Schedule), and
  - (b) is not a general partner in a limited partnership.
- (4) Section 444 (companies involved with close companies) applies as if condition A in that section were omitted.
- (5) Section 446 (particular types of quoted company not treated as close) is treated as omitted.
- (6) Section 451 (attribution of rights and powers) has effect subject to the limitations set out in paragraph 10.
- (7) The reference in sub-paragraph (3)(b) to a general partner does not include a general partner who possesses, or is entitled to acquire, rights that entitle the general partner, in the event of the winding up of the company or in any other circumstances, to receive more than 1% of the assets of the company which would then be available for distribution among its members.

#### *Non-UK control: attribution of rights and powers*

- 10 (1) This paragraph sets out limitations on the rights and powers of a person (A) that, apart from this paragraph, would be capable of being attributed to another person (B) under section 451(4) of CTA 2010, as that provision applies for the purposes of paragraph 9(1).
- (2) Where A and B are partners in a partnership, no rights and powers of A may be attributed to B under paragraph (c) or (d) of section 451(4) of CTA 2010 by virtue of that fact.
- (3) Where—
- (a) A and B are spouses or civil partners of each other,
  - (b) A and B are living together, and
  - (c) A is UK resident in relation to the chargeable transaction,
- no rights and powers of A may be attributed to B under paragraph (c) or (d) of section 451(4) of CTA 2010 by virtue of the fact mentioned in paragraph (a).

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- (4) Where A's or B's interest in a company is de minimis, no rights and powers of A in relation to the company may be attributed to B under any of paragraphs (a) to (d) of section 451(4) of CTA 2010.
- (5) For this purpose, a person's interest in a company is "de minimis" if—
- (a) the proportion of the share capital or issued share capital in the company that the person possesses or is entitled to acquire is less than 5%,
  - (b) the proportion of the voting rights in the company that the person possesses or is entitled to acquire is less than 5%,
  - (c) the issued share capital in the company that the person possesses or is entitled to acquire would, on the assumption that the whole of the income of the company were distributed among the participators, entitle the person to receive less than 5% of the income so distributed, and
  - (d) the person's rights in the company entitle the person, in the event of the winding up of the company or in any other circumstances, to less than 5% of the assets of the company which would then be available for distribution among the participators.
- (6) Any rights A has as a loan creditor are to be disregarded for the purposes of the assumption in sub-paragraph (5)(c).
- (7) Section 1011 of the Income Tax Act 2007 (references to married persons, or civil partners, living together) applies for the purposes of this paragraph.

#### *Excluded companies*

- 11 (1) A company is an "excluded company" for the purposes of paragraph 7(3)(c) if it is any of the following—
- (a) a PAIF;
  - (b) a body corporate that is a 51% subsidiary of PAIF;
  - (c) a company UK REIT;
  - (d) a company that is a member of a group UK REIT;
  - (e) a company acting as a trustee of a settlement.
- (2) In this paragraph—
- (a) "PAIF" means a body corporate that is a property AIF for the purposes of Schedule 7A to this Act by virtue of paragraph 2(2) of that Schedule;
  - (b) "51% subsidiary" has the same meaning as in the Corporation Tax Acts (see Chapter 3 of Part 24 of CTA 2010);
  - (c) "company UK REIT" has the same meaning as in Part 12 of CTA 2010 (see section 524(5) of that Act);
  - (d) "group UK REIT" has the same meaning as in Part 12 of CTA 2010 (see section 523(5) of that Act).

*Status: Point in time view as at 15/03/2023.*

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## PART 5

### SPECIAL RULES FOR PARTICULAR PURCHASERS AND TRANSACTIONS

#### *Spouses and civil partners of UK residents*

- 12 (1) This paragraph applies where—
- (a) there are two or more purchasers in relation to a chargeable transaction who are or will be jointly entitled to the interest acquired, and
  - (b) the following conditions are met in relation to those purchasers.
- (2) The conditions are—
- (a) that, on the effective date of the transaction, the purchasers, or (if there are more than two) two of them, are spouses or civil partners of each other;
  - (b) that, on the effective date of the transaction, those spouses or civil partners are living together;
  - (c) that one of those spouses or civil partners is UK resident in relation to the chargeable transaction;
  - (d) that (apart from this paragraph) one of those spouses or civil partners is non-resident in relation to the chargeable transaction;
  - (e) that neither of the spouses or civil partners is acting as a trustee of a settlement.
- (3) For the purposes of this Schedule, the spouse or civil partner mentioned in sub-paragraph (2)(d) is UK resident in relation to the chargeable transaction.
- (4) Section 1011 of the Income Tax Act 2007 (references to married persons, or civil partners, living together) applies for the purposes of this paragraph.

#### *Bare trust acquiring new lease*

- 13 (1) Sub-paragraph (2) applies to a chargeable transaction if—
- (a) the purchaser is, or (if there is more than one) the purchasers include, a person (P) who is acting as a trustee of a bare trust, and
  - (b) paragraph 3(3) of Schedule 16 (trustee of bare trust granted a lease treated as purchaser of the whole of the interest acquired) applies in relation to P.
- (2) In determining for the purposes of this Part of this Act whether the chargeable transaction is a “non-resident transaction”, paragraph 2(1)(a) (condition that purchaser be non-resident) has effect as if a reference to the purchaser or purchasers—
- (a) included the beneficiary or beneficiaries of the bare trust, and
  - (b) did not include P.

#### *Purchase by settlement if beneficiary entitled to occupy, or to income from, dwelling*

- 14 (1) Sub-paragraph (2) applies to a chargeable transaction if—
- (a) the purchaser is, or (if there is more than one) the purchasers include, a person (P) who is acting as a trustee of a settlement, and
  - (b) under the terms of the settlement a beneficiary is entitled—
    - (i) to occupy the dwelling or dwellings for life, or
    - (ii) to income earned in respect of the dwelling or dwellings.

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- (2) In determining for the purposes of this Part of this Act whether the chargeable transaction is a “non-resident transaction”, paragraph 2(1)(a) (condition that purchaser be non-resident) has effect as if a reference to the purchaser or purchasers—
- (a) included the beneficiary or beneficiaries of the settlement, and
  - (b) did not include P.
- (3) In this paragraph “settlement” does not include a settlement under a unit trust scheme.

*Co-ownership authorised contractual schemes*

- 15 (1) Subject to sub-paragraph (2), a co-ownership authorised contractual scheme is not “non-resident” in relation to any chargeable transaction.
- (2) A collective investment scheme that is a co-ownership authorised contractual scheme by virtue of section 102A(7) (EEA schemes) is “non-resident” in relation to all chargeable transactions.

*Alternative property finance*

- 16 (1) Sub-paragraph (2) applies in relation to a chargeable transaction within section 71A(1)(a) (purchase of land by financial institution as part of alternative property finance arrangements).
- (2) The financial institution that enters into the transaction is “non-resident” in relation to the transaction if and only if the person with whom it enters into the arrangements mentioned in section 71A(1) is non-resident in relation to the transaction.
- (3) Sub-paragraph (4) applies in relation to a chargeable transaction within section 73(1)(a)(i) (purchase of land by financial institution as part of alternative property finance arrangements).
- (4) The financial institution that enters into the transaction is “non-resident” in relation to the transaction if and only if the person with whom it enters into the arrangements mentioned in section 73(1) is non-resident in relation to the transaction.

*Completion of contract previously substantially performed*

- 17 In a case within section 44(8) (contract substantially performed and subsequently completed by a conveyance) the later of the notifiable transactions mentioned in that provision is a “non-resident transaction” for the purposes of this Part if and only if the earlier of those notifiable transactions is a non-resident transaction for the purposes of this Part.

## PART 6

### SUPPLEMENTARY PROVISION

*Completion of land transaction return*

- 18 (1) Sub-paragraph (2) applies in relation to a land transaction return in respect of a chargeable transaction if—

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- (a) in order to determine whether the chargeable transaction is a non-resident transaction, it is necessary to determine whether one or more individuals are UK resident in relation to the transaction under paragraph 4(1), and
  - (b) that individual or any of those individuals, at the beginning of the day on which the land transaction return is delivered, has not yet met the condition in that provision (but might turn out to do so depending on their residence during the remainder of the relevant period).
- (2) The land transaction return must be prepared on the assumption that the individual or (as the case may be) each of the individuals is resident outside the United Kingdom throughout the period—
  - (a) beginning with the day on which the land transaction return is delivered, and
  - (b) ending at the end of the relevant period.
- (3) In this paragraph “the relevant period” has the same meaning as in paragraph 4(1).

*Amendment of return where individual becomes UK resident after return delivered*

- 19
- (1) Sub-paragraph (2) applies where—
    - (a) a land transaction return in respect of a chargeable transaction is prepared on the assumption mentioned in paragraph 18(2), and
    - (b) the individual or (as the case may be) each of the individuals in respect of whom the assumption was made subsequently meets the condition in paragraph 4(1) (with the result that the transaction is not a non-resident transaction).
  - (2) The land transaction return may be amended, at any time before the end of the period of 2 years beginning with the day after the effective date of the transaction, to take account of the fact that the transaction is not a non-resident transaction.
  - (3) Where a land transaction return is amended under sub-paragraph (2), paragraph 6(2A) of Schedule 10 (notice of amendment of return to be accompanied by the contract for the transaction etc) does not apply in relation to the amendment.

*What counts as a dwelling*

- 20
- (1) This paragraph sets out rules for determining what counts as a dwelling for the purposes of this Schedule.
  - (2) A building or part of a building counts as a dwelling if—
    - (a) it is used or suitable for use as a single dwelling, or
    - (b) it is in the process of being constructed or adapted for such use.
  - (3) Land that is, or is to be, occupied or enjoyed with a dwelling as a garden or grounds (including any building or structure on that land) is taken to be part of that dwelling.
  - (4) Land that subsists, or is to subsist, for the benefit of a dwelling is taken to be part of that dwelling.
  - (5) The main subject-matter of a transaction is also taken to consist of or include an interest in a dwelling if—
    - (a) substantial performance of a contract constitutes the effective date of that transaction by virtue of a relevant deeming provision,

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- (b) the main subject-matter of the transaction consists of or includes an interest in a building, or a part of a building, that is to be constructed or adapted under the contract for use as a single dwelling, and
  - (c) construction or adaptation of the building, or part of a building, has not begun by the time the contract is substantially performed.
- (6) In sub-paragraph (5)—
- “contract” includes any agreement;
  - “relevant deeming provision” means any of sections 44 to 45A or paragraph 5(1) or (2) of Schedule 2A or paragraph 12A of Schedule 17A;
  - “substantially performed” has the same meaning as in section 44.
- (7) A building or part of a building used for a purpose specified in section 116(2) or (3) is not used as a dwelling for the purposes of sub-paragraph (2) or (5).
- (8) Where a building or part of a building is used for a purpose mentioned in sub-paragraph (7), no account is to be taken for the purposes of sub-paragraph (2) of its suitability for any other use.

#### *Interpretation*

- 21 In this Schedule—
- “CTA 2009” means the Corporation Tax Act 2009;
  - “CTA 2010” means the Corporation Tax Act 2010.

#### *Power to modify this Schedule*

- 22 (1) The Treasury may by regulations amend or otherwise modify this Schedule for the purpose of preventing certain chargeable transactions from being non-resident transactions for the purposes of this Schedule.
- (2) The provision which may be included in regulations under this paragraph by reason of section 114(6)(c) includes incidental or consequential provision which may cause a chargeable transaction to be a non-resident transaction for the purposes of this Schedule.]

## SCHEDULE 10

Section 78

### STAMP DUTY LAND TAX: RETURNS, ENQUIRIES, ASSESSMENTS AND APPEALS

#### **Modifications etc. (not altering text)**

- C42** Sch. 10 applied (with modifications) (with effect in accordance with Sch. 61 para. 29(2)(a) of the amending Act) by [Finance Act 2009 \(c. 10\)](#), [Sch. 61 para. 7\(9\)](#)



*Status: Point in time view as at 15/03/2023.*

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## PART 1

### LAND TRANSACTION RETURNS

#### *Contents of return*

- 1 (1) A land transaction return must—
- (a) be in the prescribed form,
  - (b) contain the prescribed information, and
  - (c) include a declaration by the purchaser (or each of them) that the return is to the best of his knowledge correct and complete.
- [<sup>F792</sup>(1A) Sub-paragraph (1)(c) is subject to paragraphs 1A and 1B.]
- (2) In sub-paragraph (1) “prescribed” means prescribed by regulations made by the Inland Revenue.
- (3) The regulations may make different provision for different kinds of return.
- (4) Regulations under sub-paragraph (1)(b) may require the provision of information corresponding to any of the particulars formerly required under—
- (a) Schedule 2 to the Finance Act 1931 (c. 28) (requirement to deliver particulars of land transactions in Great Britain), or
  - (b) section 244 of the Finance Act 1994 (c. 9) (corresponding provision for Northern Ireland).
- (5) The return is treated as containing any information provided by the purchaser for the purpose of completing the return.

#### **Textual Amendments**

**F792** Sch. 10 para. 1(1A) inserted (with effect in accordance with reg. 1 of the amending S.I.) by [The Stamp Duty Land Tax \(Land Transaction Returns\) Regulations 2004 \(S.I. 2004/3208\)](#), regs. 1, **3(a)**

#### *[<sup>F793</sup>Declaration by agent*

#### **Textual Amendments**

**F793** Sch. 10 paras. 1A, 1B and cross-headings inserted (with effect in accordance with reg. 1 of the amending S.I.) by [The Stamp Duty Land Tax \(Land Transaction Returns\) Regulations 2004 \(S.I. 2004/3208\)](#), regs. 1, **3(b)**

- 1A. (1) Where —
- (a) the purchaser (or each of them) authorises an agent to complete a land transaction return,
  - (b) the purchaser (or each of them) makes a declaration that, with the exception of the effective date, the information provided in the return is to the best of his knowledge correct and complete, and
  - (c) the land transaction return includes a declaration by the agent that the effective date provided in the return is to the best of his knowledge correct,
- the requirement in paragraph 1(1)(c) shall be deemed to be met.

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- (2) Sub-paragraph (1) applies only where the return is in a form specified by the Inland Revenue for the purposes of that sub-paragraph.
- (3) Nothing in this paragraph affects the liability of the purchaser (or each of them) under this Part of this Act.

*Declaration by the relevant Official Solicitor*

- 1B. (1) Where —
- (a) the purchaser (or any of them) is a person under a disability,
  - (b) the Official Solicitor is acting for the purchaser (or any of them), and
  - (c) the land transaction return includes a declaration by the Official Solicitor that the return is to the best of his knowledge correct and complete,
- the requirement in paragraph 1(1)(c) shall be deemed to be met.
- (2) Sub-paragraph (1) applies only where the return is in a form specified by the Inland Revenue for the purposes of that sub-paragraph.
  - (3) Nothing in this paragraph affects the liability of the purchaser (or each of them) under this Part of this Act.
  - (4) In this paragraph “the Official Solicitor” means the Official Solicitor to the Supreme Court of England and Wales or the Official Solicitor to the Supreme Court of Northern Ireland (as the case requires).]

*Meaning of filing date and delivery of return*

- 2 (1) References in this Part of this Act to the filing date, in relation to a land transaction return, are to the last day of the period within which the return must be delivered.
- (2) References in this Part of this Act to the delivery of a land transaction return are to the delivery of a return that—
  - (a) complies with the requirements of paragraph 1(1) (contents of return), <sup>F794</sup>...
  - <sup>F794</sup>(b) .....

**Textual Amendments**

**F794** Sch. 10 para. 2(2)(b) repealed (with effect in accordance with s. 80(9) of the amending Act) by [Finance Act 2007 \(c. 11\)](#), s. 80(7), [Sch. 27 Pt. 4\(4\)](#)

*Failure to deliver return: flat-rate penalty*

- 3 (1) A person who is required to deliver a land transaction return and fails to do so by the filing date is liable to a flat-rate penalty under this paragraph.  
 He may also be liable to a tax-related penalty under paragraph 4.
- (2) The penalty is—
  - (a) £100 if the return is delivered within three months after the filing date, and
  - (b) £200 in any other case.

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*Failure to deliver return: tax-related penalty*

- 4 (1) A purchaser who is required to deliver a land transaction return in respect of a chargeable transaction and fails to do so within twelve months after the filing date is liable to a tax-related penalty under this paragraph.

This is in addition to any flat-rate penalty under paragraph 3.

- (2) The penalty is an amount not exceeding the amount of tax chargeable in respect of the transaction.

*Formal notice to deliver return: daily penalty*

- 5 (1) If it appears to the Inland Revenue—

- (a) that a purchaser required to deliver a land transaction return in respect of a chargeable transaction has failed to do so, and  
(b) that the filing date has now passed,

they may issue a notice requiring him to deliver a land transaction return in respect of the transaction.

- (2) The notice must specify—

- (a) the transaction to which it relates, and  
(b) the period for complying with the notice (which must not be less than 30 days from the date of issue of the notice).

- (3) If the purchaser does not comply with the notice within the specified period, the Inland Revenue may apply to the [<sup>F795</sup>tribunal] for an order imposing a daily penalty.

- (4) On such an application the [<sup>F796</sup>tribunal] may direct that the purchaser shall be liable to a penalty or penalties not exceeding £60 for each day on which the failure continues after the day on which he is notified of the direction.

- (5) This paragraph does not affect, and is not affected by, any penalty under paragraph 3 or 4 (flat-rate or tax-related penalty for failure to deliver return).

**Textual Amendments**

**F795** Word in Sch. 10 para. 5(3) substituted (1.4.2009) by [The Transfer of Tribunal Functions and Revenue and Customs Appeals Order 2009 \(S.I. 2009/56\)](#), art. 1(2), **Sch. 1 para. 374(2)**

**F796** Word in Sch. 10 para. 5(4) substituted (1.4.2009) by [The Transfer of Tribunal Functions and Revenue and Customs Appeals Order 2009 \(S.I. 2009/56\)](#), art. 1(2), **Sch. 1 para. 374(3)**

*Amendment of return by purchaser*

- 6 (1) The purchaser may amend a land transaction return given by him by notice to the Inland Revenue.

- (2) The notice must be in such form, and contain such information, as the Inland Revenue may require.

- [<sup>F797</sup>(2A) If the effect of the amendment would be to entitle the purchaser to a repayment of tax, the notice must be accompanied by—

- (a) the contract for the land transaction; and  
(b) the instrument (if any) by which that transaction was effected.]

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- (3) Except as otherwise provided, an amendment may not be made more than twelve months after the filing date.

**Textual Amendments**

**F797** Sch. 10 para. 6(2A) inserted (with effect in accordance with reg. 1 of the amending S.I.) by [The Stamp Duty Land Tax \(Land Transaction Returns\) Regulations 2004 \(S.I. 2004/3208\)](#), regs. 1, **3(c)**

**Modifications etc. (not altering text)**

**C43** Sch. 10 para. 6(2A)(3) excluded (12.2.2019) by [Finance Act 2019 \(c. 1\)](#), s. **43(6)**

*Correction of return by Revenue*

- 7 (1) The Inland Revenue may amend a land transaction return so as to correct obvious errors or omissions in the return (whether errors of principle, arithmetical mistakes or otherwise).
- [<sup>F798</sup>(1A) The power under sub-paragraph (1) may, in such circumstances as the Commissioners for Her Majesty's Revenue and Customs may specify in regulations, be exercised—
- (a) in relation to England and Wales, by the Chief Land Registrar;
  - <sup>F799</sup>(b) . . . . .
  - (c) in relation to Northern Ireland, by the Registrar of Titles or the registrar of deeds;
  - (d) in any case, by such other persons with functions relating to the registration of land as the regulations may specify.]
- (2) A correction under this paragraph is made by notice to the purchaser.
- (3) No such correction may be made more than nine months after—
- (a) the day on which the return was delivered, or
  - (b) if the correction is required in consequence of an amendment under paragraph 6, the day on which that amendment was made.
- (4) A correction under this paragraph is of no effect if the purchaser—
- (a) amends the return so as to reject the correction, or
  - (b) after the end of the period within which he may amend the return, but within three months from the date of issue of the notice of correction, gives notice rejecting the correction.
- (5) Notice under sub-paragraph (4)(b) must be given to the officer of the Board by whom notice of the correction was given.

**Textual Amendments**

**F798** Sch. 10 para. 7(1A) inserted (20.7.2005) by [Finance \(No. 2\) Act 2005 \(c. 22\)](#), s. **47(4)**

**F799** Sch. 10 para. 7(1A)(b) omitted (with effect in accordance with s. 29(4) of the amending Act) by virtue of [Scotland Act 2012 \(c. 11\)](#), s. 44(2)(b)(3)(b), [Sch. 3 para. 25\(2\)](#) (with s. 29(5)(6)); S.I. 2015/637, [art. 2](#)

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*Penalty for incorrect or uncorrected return*

F800g .....

**Textual Amendments**

**F800** Sch. 10 para. 8 omitted (1.4.2009) by virtue of [Finance Act 2008 \(c. 9\)](#), s. 122(2), [Sch. 40 para. 21\(k\)](#) (ii); S.I. 2009/571, art. 2

**PART 2**

DUTY TO KEEP AND PRESERVE RECORDS

*Duty to keep and preserve records*

- 9 (1) A purchaser who is required to deliver a land transaction return must—
- (a) keep such records as may be needed to enable him to deliver a correct and complete return, and
  - (b) preserve those records in accordance with this paragraph.
- (2) The records must be preserved [<sup>F801</sup>until the end of the later of the relevant day and the] date on which—
- (a) an enquiry into the return is completed, or
  - (b) if there is no enquiry, the Inland Revenue no longer have power to enquire into the return.
- [<sup>F802</sup>(2A) “The relevant day” means—
- (a) the sixth anniversary of the effective date of the transaction, or
  - (b) such earlier day as may be specified in writing by the Commissioners for Her Majesty's Revenue and Customs (and different days may be specified for different cases).]

(3) The records required to be kept and preserved under this paragraph include—

    - (a) relevant instruments relating to the transaction, in particular, any contract or conveyance, and any supporting maps, plans or similar documents;
    - (b) records of relevant payments, receipts and financial arrangements.

[<sup>F803</sup>(4) The Commissioners for Her Majesty's Revenue and Customs may by regulations—

    - (a) provide that the records required to be kept and preserved under this paragraph include, or do not include, records specified in the regulations, and
    - (b) provide that those records include supporting documents so specified.

(5) Regulations under this paragraph may make provision by reference to things specified in a notice published by the Commissioners for Her Majesty's Revenue and Customs in accordance with the regulations (and not withdrawn by a subsequent notice).

(6) “Supporting documents” includes accounts, books, deeds, contracts, vouchers and receipts.]

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**Textual Amendments**

- F801** Words in Sch. 10 para. 9(2) substituted (1.4.2010) by [Finance Act 2009 \(c. 10\), s. 98\(2\), Sch. 50 para. 5\(2\)](#); [S.I. 2010/815, art. 2](#)
- F802** Sch. 10 para. 9(2A) inserted (1.4.2010) by [Finance Act 2009 \(c. 10\), s. 98\(2\), Sch. 50 para. 5\(3\)](#); [S.I. 2010/815, art. 2](#)
- F803** Sch. 10 para. 9(4)-(6) inserted (1.4.2010) by [Finance Act 2009 \(c. 10\), s. 98\(2\), Sch. 50 para. 5\(4\)](#); [S.I. 2010/815, art. 2](#)

*Preservation of information [<sup>F804</sup> etc]*

**Textual Amendments**

- F804** Word in Sch. 10 para. 10 cross-heading substituted (1.4.2010) by [Finance Act 2009 \(c. 10\), s. 98\(2\), Sch. 50 para. 7](#); [S.I. 2010/815, art. 2](#)

- [<sup>F805</sup>10 The duty under paragraph 9 to preserve records may be satisfied—
- (a) by preserving them in any form and by any means, or
  - (b) by preserving the information contained in them in any form and by any means,
- subject to any conditions or exceptions specified in writing by the Commissioners for Her Majesty's Revenue and Customs.]

**Textual Amendments**

- F805** Sch. 10 para. 10 substituted (1.4.2010) by [Finance Act 2009 \(c. 10\), s. 98\(2\), Sch. 50 para. 6](#); [S.I. 2010/815, art. 2](#)

*Penalty for failure to keep and preserve records*

- 11 (1) A person who fails to comply with paragraph 9 in relation to a transaction is liable to a penalty not exceeding £3,000, subject to the following exception.
- (2) No penalty is incurred if the Inland Revenue are satisfied that any facts that they reasonably require to be proved, and that would have been proved by the records, are proved by other documentary evidence provided to them.

**PART 3**

ENQUIRY INTO RETURN

*Notice of enquiry*

- 12 (1) The Inland Revenue may enquire into a land transaction return if they give notice of their intention to do so (“notice of enquiry”)—
- (a) to the purchaser,
  - (b) before the end of the enquiry period.
- (2) The enquiry period is the period of nine months—

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- (a) after the filing date, if the return was delivered on or before that date;
- (b) after the date on which the return was delivered, if the return was delivered after the filing date;
- (c) after the date on which the amendment was made, if the return is amended under paragraph 6 (amendment by purchaser).

[<sup>F806</sup>This is subject to the following qualification.]

[<sup>F807</sup>(2A) If—

- (a) the Inland Revenue give notice, within the period specified in sub-paragraph (2), of their intention to enquire into a land transaction return delivered under section 80 (adjustment where contingency ceases or consideration is ascertained), 81 (further return where relief withdrawn) [<sup>F808</sup>, 81A (return or further return in consequence of later linked transaction) or paragraph 6 of Schedule 6B (adjustment for change of circumstances)] , and
- (b) it appears to the Inland Revenue to be necessary to give a notice under this paragraph in respect of an earlier land transaction return <sup>F809</sup> ...,

a notice may be given notwithstanding that the period referred to in sub-paragraph (2) has elapsed in relation to that earlier [<sup>F810</sup> return].]

- (3) A return that has been the subject of one notice of enquiry may not be the subject of another, except one given in consequence of an amendment (or another amendment) of the return under paragraph 6.

#### Textual Amendments

- F806** Words in Sch. 10 para. 12(2) added (with effect in accordance with reg. 1 of the amending S.I.) by [The Stamp Duty Land Tax \(Land Transaction Returns\) Regulations 2004 \(S.I. 2004/3208\)](#), regs. 1, **4(2)(a)**
- F807** Sch. 10 para. 12(2A) inserted (with effect in accordance with reg. 1 of the amending S.I.) by [The Stamp Duty Land Tax \(Land Transaction Returns\) Regulations 2004 \(S.I. 2004/3208\)](#), regs. 1, **4(2)(b)**
- F808** Words in Sch. 10 para. 12(2A) substituted (with effect in accordance with Sch. 22 para. 9 of the amending Act) by [Finance Act 2011 \(c. 11\)](#), **Sch. 22 para. 7**
- F809** Words in Sch. 10 para. 12(2A)(b) omitted (with effect in accordance with s. 89(4) of the amending Act) by virtue of [Finance Act 2021 \(c. 26\)](#), **Sch. 17 para. 8(a)**
- F810** Word in Sch. 10 para. 12(2A) substituted (with effect in accordance with s. 89(4) of the amending Act) by [Finance Act 2021 \(c. 26\)](#), **Sch. 17 para. 8(b)**

#### Scope of enquiry

- 13 (1) An enquiry extends to anything contained in the return, or required to be contained in the return, that relates—
- (a) to the question whether tax is chargeable in respect of the transaction, or
  - (b) to the amount of tax so chargeable.
- This is subject to the following exception.
- (2) If the notice of enquiry is given as a result of an amendment of the return under paragraph 6 (amendment by purchaser)—
- (a) at a time when it is no longer possible to give notice of enquiry under paragraph 12, or
  - (b) after an enquiry into the return has been completed,

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the enquiry into the return is limited to matters to which the amendment relates or that are affected by the amendment.

*Notice to produce documents etc for purposes of enquiry*

F811 14 .....

**Textual Amendments**

**F811** Sch. 10 paras. 14-16 omitted (1.4.2010) by virtue of [The Finance Act 2009, Section 96 and Schedule 48 \(Appointed Day, Savings and Consequential Amendments\) Order 2009 \(S.I. 2009/3054\)](#), art. 1, **Sch. para. 11(4)** (with art. 7(2))

*Appeal against notice to produce documents etc*

F811 15 .....

**Textual Amendments**

**F811** Sch. 10 paras. 14-16 omitted (1.4.2010) by virtue of [The Finance Act 2009, Section 96 and Schedule 48 \(Appointed Day, Savings and Consequential Amendments\) Order 2009 \(S.I. 2009/3054\)](#), art. 1, **Sch. para. 11(4)** (with art. 7(2))

*Penalty for failure to produce documents etc*

F811 16 .....

**Textual Amendments**

**F811** Sch. 10 paras. 14-16 omitted (1.4.2010) by virtue of [The Finance Act 2009, Section 96 and Schedule 48 \(Appointed Day, Savings and Consequential Amendments\) Order 2009 \(S.I. 2009/3054\)](#), art. 1, **Sch. para. 11(4)** (with art. 7(2))

*Amendment of self-assessment during enquiry to prevent loss of tax*

- 17 (1) If at a time when an enquiry is in progress into a land transaction return the Inland Revenue form the opinion—
- (a) that the amount stated in the self-assessment contained in the return as the amount of tax payable is insufficient, and
  - (b) that unless the assessment is immediately amended there is likely to be a loss of tax to the Crown,
- they may by notice in writing to the purchaser amend the assessment to make good the deficiency.
- (2) In the case of an enquiry that under paragraph 13(2) is limited to matters arising from an amendment of the return, sub-paragraph (1) above applies only so far as the deficiency is attributable to the amendment.
- (3) For the purposes of this paragraph the period during which an enquiry is in progress is the whole of the period—



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- (a) beginning with the day on which notice of enquiry is given, and
- (b) ending with the day on which the enquiry is completed.

*Amendment of return by taxpayer during enquiry*

- 18 (1) This paragraph applies if a return is amended under paragraph 6 (amendment by purchaser) at a time when an enquiry is in progress into the return.
- (2) The amendment does not restrict the scope of the enquiry but may be taken into account (together with any matters arising) in the enquiry.
- (3) So far as the amendment affects the amount stated in the self-assessment included in the return as the amount of tax payable, it does not take effect while the enquiry is in progress and—
- (a) if the Inland Revenue state in the closure notice that they have taken the amendments into account and that—
    - (i) the amendment has been taken into account in formulating the amendments contained in the notice, or
    - (ii) their conclusion is that the amendment is incorrect,the amendment shall not take effect;
  - (b) otherwise, the amendment takes effect when the closure notice is issued.
- (4) For the purposes of this paragraph the period during which an enquiry is in progress is the whole of the period—
- (a) beginning with the day on which notice of enquiry is given, and
  - (b) ending with the day on which the enquiry is completed.

*Referral of questions to <sup>F812</sup>the tribunal] during enquiry*

**Textual Amendments**

**F812** Words in Sch. 10 para. 19 cross-heading heading substituted (1.4.2009) by [The Transfer of Tribunal Functions and Revenue and Customs Appeals Order 2009 \(S.I. 2009/56\)](#), art. 1(2), **Sch. 1 para. 378(2)**

- 19 (1) At any time when an enquiry is in progress into a land transaction return any question arising in connection with the subject-matter of the enquiry may be referred <sup>F813</sup>to the tribunal for determination].
- (2) Notice of referral must be given—
- (a) jointly by the purchaser and the Inland Revenue,
  - <sup>F814</sup>(b) .....
  - (c) to the <sup>F815</sup>tribunal].
- <sup>F816</sup>(3) .....
- (4) More than one notice of referral may be given under this paragraph in relation to an enquiry.
- (5) For the purposes of this paragraph the period during which an enquiry is in progress is the whole of the period—
- (a) beginning with the day on which the notice of enquiry was given, and

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- (b) ending with the day on which the enquiry is completed.

**Textual Amendments**

- F813** Words in Sch. 10 para. 19(1) substituted (1.4.2009) by [The Transfer of Tribunal Functions and Revenue and Customs Appeals Order 2009 \(S.I. 2009/56\)](#), art. 1(2), **Sch. 1 para. 378(3)**
- F814** Sch. 10 para. 19(2)(b) omitted (1.4.2009) by virtue of [The Transfer of Tribunal Functions and Revenue and Customs Appeals Order 2009 \(S.I. 2009/56\)](#), art. 1(2), **Sch. 1 para. 378(4)(a)**
- F815** Word in Sch. 10 para. 19(2)(c) substituted (1.4.2009) by [The Transfer of Tribunal Functions and Revenue and Customs Appeals Order 2009 \(S.I. 2009/56\)](#), art. 1(2), **Sch. 1 para. 378(4)(b)**
- F816** Sch. 10 para. 19(3) omitted (1.4.2009) by virtue of [The Transfer of Tribunal Functions and Revenue and Customs Appeals Order 2009 \(S.I. 2009/56\)](#), art. 1(2), **Sch. 1 para. 378(5)**

*Withdrawal of notice of referral*

- 20 (1) The Inland Revenue or the purchaser may withdraw a notice of referral under paragraph 19<sup>F817</sup>....
- <sup>F818</sup>(2) .....

**Textual Amendments**

- F817** Words in Sch. 10 para. 20(1) omitted (1.4.2009) by virtue of [The Transfer of Tribunal Functions and Revenue and Customs Appeals Order 2009 \(S.I. 2009/56\)](#), art. 1(2), **Sch. 1 para. 379(2)**
- F818** Sch. 10 para. 20(2) omitted (1.4.2009) by virtue of [The Transfer of Tribunal Functions and Revenue and Customs Appeals Order 2009 \(S.I. 2009/56\)](#), art. 1(2), **Sch. 1 para. 379(3)**

*Effect of referral on enquiry*

- 21 (1) While proceedings on a referral under paragraph 19 are in progress in relation to an enquiry—
- (a) no closure notice shall be given in relation to the enquiry, and
- (b) no application may be made for a direction to give such a notice.
- (2) For the purposes of this paragraph proceedings on a referral are in progress where—
- (a) notice of referral has been given,
- (b) the notice has not been withdrawn, and
- (c) the questions referred have not been finally determined.
- (3) For the purposes of sub-paragraph (2)(c) a question referred is finally determined when—
- (a) it has been determined by the [<sup>F819</sup>tribunal], and
- (b) there is no further possibility of the determination being varied or set aside (disregarding any power to grant permission to appeal out of time).

**Textual Amendments**

- F819** Word in Sch. 10 para. 21(3)(a) substituted (1.4.2009) by [The Transfer of Tribunal Functions and Revenue and Customs Appeals Order 2009 \(S.I. 2009/56\)](#), art. 1(2), **Sch. 1 para. 380**

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### *Effect of determination*

- 22 (1) The determination of a question referred to the [<sup>F820</sup>tribunal] under paragraph 19 is binding on the parties to the referral in the same way, and to the same extent, as a decision on a preliminary issue in an appeal.
- (2) The determination shall be taken into account by the Inland Revenue—
- (a) in reaching their conclusions on the enquiry, and
  - (b) in formulating any amendments of the return required to give effect to those conclusions.
- (3) Any right of appeal under paragraph 35 (appeals against assessments etc) may not be exercised so as to reopen the question determined except to the extent (if any) that it could be reopened if it had been determined as a preliminary issue in that appeal.

#### **Textual Amendments**

**F820** Word in Sch. 10 para. 22(1) substituted (1.4.2009) by [The Transfer of Tribunal Functions and Revenue and Customs Appeals Order 2009 \(S.I. 2009/56\)](#), art. 1(2), **Sch. 1 para. 381**

### *Completion of enquiry*

- 23 (1) An enquiry under paragraph 12 is completed when the Inland Revenue by notice (a “closure notice”) inform the purchaser that they have completed their enquiries and state their conclusions.
- (2) A closure notice must either—
- (a) state that in the opinion of the Inland Revenue no amendment of the return is required, or
  - (b) make the amendments of the return required to give effect to their conclusions.
- (3) A closure notice takes effect when it is issued.

### *Direction to complete enquiry*

- 24 (1) The purchaser may apply to the [<sup>F821</sup>tribunal] for a direction that the Inland Revenue give a closure notice within a specified period.
- [<sup>F822</sup>(2) Any such application is to be subject to the relevant provisions of Part 5 of the Taxes Management Act 1970 (see, in particular, section 48(2)(b) of that Act).]
- (3) The [<sup>F823</sup>tribunal] hearing the application shall give a direction unless <sup>F824</sup>... satisfied that the Inland Revenue have reasonable grounds for not giving a closure notice within a specified period.

#### **Textual Amendments**

**F821** Word in Sch. 10 para. 24(1) substituted (1.4.2009) by [The Transfer of Tribunal Functions and Revenue and Customs Appeals Order 2009 \(S.I. 2009/56\)](#), art. 1(2), **Sch. 1 para. 382(2)**

**F822** Sch. 10 para. 24(2) substituted (1.4.2009) by [The Transfer of Tribunal Functions and Revenue and Customs Appeals Order 2009 \(S.I. 2009/56\)](#), art. 1(2), **Sch. 1 para. 382(3)**

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- F823** Word in Sch. 10 para. 24(3) substituted (1.4.2009) by [The Transfer of Tribunal Functions and Revenue and Customs Appeals Order 2009 \(S.I. 2009/56\)](#), art. 1(2), **Sch. 1 para. 382(4)(a)**
- F824** Words in Sch. 10 para. 24(3) omitted (1.4.2009) by virtue of [The Transfer of Tribunal Functions and Revenue and Customs Appeals Order 2009 \(S.I. 2009/56\)](#), art. 1(2), **Sch. 1 para. 382(4)(b)**

## PART 4

### REVENUE DETERMINATION IF NO RETURN DELIVERED

#### *Determination of tax chargeable if no return delivered*

- 25 (1) If in the case of a chargeable transaction no land transaction return is delivered by the filing date, the Inland Revenue may make a determination (a “Revenue determination”) to the best of their information and belief of the amount of tax chargeable in respect of the transaction.
- (2) Notice of the determination must be served on the purchaser, stating the date on which it is issued.
- (3) No Revenue determination may be made more than [<sup>F825</sup>4 years] after the effective date of the transaction.

#### **Textual Amendments**

- F825** Words in Sch. 10 para. 25(3) substituted (1.4.2011) by [Finance Act 2009 \(c. 10\)](#), s. 99(2), **Sch. 51 para. 15(2)**; [S.I. 2010/867](#), art. 2(2)

#### *Determination to have effect as a self-assessment*

- 26 (1) A Revenue determination has effect for enforcement purposes as if were a self-assessment by the purchaser.
- (2) In sub-paragraph (1) “for enforcement purposes” means for the purposes of the following provisions of this Part of this Act—
- (a) the provisions of this Schedule providing for tax-related penalties;
  - (b) section 87 (interest on unpaid tax);
  - (c) section 91 and Schedule 12 (collection and recovery of unpaid tax etc).
- (3) Nothing in this paragraph affects any liability of the purchaser to a penalty for failure to deliver a return.

#### *Determination superseded by actual self-assessment*

- 27 (1) If after a Revenue determination has been made the purchaser delivers a land transaction return in respect of the transaction, the self-assessment included in that return supersedes the determination.
- (2) Sub-paragraph (1) does not apply to a return delivered—
- (a) more than [<sup>F826</sup>4 years] after the day on which the power to make the determination first became exercisable, or
  - (b) more than twelve months after the date of the determination,

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whichever is the later.

(3) Where—

- (a) proceedings have been begun for the recovery of any tax charged by a Revenue determination, and
- (b) before the proceedings are concluded the determination is superseded by a self-assessment,

the proceedings may be continued as if they were proceedings for the recovery of so much of the tax charged by the self-assessment as is due and payable and has not been paid.

[<sup>F827</sup>(4) Where—

- (a) action is being taken under Part 1 of Schedule 8 to the Finance (No. 2) Act 2015 (enforcement of deduction from accounts) for the recovery of an amount (“the original amount”) of tax charged by a Revenue determination, and
- (b) before that action is concluded, the determination is superseded by a self-assessment,

that action may be continued as if it were action for the purposes of the recovery of so much of the tax charged by the self-assessment as is due and payable, has not yet been paid and does not exceed the original amount.]

#### Textual Amendments

**F826** Words in Sch. 10 para. 27(2)(a) substituted (1.4.2011) by [Finance Act 2009 \(c. 10\)](#), s. 99(2), [Sch. 51 para. 15\(3\)](#); S.I. 2010/867, art. 2(2)

**F827** [Sch. 10 para. 27\(4\)](#) inserted (18.11.2015) by [Finance \(No. 2\) Act 2015 \(c. 33\)](#), [Sch. 8 para. 41](#)

## PART 5

### REVENUE ASSESSMENTS

#### *Assessment where loss of tax discovered*

- 28 (1) If the Inland Revenue discover as regards a chargeable transaction that—
- (a) an amount of tax that ought to have been assessed has not been assessed, or
  - (b) an assessment to tax is or has become insufficient, or
  - (c) relief has been given that is or has become excessive,
- they may make an assessment (a “discovery assessment”) in the amount or further amount that ought in their opinion to be charged in order to make good to the Crown the loss of tax.
- (2) The power to make a discovery assessment in respect of a transaction for which the purchaser has delivered a return is subject to the restrictions specified in paragraph 30.

#### *Assessment to recover excessive repayment of tax*

- 29 (1) If an amount of tax has been repaid to any person that ought not to have been repaid to him, that amount may be assessed and recovered as if it were unpaid tax.

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- (2) Where the repayment was made with interest, the amount assessed and recovered may include the amount of interest that ought not to have been paid.
- (3) The power to make an assessment under this paragraph in respect of a transaction for which the purchaser has delivered a land transaction return is subject to the restrictions specified in paragraph 30.

*Restrictions on assessment where return delivered*

- 30 (1) If the purchaser has delivered a land transaction return in respect of the transaction in question, an assessment under paragraph 28 or 29 in respect of the transaction—
- (a) may only be made in the two cases specified in sub-paragraphs (2) and (3) below, and
  - (b) may not be made in the circumstances specified in sub-paragraph (5) below.
- (2) The first case is where the situation mentioned in paragraph 28(1) or 29(1) is attributable to fraudulent or negligent conduct on the part of—
- (a) the purchaser,
  - (b) a person acting on behalf of the purchaser, or
  - (c) a person who was a partner of the purchaser at the relevant time.
- (3) The second case is where the Inland Revenue, at the time they—
- (a) ceased to be entitled to give a notice of enquiry into the return, or
  - (b) completed their enquiries into the return,
- could not have been reasonably expected, on the basis of the information made available to them before that time, to be aware of the situation mentioned in paragraph 28(1) or 29(1).
- (4) For this purpose information is regarded as made available to the Inland Revenue if—
- (a) it is contained in a land transaction return made by the purchaser,
  - (b) it is contained in any documents produced or information provided to the Inland Revenue for the purposes of an enquiry into any such return, or
  - (c) it is information the existence of which, and the relevance of which as regards the situation mentioned in paragraph 28(1) or 29(1)—
    - (i) could reasonably be expected to be inferred by the Inland Revenue from information falling within paragraphs (a) or (b) above, or
    - (ii) are notified in writing to the Inland Revenue by the purchaser or a person acting on his behalf.
- (5) No assessment may be made if—
- (a) the situation mentioned in paragraph 28(1) or 29(1) is attributable to a mistake in the return as to the basis on which the tax liability ought to have been computed, and
  - (b) the return was in fact made on the basis or in accordance with the practice generally prevailing at the time it was made.

*Time limit for assessment*

- 31 (1) The general rule is that no assessment may be made more than [<sup>F828</sup>4 years] after the effective date of the transaction to which it relates.

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- [<sup>F829</sup>(2) An assessment of a person to tax in a case involving a loss of tax brought about carelessly by the purchaser or a related person may be made at any time not more than 6 years after the effective date of the transaction to which it relates (subject to sub-paragraph (2A)).
- (2A) An assessment of a person to tax in a case involving a loss of tax—
- (a) brought about deliberately by the purchaser or a related person,
  - (b) attributable to a failure by the person to comply with an obligation under section 76(1) or paragraph 3(3)(a), 4(3)(a) or 8(3)(a) of Schedule 17A, <sup>F830</sup>...
  - (c) attributable to arrangements in respect of which the person has failed to comply with an obligation under section 309, 310 or 313 of the Finance Act 2004 (obligation of parties to tax avoidance schemes to provide information to Her Majesty's Revenue and Customs), [<sup>F831</sup>or
  - (d) attributable to arrangements which were expected to give rise to a tax advantage in respect of which the person was under an obligation to notify the Commissioners for Her Majesty's Revenue and Customs under section 253 of the Finance Act 2014 (duty to notify Commissioners of promoter reference number) but failed to do so,]
- may be made at any time not more than 20 years after the effective date of the transaction to which it relates.]
- (3) An assessment under paragraph 29 (assessment to recover excessive repayment of tax) is not out of time—
- (a) in a case where notice of enquiry is given into the land transaction return delivered by the person concerned, if it is made before the enquiry is completed;
  - (b) in any case, if it is made within one year after the repayment in question was made.
- (4) Where the purchaser has died—
- (a) any assessment on the personal representatives of the deceased must be made within [<sup>F832</sup>4 years] after his death, and
  - (b) an assessment shall not be made by virtue of sub-paragraph (2) in respect of a transaction of which the effective date was more than six years before the death.
- (5) Any objection to the making of an assessment on the ground that the time limit for making it has expired can only be made on an appeal against the assessment.
- [<sup>F833</sup>(6) In this paragraph “related person”, in relation to a purchaser, means—
- (a) a person acting on behalf of the purchaser, or
  - (b) a person who was a partner of the purchaser at the relevant time.]

#### Textual Amendments

- F828** Words in Sch. 10 para. 31(1) substituted (1.4.2011) by [Finance Act 2009 \(c. 10\), s. 99\(2\), Sch. 51 para. 15\(5\)](#); [S.I. 2010/867, art. 2\(2\)](#)
- F829** Sch. 10 para. 31(2)(2A) substituted for Sch. 10 para. 31(2) (1.4.2011) by [Finance Act 2009 \(c. 10\), s. 99\(2\), Sch. 51 para. 15\(6\)](#); [S.I. 2010/867, art. 2\(2\)](#)
- F830** Word in Sch. 10 para. 31(2A) omitted (17.7.2014) by virtue of [Finance Act 2014 \(c. 26\), s. 277\(5\)\(a\)](#) (with ss. 269-271)

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- F831** Sch. 10 para. 31(2A)(d) and preceding word inserted (17.7.2014) by [Finance Act 2014 \(c. 26\), s. 277\(5\)\(b\)](#) (with ss. 269-271)
- F832** Words in Sch. 10 para. 31(4)(a) substituted (1.4.2011) by [Finance Act 2009 \(c. 10\), s. 99\(2\), Sch. 51 para. 15\(7\)](#); S.I. 2010/867, art. 2(2)
- F833** Sch. 10 para. 31(6) inserted (1.4.2011) by [Finance Act 2009 \(c. 10\), s. 99\(2\), Sch. 51 para. 15\(8\)](#); S.I. 2010/867, art. 2(2)

*<sup>F834</sup>Losses brought about carelessly or deliberately*

**Textual Amendments**

- F834** Sch. 10 para. 31A and cross-heading inserted (1.4.2011) by [Finance Act 2009 \(c. 10\), s. 99\(2\), Sch. 51 para. 15\(9\)](#); S.I. 2010/867, art. 2(2)

- 31A (1) This paragraph applies for the purposes of paragraph 31.
- (2) A loss of tax is brought about carelessly by a person if the person fails to take reasonable care to avoid bringing about that loss.
- (3) Where—
- (a) information is provided to Her Majesty's Revenue and Customs,
  - (b) the person who provided the information, or the person on whose behalf the information was provided, discovers some time later that the information was inaccurate, and
  - (c) that person fails to take reasonable steps to inform Her Majesty's Revenue and Customs,
- any loss of tax brought about by the inaccuracy is to be treated as having been brought about carelessly by that person.
- (4) References to a loss of tax brought about deliberately by a person include a loss of tax brought about as a result of a deliberate inaccuracy in a document given to Her Majesty's Revenue and Customs by or on behalf of that person.]

*Assessment procedure*

- 32 (1) Notice of an assessment must be served on the purchaser.
- (2) The notice must state—
- (a) the tax due,
  - (b) the date on which the notice is issued, and
  - (c) the time within which any appeal against the assessment must be made.
- (3) After notice of the assessment has been served on the purchaser, the assessment may not be altered except in accordance with the express provisions of this Part of this Act.
- (4) Where an officer of the Board has decided to make an assessment to tax, and has taken all other decisions needed for arriving at the amount of the assessment, he may entrust to some other officer of the Board responsibility for completing the assessing procedure, whether by means involving the use of a computer or otherwise, including responsibility for serving notice of the assessment.



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## PART 6

### RELIEF IN CASE OF [<sup>F835</sup>OVERPAID TAX OR] EXCESSIVE ASSESSMENT

#### Textual Amendments

**F835** Words in Sch. 10 Pt. 6 heading inserted (with effect in accordance with s. 28(2) of the amending Act) by Finance (No. 3) Act 2010 (c. 33), **Sch. 12 para. 4(2)**

#### *Relief in case of double assessment*

- 33 (1) A person who believes he has been assessed to tax more than once in respect of the same matter may make a claim [<sup>F836</sup>to the Inland Revenue for relief against any double charge] .

<sup>F837</sup>(2) . . . . .

<sup>F837</sup>(3) . . . . .

[<sup>F838</sup>(4) An appeal may be made against a decision on a claim for relief under this paragraph.]

#### Textual Amendments

**F836** Words in Sch. 10 para. 33(1) substituted (22.7.2004) by Finance Act 2004 (c. 12), s. 299(7)(a)

**F837** Sch. 10 para. 33(2)(3) repealed (22.7.2004) by Finance Act 2004 (c. 12), s. 299(7)(b), **Sch. 42 Pt. 4(2)**

**F838** Sch. 10 para. 33(4) substituted (1.4.2009) by The Transfer of Tribunal Functions and Revenue and Customs Appeals Order 2009 (S.I. 2009/56), art. 1(2), **Sch. 1 para. 383**

#### *[<sup>F839</sup>Claim for relief for overpaid tax etc*

#### Textual Amendments

**F839** Sch. 10 paras. 34-34E substituted for Sch. 10 para. 34 (with effect in accordance with s. 28(2) of the amending Act) by Finance (No. 3) Act 2010 (c. 33), **Sch. 12 para. 2**

- 34 (1) This paragraph applies where—
- (a) a person has paid an amount by way of tax but believes that the tax was not due, or
  - (b) a person has been assessed as liable to pay an amount by way of tax, or there has been a determination to that effect, but the person believes that the tax is not due.
- (2) The person may make a claim to the Commissioners for Her Majesty's Revenue and Customs for repayment or discharge of the amount.
- (3) Paragraph 34A makes provision about cases in which the Commissioners for Her Majesty's Revenue and Customs are not liable to give effect to a claim under this paragraph.
- (4) The following make further provision about making and giving effect to claims under this paragraph—

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- (a) paragraphs 34B to 34D, and
  - (b) Schedule 11A.
- (5) Paragraph 34E makes provision about the application of this paragraph and paragraphs 34A to 34D to amounts paid under contract settlements.
- (6) The Commissioners for Her Majesty's Revenue and Customs are not liable to give relief in respect of a case described in sub-paragraph (1)(a) or (b) except as provided—
- (a) by this Schedule and Schedule 11A (following a claim under this paragraph), or
  - (b) by or under another provision of this Part of this Act.
- (7) For the purposes of this paragraph and paragraphs 34A to 34E, an amount paid by one person on behalf of another is treated as paid by the other person.]

*[<sup>F839</sup>Cases in which Commissioners not liable to give effect to a claim*

- 34A (1) The Commissioners for Her Majesty's Revenue and Customs are not liable to give effect to a claim under paragraph 34 if or to the extent that the claim falls within a case described in this paragraph.
- (2) Case A is where the amount paid, or liable to be paid, is excessive by reason of—
- (a) a mistake in a claim or election, or
  - (b) a mistake consisting of making or giving, or failing to make or give, a claim or election.
- (3) Case B is where the claimant is or will be able to seek relief by taking other steps under this Part of this Act.
- (4) Case C is where the claimant—
- (a) could have sought relief by taking such steps within a period that has now expired, and
  - (b) knew, or ought reasonably to have known, before the end of that period that such relief was available.
- (5) Case D is where the claim is made on grounds that—
- (a) have been put to a court or tribunal in the course of an appeal by the claimant relating to the amount paid or liable to be paid, or
  - (b) have been put to Her Majesty's Revenue and Customs in the course of an appeal by the claimant relating to that amount that is treated as having been determined by a tribunal (by virtue of paragraph 37 (settling of appeals by agreement)).
- (6) Case E is where the claimant knew, or ought reasonably to have known, of the grounds for the claim before the latest of the following—
- (a) the date on which an appeal by the claimant relating to the amount paid, or liable to be paid, in the course of which the ground could have been put forward (a “relevant appeal”) was determined by a court or tribunal (or is treated as having been so determined),
  - (b) the date on which the claimant withdrew a relevant appeal to a court or tribunal, and

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- (c) the end of the period in which the claimant was entitled to make a relevant appeal to a court or tribunal.
- (7) Case F is where the amount in question was paid or is liable to be paid—
- (a) in consequence of proceedings enforcing the payment of that amount brought against the claimant by Her Majesty's Revenue and Customs, or
  - (b) in accordance with an agreement between the claimant and Her Majesty's Revenue and Customs settling such proceedings.
- (8) Case G is where—
- (a) the amount paid, or liable to be paid, is excessive by reason of a mistake in calculating the claimant's liability to tax, and
  - (b) liability was calculated in accordance with the practice generally prevailing at the time.
- [ Case G does not apply where the amount paid, or liable to be paid, is tax which has<sup>F840</sup>(9) been charged contrary to EU law.
- (10) For the purposes of sub-paragraph (9), an amount of tax is charged contrary to EU law if, in the circumstances in question, the charge to tax is contrary to—
- (a) the provisions relating to the free movement of goods, persons, services and capital in Titles II and IV of Part 3 of the Treaty on the Functioning of the European Union, or
  - (b) the provisions of any subsequent treaty replacing the provisions mentioned in paragraph (a).]

#### **Textual Amendments**

**F840** Sch. 10 para. 34A(9)(10) inserted (with effect in accordance with s. 231(5) of the amending Act) by [Finance Act 2013 \(c. 29\), s. 231\(4\)](#)

#### *Making a claim*

- 34B (1) A claim under paragraph 34 may not be made more than 4 years after the effective date of the transaction.
- (2) A claim under paragraph 34 may not be made by being included in a land transaction return.

#### *The claimant: partnerships*

- 34C (1) This paragraph applies where an amount is paid, or is liable to be paid, in respect of a land transaction entered into as purchaser by or on behalf of the members of a partnership (within the meaning of Schedule 15).
- (2) Paragraphs 6 and 8 of Schedule 15 do not apply to a claim under paragraph 34 in respect of the amount.
- (3) A claim under paragraph 34 in respect of the amount—
- (a) may be made by a relevant person who has been nominated to make the claim by all of the relevant persons, and
  - (b) may not be made by any other person.

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- (4) In relation to such a claim, references in paragraph 34A to the claimant are to any of the relevant persons.
- (5) The relevant persons are—
- (a) any person who was a partner in the partnership at the effective date of the transaction, and
  - (b) the personal representative of such a person.

*Assessment of claimant in connection with claim*

- 34D (1) This paragraph applies where—
- (a) a claim is made under paragraph 34,
  - (b) the grounds for giving effect to the claim also provide grounds for a discovery assessment on the claimant in respect of any land transaction, and
  - (c) such an assessment could be made but for a relevant restriction.
- (2) The reference to the claimant in subsection (1)(b) includes—
- (a) in relation to a claim for an amount paid or liable to be paid in respect of a land transaction entered into as purchaser by or on behalf of the members of a partnership (within the meaning of Schedule 15), a responsible partner within the meaning of paragraph 6(2) of Schedule 15;
  - (b) in relation to a claim for an amount paid or liable to be paid in respect of a land transaction entered into by trustees of a settlement (within the meaning of Schedule 16), a responsible trustee within the meaning of paragraph 5(3) of Schedule 16.
- (3) The following are relevant restrictions—
- (a) the restrictions in paragraph 30, and
  - (b) the expiry of a time limit for making a discovery assessment.
- (4) Where this paragraph applies—
- (a) the relevant restrictions are to be disregarded, and
  - (b) the discovery assessment is not out of time if it is made before the final determination of the claim.
- (5) A claim is not finally determined until it, or the amount to which it relates, can no longer be varied (whether on appeal or otherwise).

*Contract settlements*

- 34E (1) In paragraph 34(1)(a) the reference to an amount paid by a person by way of tax includes an amount paid by a person under a contract settlement in connection with tax believed to be due.
- (2) Sub-paragraphs (3) to (6) apply if the person who paid the amount under the contract settlement (“the payer”) and the person from whom the tax was due (“the taxpayer”) are not the same person.
- (3) In relation to a claim under paragraph 34 in respect of that amount—
- (a) the references to the claimant in paragraph 34A(5) to (7) (Cases D, E and F) have effect as if they included the taxpayer,

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- (b) the reference to the claimant in paragraph 34A(8) (Case G) has effect as if it were a reference to the taxpayer,
  - (c) the reference to the claimant in paragraph 34D(1)(b) has effect as if it were a reference to the taxpayer, and
  - (d) references to tax in Schedule 11A (as it applies to a claim under paragraph 34) include such an amount.
- (4) Sub-paragraph (5) applies where the grounds for giving effect to a claim by the payer in respect of the amount also provide grounds for a discovery assessment on the taxpayer in respect of any land transaction.
- (5) The Commissioners for Her Majesty's Revenue and Customs may set any amount repayable to the payer by virtue of the claim against any amount payable by the taxpayer by virtue of the assessment.
- (6) The obligations of the Commissioners for Her Majesty's Revenue and Customs and the taxpayer are discharged to the extent of any set-off under sub-paragraph (5).
- (7) “Contract settlement” means an agreement made in connection with any person's liability to make a payment to the Commissioners for Her Majesty's Revenue and Customs under or by virtue of an enactment.]

## PART 7

### [<sup>F841</sup>REVIEWS AND APPEALS]

#### Textual Amendments

**F841** Sch. 10 Pt. 7 heading substituted (1.4.2009) by [The Transfer of Tribunal Functions and Revenue and Customs Appeals Order 2009 \(S.I. 2009/56\)](#), art. 1(2), **Sch. 1 para. 385**

#### *Right of appeal*

- 35 (1) An appeal may be brought against—
- (a) an amendment of a self-assessment under paragraph 17 (amendment by Revenue during enquiry to prevent loss of tax),
  - (b) a conclusion stated or amendment made by a closure notice,
  - (c) a discovery assessment, <sup>F842</sup>...
  - (d) an assessment under paragraph 29 (assessment to recover excessive repayment)<sup>F843</sup>, or
  - (e) a Revenue determination under paragraph 25 (determination of tax chargeable if no return delivered).]

<sup>F844</sup>(2) .....

- (3) [<sup>F845</sup>If] An appeal under sub-paragraph (1)(a) against an amendment of a self-assessment [<sup>F846</sup>is] made while an enquiry is in progress [<sup>F847</sup>none of the steps mentioned in paragraph 36A(2)(a) to (c) may be taken in relation to the appeal] until the enquiry is completed.

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### Textual Amendments

- F842** Word in Sch. 10 para. 35(1)(c) omitted (with effect in accordance with reg. 1 of the amending S.I.) by virtue of [The Stamp Duty Land Tax \(Land Transaction Returns\) Regulations 2004 \(S.I. 2004/3208\)](#), regs. 1, **5(2)(a)**
- F843** Sch. 10 para. 35(1)(e) and word added (with effect in accordance with reg. 1 of the amending S.I.) by [The Stamp Duty Land Tax \(Land Transaction Returns\) Regulations 2004 \(S.I. 2004/3208\)](#), regs. 1, **5(2)(b)**
- F844** Sch. 10 para. 35(2) omitted (1.4.2009) by virtue of [The Transfer of Tribunal Functions and Revenue and Customs Appeals Order 2009 \(S.I. 2009/56\)](#), art. 1(2), **Sch. 1 para. 386(2)**
- F845** Word in Sch. 10 para. 35(3) inserted (1.4.2009) by [The Transfer of Tribunal Functions and Revenue and Customs Appeals Order 2009 \(S.I. 2009/56\)](#), art. 1(2), **Sch. 1 para. 386(3)(a)**
- F846** Word in Sch. 10 para. 35(3) inserted (1.4.2009) by [The Transfer of Tribunal Functions and Revenue and Customs Appeals Order 2009 \(S.I. 2009/56\)](#), art. 1(2), **Sch. 1 para. 386(3)(b)**
- F847** Words in Sch. 10 para. 35(3) substituted (1.4.2009) by [The Transfer of Tribunal Functions and Revenue and Customs Appeals Order 2009 \(S.I. 2009/56\)](#), art. 1(2), **Sch. 1 para. 386(3)(c)**

### Modifications etc. (not altering text)

- C44** Sch. 10 para. 35(1)(b) excluded (with application in accordance with Sch. 31 of the amending Act) by [Finance Act 2014 \(c. 26\)](#), **ss. 208(10)(11)(d)**

### *Notice of appeal*

- 36 (1) Notice of an appeal under paragraph 35 must be given—
- (a) in writing,
  - (b) within 30 days after the specified date,
  - (c) to the relevant officer of the Board.
- (2) In relation to an appeal under paragraph 35(1)(a)—
- (a) the specified date is the date on which the notice of amendment was issued, and
  - (b) the relevant officer of the Board is the officer by whom the notice of amendment was given.
- (3) In relation to an appeal under paragraph 35(1)(b)—
- (a) the specified date is the date on which the closure notice was issued, and
  - (b) the relevant officer of the Board is the officer by whom the closure notice was given.
- (4) In relation to an appeal under paragraph 35(1)(c) or (d)—
- (a) the specified date is the date on which the notice of assessment was issued, and
  - (b) the relevant officer of the Board is the officer by whom the notice of assessment was given.
- [<sup>F848</sup>(4A) In relation to an appeal under paragraph 35(1)(e) —
- (a) the specified date is the date on which the Revenue determination was issued, and
  - (b) the relevant officer of the Board is the officer by whom the determination was made.]
- (5) The notice of appeal must specify the grounds of appeal.

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- <sup>F849</sup>(5A) The only grounds on which an appeal lies under paragraph 35(1)(e) are that—
- (a) the purchase to which the determination relates did not take place,
  - (b) the interest in the land to which the determination relates has not been purchased,
  - (c) the contract for the purchase of the interest to which the determination relates has not been substantially performed, or
  - (d) the land transaction is [<sup>F850</sup>not notifiable] (for example, because the land transaction is exempt from charge under Schedule 3).]

<sup>F851</sup>(6) .....

#### Textual Amendments

- F848** Sch. 10 para. 36(4A) inserted (with effect in accordance with reg. 1 of the amending S.I.) by [The Stamp Duty Land Tax \(Land Transaction Returns\) Regulations 2004 \(S.I. 2004/3208\)](#), reg. 1, **5(3)(a)**
- F849** Sch. 10 para. 36(5A) inserted (with effect in accordance with reg. 1 of the amending S.I.) by [The Stamp Duty Land Tax \(Land Transaction Returns\) Regulations 2004 \(S.I. 2004/3208\)](#), reg. 1, **5(3)(b)**
- F850** Words in Sch. 10 para. 36(5A)(d) substituted (with effect in accordance with s. 94(5) of the amending Act) by [Finance Act 2008 \(c. 9\)](#), **Sch. 30 para. 7**
- F851** Sch. 10 para. 36(6) omitted (1.4.2009) by virtue of [The Transfer of Tribunal Functions and Revenue and Customs Appeals Order 2009 \(S.I. 2009/56\)](#), art. 1(2), **Sch. 1 para. 387**

<sup>F852</sup>*Appeal: HMRC review or determination by tribunal*

#### Textual Amendments

- F852** Sch. 10 paras. 36A-36I and cross-headings inserted (1.4.2009) by [The Transfer of Tribunal Functions and Revenue and Customs Appeals Order 2009 \(S.I. 2009/56\)](#), art. 1(2), **Sch. 1 para. 388**

- 36A (1) This paragraph applies if notice of appeal has been given to HMRC.
- (2) In such a case—
- (a) the appellant may notify HMRC that the appellant requires HMRC to review the matter in question (see paragraph 36B),
  - (b) HMRC may notify the appellant of an offer to review the matter in question (see paragraph 36C), or
  - (c) the appellant may notify the appeal to the tribunal (see paragraph 36D).
- (3) See paragraphs 36G and 36H for provision about notifying appeals to the tribunal after a review has been required by the appellant or offered by HMRC.
- (4) This paragraph does not prevent the matter in question from being dealt with in accordance with paragraph 37(1) (settling of appeals by agreement).

#### Modifications etc. (not altering text)

- C45** Sch. 10 paras. 36A-36I applied by [The Stamp Duty Land Tax \(Administration\) Regulations 2003 \(SI 2003/2837\)](#), reg. 20(3) (as substituted (1.4.2009) by [The Transfer of Tribunal Functions and Revenue and Customs Appeals Order 2009 \(S.I. 2009/56\)](#), art. 1(2), **Sch. 2 para. 116**)

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*Appellant requires review by HMRC*

- 36B (1) Sub-paragraphs (2) and (3) apply if the appellant notifies HMRC that the appellant requires HMRC to review the matter in question.
- (2) HMRC must, within the relevant period, notify the appellant of HMRC’s view of the matter in question.
- (3) HMRC must review the matter in question in accordance with paragraph 36E.
- (4) The appellant may not notify HMRC that the appellant requires HMRC to review the matter in question and HMRC shall not be required to conduct a review if—
- (a) the appellant has already given a notification under this paragraph in relation to the matter in question,
  - (b) HMRC have given a notification under paragraph 36C in relation to the matter in question, or
  - (c) the appellant has notified the appeal to the tribunal under paragraph 36D.
- (5) In this paragraph “relevant period” means—
- (a) the period of 30 days beginning with the day on which HMRC receive the notification from the appellant, or
  - (b) such longer period as is reasonable.

*HMRC offer review*

- 36C (1) Sub-paragraphs (2) to (6) apply if HMRC notify the appellant of an offer to review the matter in question.
- (2) When HMRC notify the appellant of the offer, HMRC must also notify the appellant of HMRC’s view of the matter in question.
- (3) If, within the acceptance period, the appellant notifies HMRC of acceptance of the offer, HMRC must review the matter in question in accordance with paragraph 36E.
- (4) If the appellant does not give HMRC such a notification within the acceptance period, HMRC’s view of the matter in question is to be treated as if it were contained in an agreement in writing under paragraph 37(1) for the settlement of that matter.
- (5) The appellant may not give notice under paragraph 37(2) (desire to withdraw from agreement) in a case where sub-paragraph (4) applies.
- (6) Sub-paragraph (4) does not apply to the matter in question if, or to the extent that, the appellant notifies the appeal to the tribunal under paragraph 36H.
- (7) HMRC may not notify the appellant of an offer to review the matter in question (and, accordingly, HMRC shall not be required to conduct a review) if—
- (a) HMRC have already given a notification under this paragraph in relation to the matter in question,
  - (b) the appellant has given a notification under paragraph 36B in relation to the matter in question, or
  - (c) the appellant has notified the appeal to the tribunal under paragraph 36D.
- (8) In this paragraph “acceptance period” means the period of 30 days beginning with the date of the document by which HMRC notify the appellant of the offer to review the matter in question.



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*Notifying appeal to the tribunal*

- 36D (1) This paragraph applies in a case where paragraph 36A applies.
- (2) The appellant may notify the appeal to the tribunal.
- (3) If the appellant notifies the appeal to the tribunal, the tribunal is to decide the matter in question.
- (4) Sub-paragraphs (2) and (3) do not apply in a case where—
- (a) HMRC have given a notification of their view of the matter in question under paragraph 36B, or
  - (b) HMRC have given a notification under paragraph 36C in relation to the matter in question.
- (5) In a case falling within sub-paragraph (4)(a) or (b), the appellant may notify the appeal to the tribunal, but only if permitted to do so by paragraph 36G or 36H.

*Nature of review etc*

- 36E (1) This paragraph applies if HMRC are required by paragraph 36B or 36C to review the matter in question.
- (2) The nature and extent of the review are to be such as appear appropriate to HMRC in the circumstances.
- (3) For the purpose of sub-paragraph (2), HMRC must, in particular, have regard to steps taken before the beginning of the review—
- (a) by HMRC in deciding the matter in question, and
  - (b) by any person in seeking to resolve disagreement about the matter in question.
- (4) The review must take account of any representations made by the appellant at a stage which gives HMRC a reasonable opportunity to consider them.
- (5) The review may conclude that HMRC’s view of the matter in question is to be—
- (a) upheld,
  - (b) varied, or
  - (c) cancelled.
- (6) HMRC must notify the appellant of the conclusions of the review and their reasoning within—
- (a) the period of 45 days beginning with the relevant day, or
  - (b) such other period as may be agreed.
- (7) In sub-paragraph (6) “relevant day” means—
- (a) in a case where the appellant required the review, the day when HMRC notified the appellant of HMRC’s view of the matter in question,
  - (b) in a case where HMRC offered the review, the day when HMRC received notification of the appellant’s acceptance of the offer.
- (8) Where HMRC are required to undertake a review but do not give notice of the conclusions within the period specified in sub-paragraph (6), the review is treated as having concluded that HMRC’s view of the matter in question (see paragraphs 36B(2) and 36C(2)) is upheld.

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- (9) If sub-paragraph (8) applies, HMRC must notify the appellant of the conclusions which the review is treated as having reached.

*Effect of conclusions of review*

- 36F (1) This paragraph applies if HMRC give notice of the conclusions of a review (see paragraph 36E).
- (2) The conclusions are to be treated as if they were an agreement in writing under paragraph 37(1) for the settlement of the matter in question.
- (3) The appellant may not give notice under paragraph 37(2) (desire to withdraw from agreement) in a case where sub-paragraph (2) applies.
- (4) Sub-paragraph (2) does not apply to the matter in question if, or to the extent that, the appellant notifies the appeal to the tribunal under paragraph 36G.

*Notifying appeal to tribunal after review concluded*

- 36G (1) This paragraph applies if—
- (a) HMRC have given notice of the conclusions of a review in accordance with paragraph 36E, or
  - (b) the period specified in paragraph 36E(6) has ended and HMRC have not given notice of the conclusions of the review.
- (2) The appellant may notify the appeal to the tribunal within the post-review period.
- (3) If the post-review period has ended, the appellant may notify the appeal to the tribunal only if the tribunal gives permission.
- (4) If the appellant notifies the appeal to the tribunal, the tribunal is to determine the matter in question.
- (5) In this paragraph “post-review period” means—
- (a) in a case falling with sub-paragraph (1)(a), the period of 30 days beginning with the date of the document in which HMRC give notice of the conclusions of the review in accordance with paragraph 36E(6), or
  - (b) in a case falling within sub-paragraph (1)(b), the period that—
    - (i) begins with the day following the last day of the period specified in paragraph 36E(6), and
    - (ii) ends 30 days after the date of the document in which HMRC give notice of the conclusions of the review in accordance with paragraph 36E(9).

*Notifying appeal to tribunal after review offered but not accepted*

- 36H (1) This paragraph applies if—
- (a) HMRC have offered to review the matter in question (see paragraph 36C), and
  - (b) the appellant has not accepted the offer.
- (2) The appellant may notify the appeal to the tribunal within the acceptance period.

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- (3) But if the acceptance period has ended, the appellant may notify the appeal to the tribunal only if the tribunal gives permission.
- (4) If the appellant notifies the appeal to the tribunal, the tribunal is to determine the matter in question.
- (5) In this paragraph “acceptance period” has the same meaning as in paragraph 36C.

#### *Other interpretation*

- 36I (1) In paragraphs 36A to 36H—
- (a) “matter in question” means the matter to which an appeal relates;
  - (b) a reference to a notification is a reference to a notification in writing.
- (2) In paragraphs 36A to 36H, a reference to the appellant includes a person acting on behalf of the appellant except in relation to—
- (a) notification of HMRC’s view under paragraph 36B(2),
  - (b) notification by HMRC of an offer of review (and of their view of the matter) under paragraph 36C,
  - (c) notification of the conclusions of a review under paragraph 36E(6), and
  - (d) notification of the conclusions of a review under paragraph 36E(9).
- (3) But if a notification falling within any of the sub-paragraphs of paragraph (2) is given to the appellant, a copy of the notification may also be given to a person acting on behalf of the appellant.]

#### *Settling of appeals by agreement*

- 37 (1) If, before an appeal under paragraph 35 is determined, the appellant and the Inland Revenue agree that the decision appealed against—
- (a) should be upheld without variation,
  - (b) should be varied in a particular manner, or
  - (c) should be discharged or cancelled,
- the same consequences shall follow, for all purposes, as would have followed if, at the time the agreement was come to, the [<sup>F853</sup>tribunal] had determined the appeal and had upheld the decision without variation, varied it in that manner or discharged or cancelled it, as the case may be.
- (2) Sub-paragraph (1) does not apply if, within 30 days from the date when the agreement was come to, the appellant gives notice in writing to the Inland Revenue that he wishes to withdraw from the agreement.
- (3) Where the agreement is not in writing—
- (a) sub-paragraphs (1) and (2) do not apply unless the fact that an agreement was come to, and the terms agreed, are confirmed by notice in writing given by the Inland Revenue to the appellant or by the appellant to the Inland Revenue, and
  - (b) the references in those provisions to the time when the agreement was come to shall be read as references to the time when the notice of confirmation was given.
- (4) Where—

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- (a) the appellant notifies the Inland Revenue, orally or in writing, that he does not wish to proceed with the appeal, and
- (b) the Inland Revenue do not, within 30 days after that notification, give the appellant notice in writing indicating that they are unwilling that the appeal should be withdrawn,

the provisions of sub-paragraphs (1) to (3) have effect as if, at the date of the appellant's notification, the appellant and the Inland Revenue had come to an agreement (orally or in writing, as the case may be) that the decision under appeal should be upheld without variation.

- (5) References in this paragraph to an agreement being come to with an appellant, and to the giving of notice or notification by or to the appellant, include references to an agreement being come to, or notice or notification being given by or to, a person acting on behalf of the appellant in relation to the appeal.

#### Textual Amendments

**F853** Word in Sch. 10 para. 37(1) substituted (1.4.2009) by [The Transfer of Tribunal Functions and Revenue and Customs Appeals Order 2009 \(S.I. 2009/56\)](#), art. 1(2), **Sch. 1 para. 389**

#### *Recovery of tax not postponed by appeal*

- 38 (1) Where there is an appeal <sup>F854</sup>... under paragraph 35, the tax charged by the amendment or assessment in question remains due and payable as if there had been no appeal.
- (2) Sub-paragraph (1) is subject to—
- paragraph 39 (direction by [<sup>F855</sup>the tribunal] postponing payment), and
  - paragraph 40 (agreement to postpone payment).

#### Textual Amendments

**F854** Words in Sch. 10 para. 38(1) omitted (1.4.2009) by virtue of [The Transfer of Tribunal Functions and Revenue and Customs Appeals Order 2009 \(S.I. 2009/56\)](#), art. 1(2), **Sch. 1 para. 390(2)**

**F855** Words in Sch. 10 para. 38(2) substituted (1.4.2009) by [The Transfer of Tribunal Functions and Revenue and Customs Appeals Order 2009 \(S.I. 2009/56\)](#), art. 1(2), **Sch. 1 para. 390(3)**

#### *Direction by [<sup>F856</sup>the tribunal] to postpone payment*

#### Textual Amendments

**F856** Words in Sch. 10 para. 39 cross-heading substituted (1.4.2009) by [The Transfer of Tribunal Functions and Revenue and Customs Appeals Order 2009 \(S.I. 2009/56\)](#), art. 1(2), **Sch. 1 para. 391(2)**

- 39<sup>F857</sup>(1) If the appellant has grounds for believing that the amendment or assessment overcharges the appellant to tax, or as a result of the conclusion stated in the closure notice the tax charged on the appellant is excessive, the appellant may—
- (a) first apply by notice in writing to HMRC within 30 days of the specified date for a determination by them of the amount of tax the payment of which should be postponed pending the determination of the appeal;

*Status: Point in time view as at 15/03/2023.*

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- (b) where such a determination is not agreed, refer the application for postponement to the tribunal within 30 days from the date of the document notifying HMRC's decision on the amount to be postponed.

An application under sub-paragraph (a) must state the amount believed to be overcharged to tax and the grounds for that belief.]

<sup>F858</sup>(2) .....

- (3) An application may be made more than 30 days after the specified date if there is a change in the circumstances of the case as a result of which the appellant has grounds for believing that he is overcharged to tax by the decision appealed against.
- (4) If, after any determination on such an application of the amount of tax the payment of which should be postponed, there is a change in the circumstances of the case as a result of which either party has grounds for believing that the amount so determined has become excessive or, as the case may be, insufficient, he may, [<sup>F859</sup>if the parties cannot agree on a revised determination, apply, at any time before the determination of the appeal, to the tribunal for a revised] determination of that amount.

[<sup>F860</sup>(5) An application under this paragraph is to be subject to the relevant provisions of Part 5 of the Taxes Management Act 1970 (see, in particular, section 48(2)(b) of that Act).]

- (6) The amount of tax of which payment is to be postponed pending the determination of the appeal is the amount (if any) by which it appears <sup>F861</sup>...., that there are reasonable grounds for believing that the appellant is overcharged.
- (7) Where an application is made under this paragraph, the date on which any tax of which payment is not postponed is due and payable shall be determined as if the tax were charged by an amendment or assessment of which notice was issued on the date on which the application was determined and against which there was no appeal.
- (8) On the determination of the appeal—
  - (a) the date on which any tax payable in accordance with that determination is due and payable shall, so far as it is tax the payment of which had been postponed, or which would not have been charged by the amendment or assessment if there had been no appeal, be determined as if the tax were charged by an amendment or assessment—
    - (i) of which notice was issued on the date on which [<sup>F862</sup>HMRC] issues to the appellant a notice of the total amount payable in accordance with the determination, and
    - (ii) against which there had been no appeal, and
  - (b) any tax overpaid shall be repaid.

[<sup>F863</sup>(9) Sub-paragraphs (10) and (11) apply where a person has been given an accelerated payment notice under Chapter 3 of Part 4 of the Finance Act 2014 and that notice has not been withdrawn.

- (10) Nothing in this paragraph enables the postponement of the payment of (as the case may be)—
  - (a) the understated tax to which the payment specified in the notice under section 220(2)(b) of that Act relates, or
  - (b) the disputed tax specified in the notice under section 221(2)(b) of that Act.

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- (11) Accordingly, if the payment of an amount of tax within sub-paragraph (10)(b) is postponed by virtue of this paragraph immediately before the accelerated payment notice is given, it ceases to be so postponed with effect from the time that notice is given, and the tax is due and payable—
- (a) if no representations were made under section 222 of that Act in respect of the notice, on or before the last day of the period of 90 days beginning with the day the notice is given, and
  - (b) if representations were so made, on or before whichever is later of—
    - (i) the last day of the 90 day period mentioned in paragraph (a), and
    - (ii) the last day of the period of 30 days beginning with the day on which HMRC's determination in respect of those representations is notified under section 222 of that Act.]

#### Textual Amendments

- F857** Sch. 10 para. 39(1) substituted (1.4.2009) by [The Transfer of Tribunal Functions and Revenue and Customs Appeals Order 2009 \(S.I. 2009/56\)](#), art. 1(2), **Sch. 1 para. 391(3)**
- F858** Sch. 10 para. 39(2) omitted (1.4.2009) by virtue of [The Transfer of Tribunal Functions and Revenue and Customs Appeals Order 2009 \(S.I. 2009/56\)](#), art. 1(2), **Sch. 1 para. 391(4)**
- F859** Words in Sch. 10 para. 39(4) substituted (1.4.2009) by [The Transfer of Tribunal Functions and Revenue and Customs Appeals Order 2009 \(S.I. 2009/56\)](#), art. 1(2), **Sch. 1 para. 391(5)**
- F860** Sch. 10 para. 39(5) substituted (1.4.2009) by [The Transfer of Tribunal Functions and Revenue and Customs Appeals Order 2009 \(S.I. 2009/56\)](#), art. 1(2), **Sch. 1 para. 391(6)**
- F861** Words in Sch. 10 para. 39(6) omitted (1.4.2009) by virtue of [The Transfer of Tribunal Functions and Revenue and Customs Appeals Order 2009 \(S.I. 2009/56\)](#), art. 1(2), **Sch. 1 para. 391(7)**
- F862** Word in Sch. 10 para. 39(8) substituted (1.4.2009) by [The Transfer of Tribunal Functions and Revenue and Customs Appeals Order 2009 \(S.I. 2009/56\)](#), art. 1(2), **Sch. 1 para. 391(8)**
- F863** Sch. 10 para. 39(9)-(11) inserted (17.7.2014) by [Finance Act 2014 \(c. 26\)](#), s. 224(3)

#### Modifications etc. (not altering text)

- C46** Sch. 10 para. 39(11) modified (17.7.2014) by [Finance Act 2014 \(c. 26\)](#), s. 227(9)(c)

#### *Agreement to postpone payment of tax*

- 40 (1) If the appellant and the relevant officer of the Board agree that payment of an amount of tax should be postponed pending the determination of the appeal, the same consequences shall follow, for all purposes, as would have followed if, at the time the agreement was come to, the [<sup>F864</sup>tribunal] had made a direction to the same effect.

This is without prejudice to the making of a further agreement or of a further direction.

- (2) Where the agreement is not in writing—
- (a) sub-paragraph (1) does not apply unless the fact that an agreement was come to, and the terms agreed, are confirmed by notice in writing given by the relevant officer of the Board to the appellant or by the appellant to that officer, and
  - (b) the reference in that provision to the time when the agreement was come to shall be read as a reference to the time when notice of confirmation was given.

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(3) References in this paragraph to an agreement being come to with an appellant, and to the giving of notice to or by the appellant, include references to an agreement being come to, or notice being given to or by, a person acting on behalf of the appellant in relation to the appeal.

[<sup>F865</sup>(4) Sub-paragraphs (9) to (11) of paragraph 39 apply for the purposes of this paragraph as they apply for the purposes of paragraph 39.]

#### Textual Amendments

**F864** Word in Sch. 10 para. 40(1) substituted (1.4.2009) by [The Transfer of Tribunal Functions and Revenue and Customs Appeals Order 2009 \(S.I. 2009/56\)](#), art. 1(2), **Sch. 1 para. 392**

**F865** Sch. 10 para. 40(4) inserted (17.7.2014) by [Finance Act 2014 \(c. 26\)](#), s. 224(4)

#### [<sup>F866</sup>Tribunal determinations

#### Textual Amendments

**F866** Sch. 10 paras. 41-46 and cross-headings inserted (1.4.2009) by [The Transfer of Tribunal Functions and Revenue and Customs Appeals Order 2009 \(S.I. 2009/56\)](#), art. 1(2), **Sch. 1 para. 393**

- 41 The determination of the tribunal in relation to any proceedings under the enactments relating to stamp duty land tax shall be final and conclusive except as otherwise provided in—
- sections 9 to 14 of the Tribunals, Courts and Enforcement Act 2007,
  - the Taxes Management Act 1970 applied as modified, or
  - the enactments relating to stamp duty land tax.

#### *Assessments and self assessments*

- 42 (1) In this paragraph any reference to an appeal means an appeal under paragraphs 33(4) or 35(1).
- (2) If, on an appeal notified to the tribunal, the tribunal decides—
- that the appellant is overcharged by a self-assessment; or
  - that the appellant is overcharged by an assessment other than a self-assessment,
- the assessment shall be reduced accordingly, but otherwise the assessment shall stand good.
- (3) If, on appeal it appears to the tribunal—
- that the appellant is undercharged to stamp duty land tax by a self-assessment; or
  - that the appellant is undercharged by an assessment other than a self-assessment,
- the assessment shall be increased accordingly.
- (4) Where, on an appeal against an assessment other than a self-assessment which—
- assesses an amount which is chargeable to stamp duty land tax, and
  - charges stamp duty land tax on the amount assessed,

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it appears to the tribunal as mentioned in sub-paragraphs (2) or (3), it may, unless the circumstances of the case otherwise require, reduce or increase only the amount assessed; and where an appeal is so determined the stamp duty land tax charged by that assessment shall be taken to have been reduced or increased accordingly.

*Payment of stamp duty land tax where there is a further appeal*

- 43 (1) Where a party to an appeal to the tribunal under paragraph 35 makes a further appeal, notwithstanding that the further appeal is pending, stamp duty land tax shall nevertheless be payable or repayable in accordance with the determination of the tribunal or court as the case may be.
- (2) But if the amount charged by the assessment is altered by the order or judgment of the Upper Tribunal or court—
- (a) if too much stamp duty land tax has been paid, the amount overpaid shall be refunded with such interest, if any, as may be allowed by that order or judgment; and
  - (b) if too little stamp duty land tax has been charged, the amount undercharged shall be due and payable at the expiration of a period of thirty days beginning with the date on which HMRC issue to the other party a notice of the total amount payable in accordance with the order or judgment.
- [ Sub-paragraph (4) applies where—
- <sup>F867</sup>(3) (a) an accelerated payment notice has been given to a party to the appeal under Chapter 3 of Part 4 of the Finance Act 2014 (and not withdrawn), and
- (b) the assessment to which the appeal relates has effect, or partly has effect, to counteract the whole or part of the asserted advantage (within the meaning of section 219(3) of that Act) by reason of which the notice was given.
- (4) If, on the application of HMRC, the relevant court or tribunal considers it necessary for the protection of the revenue, it may direct that sub-paragraph (1) does not apply so far as the stamp duty land tax relates to the counteraction of the whole or part of the asserted advantage, and—
- (a) give permission to withhold all or part of any repayment, or
  - (b) require the provision of adequate security before repayment is made.
- (5) “Relevant court or tribunal” means the tribunal or court from which permission or leave to appeal is sought.]

**Textual Amendments**

**F867** Sch. 10 para. 43(3)-(5) inserted (17.7.2014) by [Finance Act 2014 \(c. 26\)](#), s. 225(2)

*Late notice of appeal*

- 44 (1) This paragraph applies in a case where—
- (a) notice of appeal may be given to HMRC under this Schedule or any other provision of Part 4 of this Act, but
  - (b) no notice is given before the relevant time limit.
- (2) Notice may be given after the relevant time limit if—
- (a) HMRC agree, or



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- (b) where HMRC do not agree, the tribunal gives permission.
- (3) If the following conditions are met, HMRC shall agree to notice being given after the relevant time limit.
- (4) Condition A is that the appellant has made a request in writing to HMRC to agree to the notice being given.
- (5) Condition B is that HMRC are satisfied that there was reasonable excuse for not giving the notice before the relevant time limit.
- (6) Condition C is that HMRC are satisfied that request under sub-paragraph (4) was made without unreasonable delay after the reasonable excuse ceased.
- (7) If a request of the kind referred to in sub-paragraph (4) is made, HMRC must notify the appellant whether or not HMRC agree to the appellant giving notice of appeal after the relevant time limit.
- (8) In this paragraph “relevant time limit”, in relation to notice of appeal, means the time before which the notice is to be given (but for this paragraph).

*Questions to be determined by the relevant <sup>F868</sup>tribunal]*

**Textual Amendments**

**F868** Word in Sch. 10 para. 45 cross-heading substituted (1.6.2009) by [The Transfer of Tribunal Functions \(Lands Tribunal and Miscellaneous Amendments\) Order 2009 \(S.I. 2009/1307\)](#), **Sch. 1 para. 270(a)** (with Sch. 5)

- 45 (1) Where the question in any dispute on any appeal under <sup>F869</sup>paragraph] 35(1) is a question of the market value of the subject matter of the land transaction that question shall be determined on a reference by the relevant <sup>F870</sup>tribunal].
- (2) In this <sup>F871</sup>paragraph “the relevant tribunal”] means—
- (a) where the land is in England <sup>F872</sup>... , the <sup>F873</sup>Upper Tribunal];
  - <sup>F874</sup>(b) .....
  - (c) where the land is in Northern Ireland, the Lands Tribunal for Northern Ireland.

**Textual Amendments**

**F869** Word in Sch. 10 para. 45(1) substituted (with effect in accordance with s. 28(2) of the amending Act) by virtue of [Finance \(No. 3\) Act 2010 \(c. 33\)](#), **Sch. 12 para. 4(3)**

**F870** Word in Sch. 10 para. 45(1) substituted (1.6.2009) by [The Transfer of Tribunal Functions \(Lands Tribunal and Miscellaneous Amendments\) Order 2009 \(S.I. 2009/1307\)](#), Sch. 1 para. 270(a) (with Sch. 5)

**F871** Words in Sch. 10 para. 45(2) substituted (1.6.2009) by [The Transfer of Tribunal Functions \(Lands Tribunal and Miscellaneous Amendments\) Order 2009 \(S.I. 2009/1307\)](#), **Sch. 1 para. 270(b)(i)** (with Sch. 5)

**F872** Words in Sch. 10 para. 45(2)(a) omitted (1.4.2018 with effect in accordance with s. 16(4)(5) of the amending Act) by virtue of [Wales Act 2014 \(c. 29\)](#), s. 29(2)(b)(3), **Sch. 2 para. 12**; S.I. 2018/214, art. 2(a)

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- F873** Words in Sch. 10 para. 45(2)(a) substituted (1.6.2009) by [The Transfer of Tribunal Functions \(Lands Tribunal and Miscellaneous Amendments\) Order 2009 \(S.I. 2009/1307\)](#), **Sch. 1 para. 270(b)(ii)** (with Sch. 5)
- F874** Sch. 10 para. 45(2)(b) omitted (with effect in accordance with s. 29(4) of the amending Act) by virtue of [Scotland Act 2012 \(c. 11\)](#), s. 44(2)(b)(3)(b), **Sch. 3 para. 25(3)** (with s. 29(5)(6)); S.I. 2015/637, art. 2

*Meaning of HMRC*

46 In this Schedule “HMRC” means Her Majesty’s Revenue and Customs.]

SCHEDULE 11

Section 79

STAMP DUTY LAND TAX: [<sup>F875</sup>RECORD-KEEPING WHERE TRANSACTION IS NOT NOTIFIABLE]

**Textual Amendments**

**F875** Words in Sch. 11 heading substituted (with effect in accordance with s. 94(5) of the amending Act) by [Finance Act 2008 \(c. 9\)](#), **Sch. 30 para. 11**

<sup>F876</sup>**PART 1**

GENERAL

**Textual Amendments**

**F876** Sch. 11 Pt. 1 omitted (with effect in accordance with s. 94(5) of the amending Act) by virtue of [Finance Act 2008 \(c. 9\)](#), **Sch. 30 para. 8**

*Introductory*

1 .....

*Form and contents of self-certificate*

2 .....

*Declaration by agent*

<sup>F876</sup>2A .....

*Declaration by the relevant Official Solicitor*

<sup>F876</sup>2B .....

*Tax-related penalty for fraud or negligence*

3 .....

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## PART 2

### DUTY TO KEEP AND PRESERVE RECORDS

#### *Duty to keep and preserve records*

- <sup>F877</sup>4(A1) This paragraph applies where a transaction is not notifiable, unless the transaction is a transaction treated as taking place under a provision listed in section 79(2)(a) to (d).]
- (1) [<sup>F878</sup>The purchaser] must—
- (a) keep such records as may be needed to enable him [<sup>F879</sup>to demonstrate that the transaction is not notifiable], and
  - (b) preserve those records in accordance with this paragraph.
- (2) The records must be preserved [<sup>F880</sup>until the end of—
- (a) the sixth anniversary of the effective date of the transaction, or
  - (b) such earlier day as may be specified in writing by the Commissioners for Her Majesty's Revenue and Customs (and different days may be specified for different cases).]

(3) The records required to be kept and preserved under this paragraph include—

    - (a) relevant instruments relating to the transaction, in particular, any contract or conveyance, and any supporting maps, plans or similar documents;
    - (b) records of relevant payments, receipts and financial arrangements.

[<sup>F881</sup>4) The Commissioners for Her Majesty's Revenue and Customs may by regulations—

    - (a) provide that the records required to be kept and preserved under this paragraph include, or do not include, records specified in the regulations, and
    - (b) provide that those records include supporting documents so specified.

(5) Regulations under this paragraph may make provision by reference to things specified in a notice published by the Commissioners for Her Majesty's Revenue and Customs in accordance with the regulations (and not withdrawn by a subsequent notice).

(6) “Supporting documents” includes accounts, books, deeds, contracts, vouchers and receipts.]

#### Textual Amendments

- F877** Sch. 11 para. 4(A1) inserted (with effect in accordance with s. 94(5) of the amending Act) by [Finance Act 2008 \(c. 9\)](#), [Sch. 30 para. 9\(2\)](#)
- F878** Words in Sch. 11 para. 4(1) substituted (with effect in accordance with s. 94(5) of the amending Act) by [Finance Act 2008 \(c. 9\)](#), [Sch. 30 para. 9\(3\)\(a\)](#)
- F879** Words in Sch. 11 para. 4(1)(a) substituted (with effect in accordance with s. 94(5) of the amending Act) by [Finance Act 2008 \(c. 9\)](#), [Sch. 30 para. 9\(3\)\(b\)](#)
- F880** Words in Sch. 11 para. 4(2) substituted (1.4.2010) by [Finance Act 2009 \(c. 10\)](#), s. 98(2), [Sch. 50 para. 9\(2\)](#); [S.I. 2010/815](#), art. 2
- F881** Sch. 11 para. 4(4)-(6) inserted (1.4.2010) by [Finance Act 2009 \(c. 10\)](#), s. 98(2), [Sch. 50 para. 9\(3\)](#); [S.I. 2010/815](#), art. 2

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*Preservation of information [F882 etc]*

**Textual Amendments**

**F882** Word in Sch. 11 para. 5 cross-heading substituted (1.4.2010) by [Finance Act 2009 \(c. 10\)](#), s. 98(2), [Sch. 50 para. 11](#); [S.I. 2010/815](#), art. 2

[F8835 The duty under paragraph 4 to preserve records may be satisfied—  
(a) by preserving them in any form and by any means, or  
(b) by preserving the information contained in them in any form and by any means,  
subject to any conditions or exceptions specified in writing by the Commissioners for Her Majesty's Revenue and Customs.]

**Textual Amendments**

**F883** Sch. 11 para. 5 substituted (1.4.2010) by [Finance Act 2009 \(c. 10\)](#), s. 98(2), [Sch. 50 para. 10](#); [S.I. 2010/815](#), art. 2

*Penalty for failure to keep and preserve records*

- 6 (1) A person who fails to comply with paragraph 4 in relation to a transaction is liable to a penalty not exceeding £3,000, subject to the following exception.
- (2) No penalty is incurred if the Inland Revenue are satisfied that any facts that they reasonably require to be proved, and that would have been proved by the records, are proved by other documentary evidence provided to them.

**F884 PART 3**

ENQUIRY INTO SELF-CERTIFICATE

**Textual Amendments**

**F884** Sch. 11 Pt. 3 omitted (with effect in accordance with s. 94(5) of the amending Act) by virtue of [Finance Act 2008 \(c. 9\)](#), [Sch. 30 para. 10](#)

*Notice of enquiry*

7 .....

*Scope of enquiry*

8 .....

*Notice to produce documents etc for purposes of enquiry*

9 .....

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*Appeal against notice to produce documents etc*

10 .....

*Penalty for failure to produce documents etc*

11 .....

*Referral of questions to Special Commissioners during enquiry*

12 .....

*Withdrawal of notice of referral*

13 .....

*Effect of referral on enquiry*

14 .....

*Effect of determination*

15 .....

*Completion of enquiry*

16 .....

*Direction to complete enquiry*

17 .....

**<sup>F885</sup>SCHEDULE 11A**

Section 82A

STAMP DUTY LAND TAX: CLAIMS NOT INCLUDED IN RETURNS

**Textual Amendments**

**F885** Sch. 11A inserted (22.7.2004) by [Finance Act 2004 \(c. 12\)](#), **Sch. 40**

**Modifications etc. (not altering text)**

**C47** Sch. 11A applied (17.7.2013) by [Finance Act 2013 \(c. 29\)](#), **s. 210(6)(e)**

**C48** Sch. 11A applied (17.7.2013) by [Finance Act 2013 \(c. 29\)](#), **Sch. 33 para. 28(2)**

**C49** Sch. 11A applied (17.7.2013) by [Finance Act 2013 \(c. 29\)](#), **Sch. 33 para. 31(3)**

*Introductory*

1 This Schedule applies to a claim under any provision of this Part other than a claim that is required to be made in, or by amendment to, a return under this Part. References in this Schedule to a claim shall be read accordingly.

*Status: Point in time view as at 15/03/2023.*

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### *Making of claims*

- 2 (1) A claim must be made in such form as the Inland Revenue may determine.
- (2) The form of claim must provide for a declaration to the effect that all the particulars given in the form are correctly stated to the best of the claimant's information and belief.
- (3) The form of claim may require—
- (a) a statement of the amount of tax that will be required to be discharged or repaid in order to give effect to the claim;
  - (b) such information as is reasonably required for the purpose of determining whether and, if so, the extent to which the claim is correct;
  - (c) the delivery with the claim of such statements and documents, relating to the information contained in the claim, as are reasonably required for the purpose mentioned in paragraph (b).
- (4) A claim for repayment of tax may not be made unless the claimant has documentary evidence that the tax has been paid.

### *Duty to keep and preserve records*

- 3 (1) A person who may wish to make a claim must—
- (a) keep such records as may be needed to enable him to make a correct and complete claim, and
  - (b) preserve those records in accordance with this paragraph.
- (2) The records must be preserved until the latest of the following times—
- (a) the end of the period of twelve months beginning with day on which the claim was made;
  - (b) where there is an enquiry into the claim, or into an amendment of the claim, the time when the enquiry is completed;
  - (c) where the claim is amended and there is there is no enquiry into the amendment, the time when the Inland Revenue no longer have power to enquire into the amendment.

<sup>F886</sup>(3) .....

<sup>F886</sup>(4) .....

- [ The Commissioners for Her Majesty's Revenue and Customs may by regulations—
- <sup>F887</sup>(4A) (a) provide that the records required to be kept and preserved under this paragraph include, or do not include, records specified in the regulations, and
- (b) provide that those records include supporting documents so specified.
- (4B) Regulations under this paragraph may make provision by reference to things specified in a notice published by the Commissioners for Her Majesty's Revenue and Customs in accordance with the regulations (and not withdrawn by a subsequent notice).
- (4C) Supporting documents” includes accounts, books, deeds, contracts, vouchers and receipts.]
- (5) A person who fails to comply with this paragraph in relation to a claim that he makes is liable to a penalty not exceeding £3,000, subject to the following exception.

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- (6) No penalty is incurred if the Inland Revenue are satisfied that any facts that they reasonably require to be proved, and that would have been proved by the records, are proved by other documentary evidence provided to them.

#### Textual Amendments

- F886** Sch. 11A para. 3(3)(4) omitted (1.4.2010) by virtue of [Finance Act 2009 \(c. 10\), s. 98\(2\)](#), [Sch. 50 para. 13\(2\)](#); [S.I. 2010/815, art. 2](#)
- F887** Sch. 11A para. 3(4A)-(4C) inserted (1.4.2010) by [Finance Act 2009 \(c. 10\), s. 98\(2\)](#), [Sch. 50 para. 13\(3\)](#); [S.I. 2010/815, art. 2](#)

#### *F<sup>888</sup> Preservation of information etc*

#### Textual Amendments

- F888** Sch. 11A para. 3A and cross-heading inserted (1.4.2010) by [Finance Act 2009 \(c. 10\), s. 98\(2\)](#), [Sch. 50 para. 14](#); [S.I. 2010/815, art. 2](#)

- 3A The duty under paragraph 3 to preserve records may be satisfied—
- (a) by preserving them in any form and by any means, or
  - (b) by preserving the information contained in them in any form and by any means,
- subject to any conditions or exceptions specified in writing by the Commissioners for Her Majesty's Revenue and Customs.]

#### *Amendment of claim by claimant*

- 4 (1) The claimant may amend his claim by notice to the Inland Revenue.
- (2) No such amendment may be made—
- (a) more than twelve months after the day on which the claim was made, or
  - (b) if the Inland Revenue give notice under paragraph 7 (notice of enquiry), during the period—
    - (i) beginning with the day on which notice is given, and
    - (ii) ending with the day on which the enquiry under that paragraph is completed.

#### *Correction of claim by Revenue*

- 5 (1) The Inland Revenue may by notice to the claimant amend a claim so as to correct obvious errors or omissions in the claim (whether errors of principle, arithmetical mistakes or otherwise).
- (2) No such correction may be made—
- (a) more than nine months after the day on which the claim was made, or
  - (b) if the Inland Revenue give notice under paragraph 7 (notice of enquiry), during the period—
    - (i) beginning with the day on which notice is given, and

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- (ii) ending with the day on which the enquiry under that paragraph is completed.
- (3) A correction under this paragraph is of no effect if, within three months from the date of issue of the notice of correction, the claimant gives notice rejecting the correction.
- (4) Notice under sub-paragraph (3) must be given to the officer of the Board by whom the notice of correction was given.

*Giving effect to claims and amendments*

- 6 (1) As soon as practicable after a claim is made, or is amended under paragraph 4 or 5, the Inland Revenue shall give effect to the claim or amendment by discharge or repayment of tax.
- (2) Where the Inland Revenue enquire into a claim or amendment—
  - (a) sub-paragraph (1) does not apply until a closure notice is given under paragraph 11 (completion of enquiry), and then it applies subject to paragraph 13 (giving effect to amendments under paragraph 11), but
  - (b) the Inland Revenue may at any time before then give effect to the claim or amendment, on a provisional basis, to such extent as they think fit.

*Notice of enquiry*

- 7 (1) The Inland Revenue may enquire into a person’s claim or amendment of a claim if they give him notice of their intention to do so (“notice of enquiry”) before the end of the period of nine months after the day on which the claim or amendment was made.
- (2) A claim or amendment that has been the subject of one notice of enquiry may not be the subject of another.

*Notice to produce documents etc for purposes of enquiry*

F889g .....

**Textual Amendments**  
**F889** Sch. 11A paras. 8-10 omitted (1.4.2010) by virtue of [The Finance Act 2009, Section 96 and Schedule 48 \(Appointed Day, Savings and Consequential Amendments\) Order 2009 \(S.I. 2009/3054\)](#), art. 1, **Sch. para. 11(5)** (with art. 7(3))

*Appeal against notice to produce documents etc*

F889g .....

**Textual Amendments**  
**F889** Sch. 11A paras. 8-10 omitted (1.4.2010) by virtue of [The Finance Act 2009, Section 96 and Schedule 48 \(Appointed Day, Savings and Consequential Amendments\) Order 2009 \(S.I. 2009/3054\)](#), art. 1, **Sch. para. 11(5)** (with art. 7(3))



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### *Penalty for failure to produce documents etc*

<sup>F889</sup>10 .....

#### **Textual Amendments**

**F889** Sch. 11A paras. 8-10 omitted (1.4.2010) by virtue of [The Finance Act 2009, Section 96 and Schedule 48 \(Appointed Day, Savings and Consequential Amendments\) Order 2009 \(S.I. 2009/3054\)](#), art. 1, [Sch. para. 11\(5\)](#) (with art. 7(3))

### *Completion of enquiry*

- 11 (1) An enquiry under paragraph 7 is completed when the Inland Revenue by notice (a “closure notice”) inform the purchaser that they have completed their enquiries and state their conclusions.
- (2) A closure notice must either—
- (a) state that in the opinion of the Inland Revenue no amendment of the claim is required, or
  - (b) if in the Inland Revenue’s opinion the claim is insufficient or excessive, amend the claim so as to make good or eliminate the deficiency or excess.
- In the case of an enquiry into an amendment of a claim, paragraph (b) applies only so far as the deficiency or excess is attributable to the amendment.
- (3) A closure notice takes effect when it is issued.

### *Direction to complete enquiry*

- 12 (1) The claimant may apply to the [<sup>F890</sup>tribunal] for a direction that the Inland Revenue give a closure notice within a specified period.
- [<sup>F891</sup>(2) Any such application is to be subject to the relevant provisions of Part 5 of the Taxes Management Act 1970 (see, in particular, section 48(2)(b) of that Act).]
- (3) The [<sup>F892</sup>tribunal] shall give a direction unless <sup>F893</sup>... satisfied that the Inland Revenue have reasonable grounds for not giving a closure notice within a specified period.

#### **Textual Amendments**

**F890** Word in Sch. 11A para. 12(1) substituted (1.4.2009) by [The Transfer of Tribunal Functions and Revenue and Customs Appeals Order 2009 \(S.I. 2009/56\)](#), art. 1(2), Sch. 1 para. 398(2)

**F891** Sch. 11A para. 12(2) substituted (1.4.2009) by [The Transfer of Tribunal Functions and Revenue and Customs Appeals Order 2009 \(S.I. 2009/56\)](#), art. 1(2), [Sch. 1 para. 398\(3\)](#)

**F892** Word in Sch. 11A para. 12(3) substituted (1.4.2009) by [The Transfer of Tribunal Functions and Revenue and Customs Appeals Order 2009 \(S.I. 2009/56\)](#), art. 1(2), Sch. 1 para. 398(4)(a)

**F893** Words in Sch. 11A para. 12(3) omitted (1.4.2009) by virtue of [The Transfer of Tribunal Functions and Revenue and Customs Appeals Order 2009 \(S.I. 2009/56\)](#), art. 1(2), Sch. 1 para. 398(4)(b)

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*Giving effect to amendments under paragraph 11*

- 13 (1) Within 30 days after the date of issue of a notice under paragraph 11(2)(b) (closure notice that amends claim), the Inland Revenue shall give effect to the amendment by making such adjustment as may be necessary, whether—
- (a) by way of assessment on the claimant, or
  - (b) by discharge or repayment of tax.
- (2) An assessment made under sub-paragraph (1) is not out of time if it is made within the time mentioned in that sub-paragraph.

*Appeals against amendments under paragraph 11*

- 14 (1) An appeal may be brought against a conclusion stated or amendment made by a closure notice.
- (2) Notice of the appeal must be given—
- (a) in writing,
  - (b) within 30 days after the date on which the closure notice was issued,
  - (c) to the officer of the Board by whom the closure notice was given.
- (3) The notice of appeal must specify the grounds of appeal.
- <sup>F894</sup>(4) . . . . .
- (5) [<sup>F895</sup>Paragraphs 36A to 37 [<sup>F896</sup>, 44 and 45]] of Schedule 10 <sup>F897</sup>... applies in relation to an appeal under this paragraph as [<sup>F898</sup>they apply] in relation to an appeal under paragraph 35 of that Schedule.
- (6) On an appeal against an amendment made by a closure notice, the [<sup>F899</sup>tribunal] may vary the amendment appealed against whether or not the variation is to the advantage of the appellant.
- (7) Where any such amendment is varied, whether by the [<sup>F899</sup>tribunal] or by the order of a court, paragraph 13 (giving effect to amendments under paragraph 11) applies (with the necessary modifications) in relation to the variation as it applied in relation to the amendment.

**Textual Amendments**

- F894** Sch. 11A para. 14(4) omitted (1.4.2009) by virtue of [The Transfer of Tribunal Functions and Revenue and Customs Appeals Order 2009 \(S.I. 2009/56\)](#), art. 1(2), **Sch. 1 para. 399(2)**
- F895** Words in Sch. 11A para. 14(5) substituted (1.4.2009) by [The Transfer of Tribunal Functions and Revenue and Customs Appeals Order 2009 \(S.I. 2009/56\)](#), art. 1(2), Sch. 1 para. 399(3)(a)
- F896** Words in Sch. 11A para. 14(5) substituted (with effect in accordance with s. 28(2) of the amending Act) by [Finance \(No. 3\) Act 2010 \(c. 33\)](#), **Sch. 12 para. 5(a)**
- F897** Words in Sch. 11A para. 14(5) omitted (with effect in accordance with s. 28(2) of the amending Act) by virtue of [Finance \(No. 3\) Act 2010 \(c. 33\)](#), **Sch. 12 para. 5(b)**
- F898** Words in Sch. 11A para. 14(5) substituted (1.4.2009) by [The Transfer of Tribunal Functions and Revenue and Customs Appeals Order 2009 \(S.I. 2009/56\)](#), art. 1(2), Sch. 1 para. 399(3)(b)
- F899** Word in Sch. 11A para. 14(6)(7) substituted (1.4.2009) by [The Transfer of Tribunal Functions and Revenue and Customs Appeals Order 2009 \(S.I. 2009/56\)](#), art. 1(2), Sch. 1 para. 399(4)

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### *Jurisdiction of Commissioners*

**F900** 15 ..... ]

#### **Textual Amendments**

**F900** Sch. 11A para. 15 omitted (1.4.2009) by virtue of [The Transfer of Tribunal Functions and Revenue and Customs Appeals Order 2009 \(S.I. 2009/56\)](#), art. 1(2), **Sch. 1 para. 400**

## SCHEDULE 12

Section 91

### STAMP DUTY LAND TAX: COLLECTION AND RECOVERY OF TAX

#### **Modifications etc. (not altering text)**

**C50** [Sch. 12](#) applied (17.7.2013) by [Finance Act 2013 \(c. 29\)](#), **s. 165**

## PART 1

### GENERAL

#### *Issue of tax demands and receipts*

- 1 (1) Where tax is due and payable, a collector may make demand of the sum charged from the person liable to pay it.
- (2) On payment of the tax, the collector shall if so requested give a receipt.

#### *Recovery of tax by distraint*

- 2 (1) In <sup>F901</sup>... Northern Ireland, if a person neglects or refuses to pay the sum charged, upon demand made by the collector, the collector may distrain upon the goods and chattels of the person charged (“the person in default”).
- (2) For the purposes of levying such distress a justice of the peace, on being satisfied by information on oath that there is reasonable ground for believing that a person is neglecting or refusing to pay a sum charged, may issue a warrant in writing authorising a collector to break open, in the daytime, any house or premises, calling to his assistance any constable.
- Every such constable shall, when so required, assist the collector in the execution of the warrant and in levying such distress in the house or premises.
- (3) A levy or warrant to break open must be executed by, or under the direction of, and in the presence of, the collector.
- (4) A distress levied by the collector shall be kept for five days, at the costs and charges of the person in default.

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- (5) If the person in default does not pay the sum due, together with the costs and charges, the distress shall be appraised by one or more independent persons appointed by the collector, and shall be sold by public auction by the collector for payment of the sum due and all costs and charges.

Any surplus resulting from the distress, after the deduction of the costs and charges and of the sum due, shall be restored to the owner of the goods distrained.

- (6) The Treasury may by regulations make provision with respect to—
- (a) the fees chargeable on or in connection with the levying of distress, and
  - (b) the costs and charges recoverable where distress has been levied.

#### Textual Amendments

**F901** Words in [Sch. 12 para. 2\(1\)](#) omitted (6.4.2014) by virtue of [Tribunals, Courts and Enforcement Act 2007 \(c. 15\)](#), s. 148, [Sch. 13 para. 147\(3\)](#) (with s. 89); S.I. 2014/768, art. 2(1)(b)

### *Recovery of tax by diligence in Scotland*

F902<sup>3</sup> .....

#### Textual Amendments

**F902** [Sch. 12 para. 3](#) omitted (23.11.2009) by virtue of [Finance Act 2008 \(c. 9\)](#), s. 129(4), [Sch. 43 para. 16](#); S.I. 2009/3024, art. 3 (with art. 4)

## PART 2

### COURT PROCEEDINGS

#### *Civil proceedings in magistrates' court or court of summary jurisdiction*

- 4 (1) An amount not exceeding £2,000 due and payable by way of tax is in England and Wales or Northern Ireland recoverable summarily as a civil debt in proceedings brought in the name of the collector.

- (2) All or any of the sums recoverable under this paragraph that are—

- (a) due from any one person, and
- (b) payable to any one collector,

may be included in the same complaint, summons or other document required to be laid before or issued by justices.

Each such document shall, as respects each such sum, be construed as a separate document and its invalidity as respects any one such sum does not affect its validity as respects any other such sum.

- (3) Proceedings under this paragraph in England and Wales may be brought at any time within one year from the time when the matter complained of arose.

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- (4) In sub-paragraph (1) the expression “recoverable summarily as a civil debt” in relation to proceedings in Northern Ireland means recoverable by proceedings under Article 62 of the Magistrates' Courts (Northern Ireland) Order 1981 (S.I. 1981/1675 (N.I. 26)).
- (5) The Treasury may by order increase the sum specified in sub-paragraph (1).

*Proceedings in county court or sheriff court*

- 5 (1) Tax due and payable may be sued for and recovered from the person charged as a debt due to the Crown by proceedings<sup>F903</sup> ...—
- (a) in [<sup>F904</sup>the county court], or
- (b) in a sheriff court.

<sup>F905</sup>(2) .....

- (3) In Northern Ireland—
- (a) the reference in sub-paragraph (1) to [<sup>F906</sup>the county court] is to a county court held for a division under the County Courts (Northern Ireland) Order 1980 (S.I. 1980/397 (N.I. 3));
- (b) proceedings may not be brought under this paragraph if the amount exceeds the limit specified in Article 10(1) of that Order;
- (c) Part III of that Order (general civil jurisdiction) applies for the purposes of this paragraph; and
- (d) sections 21 and 42(2) of the Interpretation Act (Northern Ireland) 1954 (c. 33 (N.I.)) apply as if any reference in those provisions to an enactment included this paragraph.

**Textual Amendments**

- F903** Words in Sch. 12 para. 5(1) omitted (21.7.2008) by virtue of [Finance Act 2008 \(c. 9\), s. 137\(6\)\(a\)](#) (with s. 137(7))
- F904** Words in Sch. 12 para. 5(1)(a) substituted (22.4.2014) by [Crime and Courts Act 2013 \(c. 22\), s. 61\(3\), Sch. 9 para. 52; S.I. 2014/954, art. 2\(c\)](#) (with art. 3) (with transitional provisions and savings in S.I. 2014/956, arts. 3-11)
- F905** Sch. 12 para. 5(2) omitted (21.7.2008) by virtue of [Finance Act 2008 \(c. 9\), s. 137\(6\)\(b\)](#) (with s. 137(7))
- F906** Words in Sch. 12 para. 5(3)(a) substituted (22.4.2014) by [Crime and Courts Act 2013 \(c. 22\), s. 61\(3\), Sch. 9 para. 52; S.I. 2014/954, art. 2\(c\)](#) (with art. 3) (with transitional provisions and savings in S.I. 2014/956, arts. 3-11)

*Proceedings in High Court or Court of Session*

- 6 Tax may be sued for and recovered from the person charged—
- (a) as a debt due to the Crown, or
- (b) by any other means by which a debt of record or otherwise due to the Crown may be sued for and recovered,
- by proceedings in the High Court or, in Scotland, in the Court of Session sitting as the Court of Exchequer.

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F907 ...

**Textual Amendments**

**F907** Sch. 12 para. 7 and cross-heading omitted (21.7.2008) by virtue of [Finance Act 2008 \(c. 9\)](#), [Sch. 44 para. 10](#)

F907<sup>7</sup> .....

SCHEDULE 13

Section 93

STAMP DUTY LAND TAX: INFORMATION POWERS

**PART 1**

POWER OF AUTHORISED OFFICER TO CALL FOR DOCUMENTS OR INFORMATION FROM TAXPAYER

*Notice requiring taxpayer to deliver documents or provide information*

F908<sup>1</sup> .....

**Textual Amendments**

**F908** Sch. 13 paras. 1-13 omitted (1.4.2010) by virtue of [The Finance Act 2009, Section 96 and Schedule 48 \(Appointed Day, Savings and Consequential Amendments\) Order 2009 \(S.I. 2009/3054\)](#), art. 1, [Sch. para. 11\(6\)\(a\)](#) (with art. 7(4))

*Requirement of consent of the tribunal*

F908<sup>2</sup> .....

**Textual Amendments**

**F908** Sch. 13 paras. 1-13 omitted (1.4.2010) by virtue of [The Finance Act 2009, Section 96 and Schedule 48 \(Appointed Day, Savings and Consequential Amendments\) Order 2009 \(S.I. 2009/3054\)](#), art. 1, [Sch. para. 11\(6\)\(a\)](#) (with art. 7(4))

*Contents of notice under this Part*

F908<sup>3</sup> .....

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**Textual Amendments**

**F908** Sch. 13 paras. 1-13 omitted (1.4.2010) by virtue of [The Finance Act 2009, Section 96 and Schedule 48 \(Appointed Day, Savings and Consequential Amendments\) Order 2009 \(S.I. 2009/3054\)](#), art. 1, [Sch. para. 11\(6\)\(a\)](#) (with art. 7(4))

*Summary of reasons to be given*

**F908**<sup>4</sup> .....

**Textual Amendments**

**F908** Sch. 13 paras. 1-13 omitted (1.4.2010) by virtue of [The Finance Act 2009, Section 96 and Schedule 48 \(Appointed Day, Savings and Consequential Amendments\) Order 2009 \(S.I. 2009/3054\)](#), art. 1, [Sch. para. 11\(6\)\(a\)](#) (with art. 7(4))

*Power to take copies of documents etc*

**F908**<sup>5</sup> .....

**Textual Amendments**

**F908** Sch. 13 paras. 1-13 omitted (1.4.2010) by virtue of [The Finance Act 2009, Section 96 and Schedule 48 \(Appointed Day, Savings and Consequential Amendments\) Order 2009 \(S.I. 2009/3054\)](#), art. 1, [Sch. para. 11\(6\)\(a\)](#) (with art. 7(4))

**PART 2**

**POWER OF AUTHORISED OFFICER TO CALL FOR DOCUMENTS FROM THIRD PARTY**

*Notice requiring documents to be delivered or made available*

**F908**<sup>6</sup> .....

**Textual Amendments**

**F908** Sch. 13 paras. 1-13 omitted (1.4.2010) by virtue of [The Finance Act 2009, Section 96 and Schedule 48 \(Appointed Day, Savings and Consequential Amendments\) Order 2009 \(S.I. 2009/3054\)](#), art. 1, [Sch. para. 11\(6\)\(a\)](#) (with art. 7(4))

*Requirement of consent of the tribunal*

**F908**<sup>7</sup> .....

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**Textual Amendments**

**F908** Sch. 13 paras. 1-13 omitted (1.4.2010) by virtue of [The Finance Act 2009, Section 96 and Schedule 48 \(Appointed Day, Savings and Consequential Amendments\) Order 2009 \(S.I. 2009/3054\)](#), art. 1, [Sch. para. 11\(6\)\(a\)](#) (with art. 7(4))

*Contents of notice under paragraph 6*

**F908**<sup>8</sup> .....

**Textual Amendments**

**F908** Sch. 13 paras. 1-13 omitted (1.4.2010) by virtue of [The Finance Act 2009, Section 96 and Schedule 48 \(Appointed Day, Savings and Consequential Amendments\) Order 2009 \(S.I. 2009/3054\)](#), art. 1, [Sch. para. 11\(6\)\(a\)](#) (with art. 7(4))

*Copy of notice to be given to taxpayer*

**F908**<sup>9</sup> .....

**Textual Amendments**

**F908** Sch. 13 paras. 1-13 omitted (1.4.2010) by virtue of [The Finance Act 2009, Section 96 and Schedule 48 \(Appointed Day, Savings and Consequential Amendments\) Order 2009 \(S.I. 2009/3054\)](#), art. 1, [Sch. para. 11\(6\)\(a\)](#) (with art. 7(4))

*Summary of reasons to be given*

**F908**<sup>10</sup> .....

**Textual Amendments**

**F908** Sch. 13 paras. 1-13 omitted (1.4.2010) by virtue of [The Finance Act 2009, Section 96 and Schedule 48 \(Appointed Day, Savings and Consequential Amendments\) Order 2009 \(S.I. 2009/3054\)](#), art. 1, [Sch. para. 11\(6\)\(a\)](#) (with art. 7(4))

*Power to give notice relating to unnamed taxpayer or taxpayers*

**F908**<sup>11</sup> .....

**Textual Amendments**

**F908** Sch. 13 paras. 1-13 omitted (1.4.2010) by virtue of [The Finance Act 2009, Section 96 and Schedule 48 \(Appointed Day, Savings and Consequential Amendments\) Order 2009 \(S.I. 2009/3054\)](#), art. 1, [Sch. para. 11\(6\)\(a\)](#) (with art. 7(4))



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*Contents of notice under paragraph 11*

F908 12 .....

**Textual Amendments**

**F908** Sch. 13 paras. 1-13 omitted (1.4.2010) by virtue of [The Finance Act 2009, Section 96 and Schedule 48 \(Appointed Day, Savings and Consequential Amendments\) Order 2009 \(S.I. 2009/3054\)](#), art. 1, [Sch. para. 11\(6\)\(a\)](#) (with art. 7(4))

*Power to take copies of documents etc*

F908 13 .....

**Textual Amendments**

**F908** Sch. 13 paras. 1-13 omitted (1.4.2010) by virtue of [The Finance Act 2009, Section 96 and Schedule 48 \(Appointed Day, Savings and Consequential Amendments\) Order 2009 \(S.I. 2009/3054\)](#), art. 1, [Sch. para. 11\(6\)\(a\)](#) (with art. 7(4))

F909 **PART 3**

**POWER TO CALL FOR PAPERS OF TAX ACCOUNTANT**

**Textual Amendments**

**F909** Sch. 13 Pt. 3 omitted (1.4.2013) by virtue of [Finance Act 2012 \(c. 14\)](#), s. 223, [Sch. 38 para. 58\(4\)\(a\)](#) (with Sch. 38 para. 43); S.I. 2013/279, art. 2

*Power to call for papers of tax accountant*

14 .....

*When notice may be given*

15 .....

*Requirement of consent of appropriate judicial authority*

16 .....

*Contents of notice*

17 .....

*Power to take copies of documents etc*

18 .....

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**F910 PART 4**

**RESTRICTIONS ON POWERS UNDER PARTS 1 TO 3**

**Textual Amendments**

**F910** Sch. 13 Pt. 4 omitted (1.4.2013) by virtue of Finance Act 2012 (c. 14), s. 223, Sch. 38 para. 58(4)(a) (with Sch. 38 para. 43); S.I. 2013/279, art. 2

*Introduction*

19 .....

*Personal records or journalistic material*

20 .....

*Documents or information relating to pending appeal*

21 .....

*Barristers, advocates and solicitors*

22 .....

*Provision of copies instead of original documents*

23 .....

*Documents originating more than six years before date of notice*

24 .....

*Documents subject to legal privilege*

25 .....

*Documents belonging to auditor or tax adviser*

26 .....

*Documents belonging to auditor or tax adviser: information to be disclosed*

27 .....

*Status: Point in time view as at 15/03/2023.*

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## PART 5

### POWERS OF BOARD TO CALL FOR DOCUMENTS OR INFORMATION

#### *Notice requiring delivery of documents or provision of information*

F91128 .....

#### **Textual Amendments**

**F911** Sch. 13 paras. 26-31 omitted (1.4.2010) by virtue of [The Finance Act 2009, Section 96 and Schedule 48 \(Appointed Day, Savings and Consequential Amendments\) Order 2009 \(S.I. 2009/3054\)](#), art. 1, **Sch. para. 11(6)(a)**

#### *Contents of notice*

F91129 .....

#### **Textual Amendments**

**F911** Sch. 13 paras. 26-31 omitted (1.4.2010) by virtue of [The Finance Act 2009, Section 96 and Schedule 48 \(Appointed Day, Savings and Consequential Amendments\) Order 2009 \(S.I. 2009/3054\)](#), art. 1, **Sch. para. 11(6)(a)**

#### *Power to take copies of documents etc*

F91130 .....

#### **Textual Amendments**

**F911** Sch. 13 paras. 26-31 omitted (1.4.2010) by virtue of [The Finance Act 2009, Section 96 and Schedule 48 \(Appointed Day, Savings and Consequential Amendments\) Order 2009 \(S.I. 2009/3054\)](#), art. 1, **Sch. para. 11(6)(a)**

#### *Exclusion of personal records or journalistic material*

F91131 .....

#### **Textual Amendments**

**F911** Sch. 13 paras. 26-31 omitted (1.4.2010) by virtue of [The Finance Act 2009, Section 96 and Schedule 48 \(Appointed Day, Savings and Consequential Amendments\) Order 2009 \(S.I. 2009/3054\)](#), art. 1, **Sch. para. 11(6)(a)**

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## PART 6

### ORDER OF JUDICIAL AUTHORITY FOR THE DELIVERY OF DOCUMENTS

#### *Order for the delivery of documents*

- 32 (1) The appropriate judicial authority may make an order under this paragraph if satisfied on information on oath given by an authorised officer of the Board—
- (a) that there is reasonable ground for suspecting that an offence involving serious fraud in connection with, or in relation to, stamp duty land tax has been or is about to be committed, and
  - (b) that documents that may be required as evidence for the purposes of any proceedings in respect of such an offence are or may be in the power or possession of any person.
- (2) An order under this paragraph is an order requiring the person who appears to the authority to have in his possession or power the documents specified or described in the order to deliver them to an officer of the Board within—
- (a) ten working days after the day on which notice of the order is served on him, or
  - (b) such shorter or longer period as may be specified in the order.
- For this purpose a “working day” means any day other than a Saturday, Sunday or public holiday.
- (3) The appropriate judicial authority is—
- (a) in England and Wales, a circuit judge;
  - (b) in Scotland, a sheriff;
  - (c) in Northern Ireland, a county court judge.
- (4) Where in Scotland the information relates to persons residing or having places of business at addresses situated in different sheriffdoms—
- (a) an application for an order may be made to the sheriff for the sheriffdom in which any of the addresses is situated, and
  - (b) where the sheriff makes an order in respect of a person residing or having a place of business in his own sheriffdom, he may also make orders in respect of all or any of the other persons to whom the information relates (whether or not they have an address within the sheriffdom).
- (5) In sub-paragraph (1) an “authorised officer of the Board” means an officer of the Board authorised by the Board for the purposes of this Part of this Schedule.
- (6) The Inland Revenue may make provision by regulations as to—
- (a) the procedures for approving in any particular case the decision to apply for an order under this Part of this Schedule, and
  - (b) the descriptions of officer by whom such approval may be given.

#### *Notice of application for order*

- 33 (1) A person is entitled—
- (a) to notice of the intention to apply for an order against him under paragraph 32, and
  - (b) to appear and be heard at the hearing of the application,

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unless the appropriate judicial authority is satisfied that this would seriously prejudice the investigation of the offence.

- (2) The Inland Revenue may make provision by regulations as to the notice to be given, the contents of the notice and the manner of giving it.

*Obligations of person given notice of application*

- 34 (1) A person who has been given notice of intention to apply for an order under paragraph 32 must not—
- (a) conceal, destroy, alter or dispose of any document to which the application relates, or
  - (b) disclose to any other person information or any other matter likely to prejudice the investigation of the offence to which the application relates.

This is subject to the following qualifications.

- (2) Sub-paragraph (1)(a) does not prevent anything being done—
- (a) with the leave of the appropriate judicial authority,
  - (b) with the written permission of an officer of the Board,
  - (c) after the application has been dismissed or abandoned, or
  - (d) after any order made on the application has been complied with.
- (3) Sub-paragraph (1)(b) does not prevent a professional legal adviser from disclosing any information or other matter—
- (a) to, or to a representative of, a client of his in connection with the giving by the adviser of legal advice to the client, or
  - (b) to any person—
    - (i) in contemplation or, or in connection with, legal proceedings, and
    - (ii) for the purposes of those proceedings.

This sub-paragraph does not apply in relation to any information or other matter that is disclosed with a view to furthering a criminal purpose.

- (4) A person who fails to comply with the obligation in sub-paragraph (1)(a) or (b) may be dealt with as if he had failed to comply with an order under paragraph 32.

*Exception of items subject to legal privilege*

- 35 (1) This Part of this Schedule does not apply to items subject to legal privilege.
- (2) Items “subject to legal privilege” means—
- (a) communications between a professional legal adviser and his client or any person representing his client made in connection with the giving of legal advice to the client;
  - (b) communications between a professional legal adviser and his client or any person representing his client, or between such an adviser or his client or any such representative and any other person, made in connection with or in contemplation of legal proceedings and for the purposes of such proceedings;
  - (c) items enclosed with or referred to in such communications and made—
    - (i) in connection with the giving of legal advice, or

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- (ii) in connection with or in contemplation of legal proceedings and for the purposes of such proceedings,  
when they are in possession of a person entitled to possession of them.
- (3) Items held with the intention of furthering a criminal purpose are not subject to legal privilege.

*Resolution of disputes as to legal privilege*

- 36 (1) The Inland Revenue may make provision by regulations for the purposes of this Part of this Schedule for the resolution of disputes as to whether a document, or part of a document, is an item subject to legal privilege.
- (2) The regulations may, in particular, make provision as to—
- (a) the custody of the document whilst its status is being decided,
  - (b) the appointment of an independent, legally qualified person to decide the matter,
  - (c) the procedures to be followed, and
  - (d) who is to meet the costs of the proceedings.

*Complying with an order*

- 37 (1) The Inland Revenue may make provision by regulations as to how a person is to comply with an order under paragraph 32.
- (2) The regulations may, in particular, make provision as to—
- (a) the officer of the Board to whom the documents are to be produced,
  - (b) the address to which the documents are to be taken or sent, and
  - (c) the circumstances in which sending documents by post complies with the order.
- (3) Where an order relates to a document in electronic or magnetic form, the order shall be taken to require the person to deliver the information recorded in the document in a form in which it is visible and legible.

*Document not to be retained if photograph or copy sufficient*

- 38 Where a document delivered to an officer of the Board under this Part of this Schedule is of such a nature that a photograph or copy of it would be sufficient—
- (a) for use as evidence at a trial for an offence, or
  - (b) for forensic examination or for investigation in connection with an offence,
- it shall not be retained longer than is necessary to establish that fact and to obtain the photograph or copy.

*Access to or supply of photograph or copy of documents delivered*

- 39 (1) If a request for permission to be granted access to a document that—
- (a) has been delivered to an officer of the Board under this Part of this Schedule, and
  - (b) is retained by the Board for the purposes of investigating an offence,

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is made to the officer in overall charge of the investigation by a person who had custody or control of the document immediately before it was so delivered, or by someone acting on behalf of any such person, the officer shall allow the person who made the request access to it under the supervision of an officer of the Board.

- (2) If a request for a photograph or copy of any such document is made to the officer in overall charge of the investigation by a person who had custody or control of the document immediately before it was so delivered, or by someone acting on behalf of any such person, the officer shall—
  - (a) allow the person who made the request access to it under the supervision of an officer of the Board for the purpose of photographing or copying it, or
  - (b) photograph or copy it, or cause it to be photographed or copied.
- (3) Where a document is photographed or copied under sub-paragraph (2)(b) the photograph or copy shall be supplied to the person who made the request.
- (4) The photograph or copy shall be supplied within a reasonable time from the making of the request.
- (5) There is no duty under this paragraph to grant access to, or to supply a photograph or copy of, a document if the officer in overall charge of the investigation for the purposes of which it was delivered has reasonable grounds for believing that to do so would prejudice—
  - (a) that investigation,
  - (b) the investigation of an offence other than the offence for the purposes of the investigation of which the document was delivered, or
  - (c) any criminal proceedings that may be brought as a result of—
    - (i) the investigation of which he is in charge, or
    - (ii) any such investigation as is mentioned in paragraph (b).
- (6) The references in this paragraph to the officer in overall charge of the investigation is to the person whose name and address are endorsed on the order concerned as being the officer so in charge.

*Sanction for failure to comply with order*

- 40 (1) A person who fails to comply with an order under this Part of this Schedule may be dealt with as if he had committed a contempt of the court.
- (2) For this purpose “the court” means—
  - (a) in relation to an order made by a circuit judge, the Crown Court;
  - (b) in relation to an order made by a sheriff, a sheriff court;
  - (c) in relation to an order made by a county court judge in Northern Ireland, a county court in Northern Ireland.

*Notice of order, etc*

- 41 The Inland Revenue may make provision by regulations as to the circumstances in which notice of an order under paragraph 32, or of an application for such an order, is to be treated as having been given.

*Status: Point in time view as at 15/03/2023.*

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*General provisions about regulations*

42 Regulations under this Part of this Schedule may contain such incidental, supplementary and transitional provision as appears to the Inland Revenue to be appropriate.

**F912 PART 7**

ENTRY WITH WARRANT TO OBTAIN EVIDENCE OF OFFENCE

**Textual Amendments**

**F912** Sch. 13 Pt. 7 repealed (8.11.2007) by Finance Act 2007 (c. 11), s. 84(4)(5), Sch. 22 para. 16, Sch. 27 Pt. 5(1); S.I. 2007/3166, art. 2(c)

*Power to issue warrant*

43 .....

*Meaning of offence involving serious fraud*

44 .....

*Approval of application by Board*

45 .....

*Extent of powers conferred by warrant*

46 .....

*Exercise of powers conferred by warrant*

47 .....

*Items subject to legal privilege*

48 .....

*Procedure where documents etc are removed*

49 .....

*Document not to be retained if photograph or copy sufficient*

50 .....

*Access to or supply of photograph or copy of items removed*

51 .....



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*Endorsement and custody etc of warrant*

52

**PART 8**

FALSIFICATION ETC OF DOCUMENTS

*Falsification etc of documents*

- [<sup>F913</sup>53(1) A person commits an offence if the person intentionally—
- (a) falsifies, conceals, destroys or otherwise disposes of a relevant document, or
  - (b) causes or permits the falsification, concealment, destruction or disposal of a relevant document.
- (2) A relevant document is a document that the person has been required by an order under Part 6 of this Schedule to deliver.
- (3) A person does not commit an offence under this paragraph if the person acts—
- (a) with the written permission of the tribunal or an officer of Revenue and Customs, or
  - (b) after the document has been delivered.
- (4) A person does not commit an offence under this paragraph if the person acts after the end of the period of 2 years beginning with the date on which the order is made, unless before the end of that period an officer of Revenue and Customs has notified the person in writing that the order has not been complied with to the officer's satisfaction.
- (5) A person guilty of an offence under this paragraph is liable—
- (a) on summary conviction, to a fine not exceeding the statutory maximum;
  - (b) on conviction on indictment, to imprisonment for a term not exceeding 2 years or a fine or to both.]

**Textual Amendments**

**F913** Sch. 13 para. 53 substituted (1.4.2013) by Finance Act 2012 (c. 14), s. 223, Sch. 38 para. 58(4)(b) (with Sch. 38 para. 43); S.I. 2013/279, art. 2

SCHEDULE 14

Section 99

STAMP DUTY LAND TAX: DETERMINATION OF PENALTIES AND RELATED APPEALS

*Determination of penalties and appeals*

- 1 The provisions of this Schedule apply in relation to penalties under this Part.

*Status: Point in time view as at 15/03/2023.*

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#### *Determination of penalty by officer of the Board*

- 2 (1) An officer of the Board authorised for the purposes of this paragraph may make a determination—
- (a) imposing the penalty, and
  - (b) setting it at such amount as in the officer’s opinion is correct or appropriate.
- (2) Notice of the determination must be served on the person liable to the penalty.
- (3) The notice must also state—
- (a) the date on which the notice is issued, and
  - (b) the time within which an appeal against the determination may be made.
- (4) A penalty determined under this paragraph is due and payable at the end of the period of 30 days beginning with the date of issue of the notice of determination.
- (5) Where an officer of the Board has decided to impose a penalty, and has taken all other decisions needed for arriving at the amount of the penalty, he may entrust to any other officer of the Board responsibility for completing the determination procedure, whether by means involving the use of a computer or otherwise, including responsibility for serving notice of the determination.

#### *Alteration of penalty determination*

- 3 (1) After notice has been served of the determination of a penalty, the determination cannot be altered except in accordance with this paragraph or on appeal.
- (2) If it is discovered by an authorised officer that the amount of the penalty is or has become insufficient, the officer may make a determination in a further amount so that the penalty is set at the amount which in the officer’s opinion is correct or appropriate.
- (3) If in the case of a tax-related penalty it is discovered by an authorised officer that the amount taken into account as the amount of tax is or has become excessive, he may revise the determination so that the penalty is set at the amount that is correct.
- Where more than the correct amount has already been paid the appropriate amount shall be repaid.
- (4) In this paragraph an “authorised officer” means an officer of the Board authorised by the Board for the purposes of this paragraph.

#### *Liability of personal representatives*

- 4 If a person liable to a penalty has died—
- (a) any determination that could have been made in relation to that person may be made in relation to his personal representatives, and
  - (b) any penalty imposed on them is a debt due from and payable out of the person’s estate.

#### *Appeal against penalty determination*

- 5 (1) An appeal [<sup>F914</sup>may be made] against the determination of a penalty.

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- (2) Notice of appeal must be given in writing to the officer of the Board by whom the determination was made within 30 days of the date of issue of the notice of determination.
- [<sup>F915</sup>(3) The notice of appeal must specify the grounds of appeal.]
- (4) On an appeal under this paragraph [<sup>F916</sup>that is notified to the First-tier Tribunal, the tribunal] may—
- (a) if it appears <sup>F917</sup>... that no penalty has been incurred, set the determination aside;
  - (b) if the amount determined appears <sup>F917</sup>... to be appropriate, confirm the determination;
  - (c) if the amount determined appears <sup>F917</sup>... to be excessive, reduce it to such other amount (including nil) as appears to them to be appropriate;
  - (d) if the amount determined appears <sup>F917</sup>... to be insufficient, increase it to such amount, not exceeding the permitted maximum, [<sup>F918</sup>as the First-tier Tribunal considers appropriate].
- [<sup>F919</sup>(5) The provisions of paragraphs 36A to 36I of Schedule 10 apply to appeals under this paragraph.]

#### Textual Amendments

- F914** Words in Sch. 14 para. 5(1) substituted (1.4.2009) by [The Transfer of Tribunal Functions and Revenue and Customs Appeals Order 2009 \(S.I. 2009/56\)](#), art. 1(2), **Sch. 1 para. 411(2)**
- F915** Sch. 14 para. 5(3) substituted (1.4.2009) by [The Transfer of Tribunal Functions and Revenue and Customs Appeals Order 2009 \(S.I. 2009/56\)](#), art. 1(2), **Sch. 1 para. 411(3)**
- F916** Words in Sch. 14 para. 5(4) substituted (1.4.2009) by [The Transfer of Tribunal Functions and Revenue and Customs Appeals Order 2009 \(S.I. 2009/56\)](#), art. 1(2), **Sch. 1 para. 411(4)(a)**
- F917** Words in Sch. 14 para. 5(4) omitted (1.4.2009) by virtue of [The Transfer of Tribunal Functions and Revenue and Customs Appeals Order 2009 \(S.I. 2009/56\)](#), art. 1(2), **Sch. 1 para. 411(4)(b)**
- F918** Words in Sch. 14 para. 5(4) substituted (1.4.2009) by [The Transfer of Tribunal Functions and Revenue and Customs Appeals Order 2009 \(S.I. 2009/56\)](#), art. 1(2), **Sch. 1 para. 411(4)(c)**
- F919** Sch. 14 para. 5(5) inserted (1.4.2009) by [The Transfer of Tribunal Functions and Revenue and Customs Appeals Order 2009 \(S.I. 2009/56\)](#), art. 1(2), **Sch. 1 para. 411(5)**

#### Further appeal

- 6 [<sup>F920</sup>(1) In addition to any right of appeal on a point of law under section 11(2) of the Tribunals, Courts and Enforcement Act 2007, the person liable to the penalty may appeal to the Upper Tribunal against the amount of the penalty which has been determined under paragraph (5), but not against any decision which falls under section 11(5)(d) or (e) of that Act and was made in connection with the determination of the amount of the penalty.
- (1A) Section 11(3) and (4) of the Tribunals, Courts and Enforcement Act 2007 applies to the right of appeal under sub-paragraph (1) as it applies to the right of appeal under section 11(2) of that Act.]
- (2) On an appeal under this paragraph the [<sup>F921</sup>Upper Tribunal] has the same powers as are conferred on the [<sup>F922</sup>First-tier Tribunal] by paragraph 5(4) above.

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F923 (3) .....

#### Textual Amendments

- F920** Sch. 14 para. 6(1)(1A) substituted for Sch. 14 para. 6(1)(1.4.2009) by [The Transfer of Tribunal Functions and Revenue and Customs Appeals Order 2009 \(S.I. 2009/56\)](#), art. 1(2), **Sch. 1 para. 412(2)**
- F921** Words in Sch. 14 para. 6(2) substituted (1.4.2009) by [The Transfer of Tribunal Functions and Revenue and Customs Appeals Order 2009 \(S.I. 2009/56\)](#), art. 1(2), **Sch. 1 para. 412(3)(a)**
- F922** Words in Sch. 14 para. 6(2) substituted (1.4.2009) by [The Transfer of Tribunal Functions and Revenue and Customs Appeals Order 2009 \(S.I. 2009/56\)](#), art. 1(2), **Sch. 1 para. 412(3)(b)**
- F923** Sch. 14 para. 6(3) omitted (1.4.2009) by virtue of [The Transfer of Tribunal Functions and Revenue and Customs Appeals Order 2009 \(S.I. 2009/56\)](#), art. 1(2), **Sch. 1 para. 412(4)**

#### *Penalty proceedings before the court*

- 7 (1) Where in the opinion of the Board the liability of a person for a penalty arises by reason of his fraud, or the fraud of another person, proceedings for the penalty may be brought—
- (a) in the High Court, or
  - (b) in Scotland, in the Court of Session sitting as the Court of Exchequer.
- (2) Proceedings under this paragraph in England and Wales shall be brought—
- (a) by and in the name of the Board as an authorised department for the purposes of the Crown Proceedings Act 1947 (c. 44), or
  - (b) in the name of the Attorney General.
- Any such proceedings shall be deemed to be civil proceedings by the Crown within the meaning of Part 2 of the Crown Proceedings Act 1947.
- (3) Proceedings under this paragraph in Scotland shall be brought in the name of the Advocate General for Scotland.
- (4) Proceedings under this paragraph in Northern Ireland shall be brought—
- (a) by and in the name of the Board as an authorised department for the purposes of the Crown Proceedings Act 1947 as for the time being in force in Northern Ireland, or
  - (b) in the name of the Advocate General for Northern Ireland.
- Any such proceedings shall be deemed to be civil proceedings within the meaning of Part 2 of the Crown Proceedings Act 1947 as for the time being in force in Northern Ireland.
- (5) If in proceedings under this paragraph the court does not find that fraud is proved but considers that the person concerned is nevertheless liable to a penalty, the court may determine a penalty notwithstanding that, but for the opinion of the Board as to fraud, the penalty would not have been a matter for the court.
- (6) Paragraph 2 (determination of penalty by officer of the Board) does not apply where proceedings are brought under this paragraph.
- (7) In relation to any time before the coming into force of section 2(1) of the Justice (Northern Ireland) Act 2002 (c. 26), the reference in sub-paragraph (4)(b) to the Advocate General for Northern Ireland shall be read as a reference to the Attorney General for Northern Ireland.

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*Time limit for determination of penalties*

- 8 (1) The following time limits apply in relation to the determination of penalties under this Schedule.
- (2) The general rule is that—
- (a) no penalty may be determined under paragraph 2 (determination by officer of Board), and
  - (b) no proceedings for a penalty may be brought under paragraph 7 (penalty proceedings before the court),
- more than [<sup>F924</sup>4 years] after the date on which the penalty was incurred or, in the case of a daily penalty, began to be incurred [<sup>F925</sup>(“the relevant date”)] . This rule is subject to the following provisions of this paragraph.
- (3) Where the amount of a penalty is to be ascertained by reference to the tax chargeable in respect of a transaction, a penalty may be determined under paragraph 2, or proceedings for a penalty may be begun under paragraph 7, at any time within three years after the final determination of the amount of tax by reference to which the amount of the penalty is to be determined [<sup>F926</sup>(subject to any of the following provisions of this paragraph allowing a longer period)] .
- (4) Sub-paragraph (3) does not apply where a person has died and the determination would be made in relation to his personal representatives if the tax was charged in an assessment made more than six years after the effective date of the transaction to which it relates.
- [<sup>F927</sup>(4A) Where a person is liable to a penalty in a case involving a loss of tax brought about carelessly by the person (or by another person acting on that person's behalf), the penalty may be determined, or the proceedings may be brought, at any time not more than 6 years after the relevant date (subject to sub-paragraphs (4B) and (5)).
- (4B) Where a person is liable to a penalty in a case involving a loss of tax—
- (a) brought about deliberately by the person (or by another person acting on that person's behalf),
  - (b) attributable to a failure by the person to comply with an obligation under section 76(1) or paragraph 3(3)(a), 4(3)(a) or 8(3)(a) of Schedule 17A, or
  - (c) attributable to arrangements in respect of which the person has failed to comply with an obligation under section 309, 310 or 313 of the Finance Act 2004 (obligation of parties to tax avoidance schemes to provide information to Her Majesty's Revenue and Customs),
- the penalty may be determined, or the proceedings may be brought, at any time not more than 20 years after the relevant date.
- (4C) Paragraph 31A of Schedule 10 (losses brought about carelessly or deliberately) applies for the purpose of this paragraph.]
- (5) A penalty under section 96 (penalty for assisting in preparation of incorrect return) may be determined by an officer of the Board, or proceedings for such a penalty may be commenced before a court, at any time within 20 years after the date on which the penalty was incurred.

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### Textual Amendments

- F924** Words in Sch. 14 para. 8(2) substituted (1.4.2011) by [Finance Act 2009 \(c. 10\)](#), s. 99(2), [Sch. 51 para. 16\(2\)\(a\)](#); S.I. 2010/867, art. 2(2) (with art. 7)
- F925** Words in Sch. 14 para. 8(2) inserted (1.4.2011) by [Finance Act 2009 \(c. 10\)](#), s. 99(2), [Sch. 51 para. 16\(2\)\(b\)](#); S.I. 2010/867, art. 2(2) (with art. 7)
- F926** Words in Sch. 14 para. 8(3) inserted (1.4.2011) by [Finance Act 2009 \(c. 10\)](#), s. 99(2), [Sch. 51 para. 16\(3\)](#); S.I. 2010/867, art. 2(2)
- F927** Sch. 14 para. 8(4A)-(4C) inserted (1.4.2011) by [Finance Act 2009 \(c. 10\)](#), s. 99(2), [Sch. 51 para. 16\(4\)](#); S.I. 2010/867, art. 2(2) (with art. 7)

## SCHEDULE 15

Section 104

### STAMP DUTY LAND TAX: PARTNERSHIPS

#### PART 1

#### GENERAL PROVISIONS

##### *Partnerships*

- 1 In this Part of this Act a “partnership” means—
- (a) a partnership within the Partnership Act 1890 (c. 39),
  - (b) a limited partnership registered under the Limited Partnerships Act 1907 (c. 24), or
  - (c) a limited liability partnership formed under the Limited Liability Partnerships Act 2000 (c. 12) or the Limited Liability Partnerships Act (Northern Ireland) 2002 (c. 12 (N. I.)),
- or a firm or entity of a similar character to any of those mentioned above formed under the law of a country or territory outside the United Kingdom.

##### *Legal personality of partnership disregarded*

- 2 (1) For the purposes of this Part of this Act—
- (a) a chargeable interest held by or on behalf of a partnership is treated as held by or on behalf of the partners, and
  - (b) a land transaction entered into for the purposes of a partnership is treated as entered into by or on behalf of the partners,
- and not by or on behalf of the partnership as such.
- (2) Sub-paragraph (1) applies notwithstanding that the partnership is regarded as a legal person, or as a body corporate, under the law of the country or territory under which it is formed.

*Status: Point in time view as at 15/03/2023.*

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### *Continuity of partnership*

- 3 For the purposes of this Part of this Act a partnership is treated as the same partnership notwithstanding a change in membership if any person who was a member before the change remains a member after the change.

### *Partnership not to be regarded as unit trust scheme etc*

- 4 A partnership is not to be regarded for the purposes of this Part of this Act as a unit trust scheme or an open ended investment company.

## PART 2

### ORDINARY PARTNERSHIP TRANSACTIONS

#### *Introduction*

- 5 (1) This Part of this Schedule applies to transactions entered into as purchaser by or on behalf of the members of a partnership, other than transactions within Part 3 of this Schedule [<sup>F928</sup>(transactions to which special provisions apply)].

#### **Textual Amendments**

**F928** Words in Sch. 15 para. 5 substituted (with effect in accordance with Sch. 41 para. 3 of the amending Act) by [Finance Act 2004 \(c. 12\)](#), [Sch. 41 para. 2\(c\)](#)

#### *Responsibility of partners*

- 6 (1) Anything required or authorised to be done under this Part of this Act by or in relation to the purchaser under the transaction is required or authorised to be done by or in relation to all the responsible partners.
- (2) The responsible partners in relation to a transaction are—
- (a) the persons who are partners at the effective date of the transaction, and
  - (b) any person who becomes a member of the partnership after the effective date of the transaction.
- (3) This paragraph has effect subject to paragraph 8 (representative partners).

#### *Joint and several liability of responsible partners*

- 7 (1) Where the responsible partners are liable—
- (a) to make a payment of tax or to interest on unpaid tax,
  - (b) to make a payment in accordance with an assessment under paragraph 29 of Schedule 10 (recovery of excessive repayment), or
  - (c) to a penalty under this Part of this Act or to interest on such a penalty,
- the liability is a joint and several liability of those partners.

[<sup>F929</sup>(1A) No amount may be recovered by virtue of sub-paragraph (1)(a) or (b) from a person who did not become a responsible partner until after the effective date of the transaction in respect of which the tax is payable.]

*Status: Point in time view as at 15/03/2023.*

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- (2) No amount may be recovered by virtue of sub-paragraph (1)(c) from a person who did not become a responsible partner until after the relevant time.
- (3) The relevant time for this purpose is—
- (a) in relation to so much of a penalty as is payable in respect of any day, or to interest on so much of a penalty as is so payable, the beginning of that day;
  - (b) in relation to any other penalty, or interest on such a penalty, the time when the act or omission occurred that caused the penalty to become payable.

#### Textual Amendments

**F929** Sch. 15 para. 7(1A) inserted (22.7.2004) by [Finance Act 2004 \(c. 12\)](#), s. 305

#### *Representative partners*

- 8 (1) Anything required or authorised to be done by or in relation to the responsible partners may instead be done by or in relation to any representative partner or partners.
- (2) This includes making the declaration required by paragraph 1(1)(c) of Schedule 10 <sup>F930</sup> ... (declaration that return <sup>F930</sup> ... is complete and correct).
- (3) A representative partner means a partner nominated by a majority of the partners to act as the representative of the partnership for the purposes of this Part of this Act.
- (4) Any such nomination, or the revocation of such a nomination, has effect only after notice of the nomination, or revocation, has been given to the Inland Revenue.

#### Textual Amendments

**F930** Words in Sch. 15 para. 8(2) omitted (with effect in accordance with s. 94(5) of the amending Act) by virtue of [Finance Act 2008 \(c. 9\)](#), [Sch. 30 para. 12](#)

### <sup>F931</sup>PART 3

#### TRANSACTIONS TO WHICH SPECIAL PROVISIONS APPLY

#### Textual Amendments

**F931** Sch. 15 Pt. 3 substituted (with effect in accordance with Sch. 41 para. 3 of the amending Act) by [Finance Act 2004 \(c. 12\)](#), [Sch. 41 para. 1](#)

#### *Introduction*

- 9 (1) This Part of this Schedule applies to certain transactions involving—
- (a) the transfer of a chargeable interest to a partnership (paragraph 10),
  - (b) the transfer of an interest in a partnership (paragraphs 14, 17, 31 and 32), or



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- (c) the transfer of a chargeable interest from a partnership (paragraph 18).
- (2) References in this Part of this Schedule to the transfer of a chargeable interest include—
- (a) the grant or creation of a chargeable interest,
  - (b) the variation of a chargeable interest, and
  - (c) the surrender, release or renunciation of a chargeable interest.

*Transfer of chargeable interest to a partnership: general*

- 10 (1) This paragraph applies where—
- (a) a partner transfers a chargeable interest to the partnership, or
  - (b) a person transfers a chargeable interest to a partnership in return for an interest in the partnership, or
  - (c) a person connected with—
    - (i) a partner, or
    - (ii) a person who becomes a partner as a result of or in connection with the transfer,transfers a chargeable interest to the partnership.

It applies whether the transfer is in connection with the formation of the partnership or is a transfer to an existing partnership.

- [<sup>F932</sup>(2) The chargeable consideration for the transaction shall (subject to paragraph 13) be taken to be equal to—

$$MV \times (100 - SLP)\%$$

where—

MV is the market value of the interest transferred, and

SLP is the sum of the lower proportions.]

- (5) Paragraph 12 provides for determining the sum of the lower proportions.
- (6) Paragraph 11 applies <sup>F933</sup>... if the whole or part of the chargeable consideration for the transaction is rent.
- (7) Paragraphs 6 to 8 (responsibility of partners) have effect in relation to a transaction to which this paragraph applies, but the responsible partners are—
- (a) those who were partners immediately before the transfer and who remain partners after the transfer, and
  - (b) any person becoming a partner as a result of, or in connection with, the transfer.
- [<sup>F934</sup>(8) This paragraph has effect subject to any election under paragraph 12A.]

**Textual Amendments**

**F932** Sch. 15 para. 10(2) substituted for Sch. 15 para. 10(2)-(4) (with effect in accordance with Sch. 24 para. 11(1)(4) of the amending Act) by [Finance Act 2006 \(c. 25\)](#), [Sch. 24 para. 2\(1\)](#)

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**F933** Words in Sch. 15 para. 10(6) repealed (with effect in accordance with Sch. 24 para. 11(1)(4) of the amending Act) by Finance Act 2006 (c. 25), Sch. 24 para. 2(2), Sch. 26 Pt. 7(2)

**F934** Sch. 15 para. 10(8) inserted (21.7.2008) by Finance Act 2008 (c. 9), Sch. 31 para. 5

*Transfer of chargeable interest to a partnership: chargeable consideration including rent*

11 (1) This paragraph applies in relation to a transaction to which paragraph 10 applies where the whole or part of the chargeable consideration for the transaction is rent.

<sup>F935</sup>(2) Schedule 5 (amount of tax chargeable: rent) has effect with the modifications set out in sub-paragraphs (2A) to (2C).

(2A) In paragraph 2—

- (a) for “the net present value of the rent payable over the term of the lease” substitute “ the relevant chargeable proportion of the net present value of the rent payable over the term of the lease ”, and
- (b) for “the net present values of the rent payable over the terms of all the leases” substitute “ the relevant chargeable proportions of the net present values of the rent payable over the terms of all the leases ”.

(2B) In paragraph <sup>F936</sup>9A(6) —

- (a) for “the annual rent” substitute “ the relevant chargeable proportion of the annual rent ”, and
- (b) for “the total of the annual rents” substitute “ the relevant chargeable proportion of the total of the annual rents ”.

(2C) For paragraph 9(4) substitute—

“(4) Tax chargeable under this Schedule is in addition to any tax chargeable under section 55 <sup>F937</sup>or 74(1A) <sup>F938</sup>or Schedule <sup>F939</sup>4A or] 6B as they have] effect by virtue of paragraph 10 of Schedule 15.”.

(2D) For the purposes of sub-paragraphs (2A) and (2B) the relevant chargeable proportion is—

$$(100 - \text{SLP})\%$$

where SLP is the sum of the lower proportions.]

(8) Paragraph 12 provides for determining the sum of the lower proportions.

(9) This paragraph is subject to paragraph 13.

**Textual Amendments**

**F935** Sch. 15 para. 11(2)-(2D) substituted for Sch. 15 para. 11(2)-(7) (with effect in accordance with Sch. 24 para. 11(1)(4) of the amending Act) by Finance Act 2006 (c. 25), Sch. 24 para. 3

**F936** Word in Sch. 15 para. 11(2B)(a) substituted (with effect in accordance with s. 95(13) of the amending Act) by Finance Act 2008 (c. 9), s. 95(11)(a)

**F937** Words in Sch. 15 para. 11(2C) inserted (with effect in accordance with Sch. 35 para. 10 of the amending Act) by Finance Act 2012 (c. 14), Sch. 35 para. 9(2)(a)

**F938** Words in Sch. 15 para. 11(2C) substituted (with effect in accordance with Sch. 22 para. 9 of the amending Act) by Finance Act 2011 (c. 11), Sch. 22 para. 8

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**F939** Words in Sch. 15 para. 11(2C) inserted (with effect in accordance with Sch. 35 para. 10 of the amending Act) by Finance Act 2012 (c. 14), Sch. 35 para. 9(2)(b)

*Transfer of chargeable interest to a partnership: sum of the lower proportions*

- 12 (1) The sum of the lower proportions in relation to a transaction to which paragraph 10 applies is determined as follows:—

*Step One*

Identify the relevant owner or owners.

A person is a relevant owner if—

- (a) immediately before the transaction, he was entitled to a proportion of the chargeable interest, and
- (b) immediately after the transaction, he is a partner or connected with a partner.

*Step Two*

For each relevant owner, identify the corresponding partner or partners.

A person is a corresponding partner in relation to a relevant owner if, immediately after the transaction—

- (a) he is a partner, and
- (b) he is the relevant owner <sup>[F940]</sup>or is an individual connected with the relevant owner].

<sup>[F941]</sup>(If there is no relevant owner with a corresponding partner, the sum of the lower proportions is nil.)

*Step Three*

For each relevant owner, find the proportion of the chargeable interest to which he was entitled immediately before the transaction.

Apportion that proportion between any one or more of the relevant owner's corresponding partners.

*Step Four*

Find the lower proportion for each person who is a corresponding partner in relation to one or more relevant owners.

The lower proportion is—

- (a) the proportion of the chargeable interest attributable to the partner, or
- (b) if lower, the partner's partnership share immediately after the transaction.

The proportion of the chargeable interest attributable to the partner is—

- (i) if he is a corresponding partner in relation to only one relevant owner, the proportion (if any) of the chargeable interest apportioned to him (at Step Three) in respect of that owner;
- (ii) if he is a corresponding partner in relation to more than one relevant owner, the sum of the proportions (if any) of the chargeable interest apportioned to him (at Step Three) in respect of each of those owners.

*Step Five*

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Add together the lower proportions of each person who is a corresponding partner in relation to one or more relevant owners.

The result is the sum of the lower proportions.

- (2) For the purposes of this paragraph persons who are entitled to a chargeable interest as beneficial joint tenants<sup>F942</sup>... shall be taken to be entitled to the chargeable interest as beneficial tenants in common<sup>F942</sup>... in equal shares.
- [<sup>F943</sup>(3) For the purpose of paragraph (b) of Step 2 a company is to be treated as an individual connected with the relevant owner in so far as it—
- (a) holds property as trustee, and
  - (b) is connected with the relevant owner only because of [<sup>F944</sup>section 1122(6) of the Corporation Tax Act 2010].]

#### Textual Amendments

- F940** Words in Sch. 15 para. 12(1) substituted (with effect in accordance with s. 72(13) of the amending Act) by [Finance Act 2007 \(c. 11\), s. 72\(3\)\(a\)](#) (with s. 72(2)(16)(17))
- F941** Words in Sch. 15 para. 12(1) inserted (with effect in accordance with s. 72(13) of the amending Act) by [Finance Act 2007 \(c. 11\), s. 72\(3\)\(b\)](#) (with s. 72(2)(16)(17))
- F942** Words in Sch. 15 para. 12(2) omitted (with effect in accordance with s. 29(4) of the amending Act) by virtue of [Scotland Act 2012 \(c. 11\), s. 44\(2\)\(b\)\(3\)\(b\)](#), [Sch. 3 para. 26\(2\)](#) (with s. 29(5)(6)); S.I. 2015/637, [art. 2](#)
- F943** Sch. 15 para. 12(3) inserted (with effect in accordance with s. 72(13) of the amending Act) by [Finance Act 2007 \(c. 11\), s. 72\(4\)](#) (with s. 72(2)(16)(17))
- F944** Words in Sch. 15 para. 12(3)(b) substituted (with effect in accordance with s. 1184(1) of the amending Act) by [Corporation Tax Act 2010 \(c. 4\), s. 1184\(1\)](#), [Sch. 1 para. 418\(2\)](#) (with Sch. 2)

#### *Election by property-investment partnership to disapply paragraph 10*

- [<sup>F945</sup>12(A) Paragraph 10 does not apply to a transfer of a chargeable interest to a property-investment partnership if the purchaser in relation to the transaction elects for that paragraph not to apply.
- (2) Where an election under this paragraph is made in respect of a transaction—
    - (a) paragraph 18 (if relevant) is also disapplied,
    - (b) the chargeable consideration for the transaction shall be taken to be the market value of the chargeable interest transferred, and
    - (c) the transaction falls within Part 2 of this Schedule.
  - (3) An election under this paragraph must be included in the land transaction return made in respect of the transaction or in an amendment of that return.
  - (4) Such an election is irrevocable and a land transaction return may not be amended so as to withdraw the election.
  - (5) Where an election under this paragraph in respect of a transaction (the “main transaction”) is made in an amendment of a land transaction return—
    - (a) the election has effect as if it had been made on the date on which the land transaction return was made, and

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- (b) any land transaction return in respect of an affected transaction may be amended (within the period allowed for amendment of that return) to take account of that election.
- (6) In sub-paragraph (5) “affected transaction”, in relation to the main transaction, means a transaction—
  - (a) to which paragraph 14 applied, and
  - (b) with an effective date on or after the effective date of the main transaction.
- (7) In this paragraph “property-investment partnership” has the meaning given in paragraph 14(8).]

**Textual Amendments**

**F945** Sch. 15 para. 12A and cross-heading inserted (21.7.2008) by [Finance Act 2008 \(c. 9\)](#), [Sch. 31 para. 6](#) (with [Sch. 31 para. 11](#))

*Transfer of chargeable interest to a partnership consisting wholly of bodies corporate*

<sup>F946</sup>13 .....

**Textual Amendments**

**F946** Sch. 15 para. 13 repealed (with effect in accordance with s. 72(13) of the amending Act) by [Finance Act 2007 \(c. 11\)](#), s. 72(5), [Sch. 27 Pt. 4\(1\)](#) (with s. 72(2)(16)(17))

*[<sup>F947</sup>Transfer <sup>F948</sup>... of interest in property-investment partnership]*

- 14 (1) This paragraph applies where—
- (a) there is a transfer of an interest in a [<sup>F949</sup>property-investment] partnership,
  - <sup>F950</sup>(b) .....
  - (c) the relevant partnership property includes a chargeable interest.
- (2) The transfer—
- (a) shall be taken for the purposes of this Part to be a land transaction;
  - (b) is a chargeable transaction.
- (3) The purchaser under the transaction is the person who acquires an increased partnership share or, as the case may be, becomes a partner in consequence of the transfer.
- [<sup>F951</sup>(3A) A transfer to which this paragraph applies is a Type A transfer if it takes the form of arrangements entered into under which—
- (a) the whole or part of a partner's interest as partner is acquired by another person (who may be an existing partner), and
  - (b) consideration in money or money's worth is given by or on behalf of the person acquiring the interest.
- (3B) A transfer to which this paragraph applies is also a Type A transfer if it takes the form of arrangements entered into under which—
- (a) a person becomes a partner,

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- (b) the interest of an existing partner in the partnership is reduced or an existing partner ceases to be a partner, and
- (c) there is a withdrawal of money or money's worth from the partnership by the existing partner mentioned in paragraph (b) (other than money or money's worth paid from the resources available to the partnership prior to the transfer).

(3C) Any other transfer to which this paragraph applies is a Type B transfer.]

<sup>F950</sup>(4) .....

- (5) The “relevant partnership property”, in relation to [<sup>F952</sup>a Type A transfer] of an interest in a partnership, is every chargeable interest held as partnership property immediately after the transfer, other than—
  - (a) any [<sup>F953</sup>chargeable] interest that was transferred to the partnership in connection with the transfer;
  - (b) a lease to which paragraph 15 (exclusion of market rent leases) applies [<sup>F954</sup>, and
  - (c) any chargeable interest that is not attributable economically to the interest in the partnership that is transferred.]

- <sup>F955</sup>(5A) The “relevant partnership property”, in relation to a Type B transfer of an interest in a partnership, is every chargeable interest held as partnership property immediately after the transfer, other than—
  - (a) any chargeable interest that was transferred to the partnership in connection with the transfer,
  - (b) a lease to which paragraph 15 (exclusion of market rent leases) applies,
  - (c) any chargeable interest that is not attributable economically to the interest in the partnership that is transferred,
  - (d) any chargeable interest that was transferred to the partnership on or before 22 July 2004,
  - (e) any chargeable interest in respect of whose transfer to the partnership an election has been made under paragraph 12A, and
  - (f) any other chargeable interest whose transfer to the partnership did not fall within paragraph 10(1)(a), (b) or (c).]

(6) The chargeable consideration for the transaction shall be taken to be equal to a proportion of the market value of the relevant partnership property.

(7) That proportion is—

- (a) if the person acquiring the interest in the partnership was not a partner before the transfer, his partnership share immediately after the transfer;
- (b) if he was a partner before the transfer, the difference between his partnership share before and after the transfer.

<sup>F956</sup>(8) In this paragraph—

“property-investment partnership” means a partnership whose sole or main activity is investing or dealing in chargeable interests (whether or not that activity involves the carrying out of construction operations on the land in question);

“construction operations” has the same meaning as in Chapter 3 of Part 3 of the Finance Act 2004 (see section 74 of that Act).]

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- [<sup>F957</sup>(9) An interest in respect of the transfer of which this paragraph applies shall be treated as a chargeable interest for the purposes of paragraph 3(1) of Schedule 7 to the extent that the relevant partnership property consists of a chargeable interest.]

#### Textual Amendments

- F947** Sch. 15 para. 14 heading substituted (with effect in accordance with Sch. 24 para. 11(2)(4) of the amending Act) by [Finance Act 2006 \(c. 25\)](#), **Sch. 24 para. 9(1)**
- F948** Words in Sch. 15 para. 14 cross-heading repealed (with effect in accordance with s. 72(13)(14) of the amending Act) by [Finance Act 2007 \(c. 11\)](#), s. 72(6)(b), **Sch. 27 Pt. 4(1)** (with s. 72(2)(16)(17))
- F949** Word in Sch. 15 para. 14(1)(a) inserted (with effect in accordance with Sch. 24 para. 11(2)(4) of the amending Act) by [Finance Act 2006 \(c. 25\)](#), **Sch. 24 para. 9(2)**
- F950** Sch. 15 para. 14(4) repealed (with effect in accordance with s. 72(13)(14) of the amending Act) by [Finance Act 2007 \(c. 11\)](#), s. 72(6)(a), **Sch. 27 Pt. 4(1)** (with s. 72(2)(16)(17))
- F951** Sch. 15 para. 14(3A)-(3C) inserted (with effect in accordance with s. 97(2) of the amending Act) by [Finance Act 2008 \(c. 9\)](#), **Sch. 31 para. 1(2)**
- F952** Words in Sch. 15 para. 14(5) substituted (with effect in accordance with s. 97(2) of the amending Act) by [Finance Act 2008 \(c. 9\)](#), **Sch. 31 para. 1(3)(a)**
- F953** Word in Sch. 15 para. 14(5)(a) inserted (with effect in accordance with s. 97(2) of the amending Act) by [Finance Act 2008 \(c. 9\)](#), **Sch. 31 para. 1(3)(b)**
- F954** Sch. 15 para. 14(5)(c) and word inserted (with effect in accordance with s. 97(2) of the amending Act) by [Finance Act 2008 \(c. 9\)](#), **Sch. 31 para. 1(3)(c)**
- F955** Sch. 15 para. 14(5A) inserted (with effect in accordance with s. 97(2) of the amending Act) by [Finance Act 2008 \(c. 9\)](#), **Sch. 31 para. 1(4)**
- F956** Sch. 15 para. 14(8) inserted (with effect in accordance with Sch. 24 para. 11(2)(4) of the amending Act) by [Finance Act 2006 \(c. 25\)](#), **Sch. 24 para. 9(3)**
- F957** Sch. 15 para. 14(9) inserted (with effect in accordance with s. 72(13)(14) of the amending Act) by [Finance Act 2007 \(c. 11\)](#), s. 72(6)(b) (with s. 72(2)(16)(17))

#### Exclusion of market rent leases

- 15 (1) A lease held as partnership property immediately after a transfer of an interest in the partnership is not relevant partnership property for the purposes of paragraph 14(5) [<sup>F958</sup>or (5A)] if the following four conditions are met.
- (2) The first condition is that—
- (a) no chargeable consideration other than rent has been given in respect of the grant of the lease, and
  - (b) no arrangements are in place at the time of the transfer for any chargeable consideration other than rent to be given in respect of the grant of the lease.
- (3) The second condition is that the rent payable under the lease as granted was a market rent at the time of the grant.
- (4) The third condition is that—
- (a) the term of the lease is 5 years or less, or
  - (b) if the term of the lease is more than 5 years—
    - (i) the lease provides for the rent payable under it to be reviewed at least once in every 5 years of the term, and
    - (ii) the rent payable under the lease as a result of a review is required to be a market rent at the review date.

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- (5) The fourth condition is that there has been no change to the lease since it was granted which is such that, immediately after the change has effect, the rent payable under the lease is less than a market rent.
- (6) The market rent of a lease at any time is the rent which the lease might reasonably be expected to fetch at that time in the open market.
- (7) A review date is a date from which the rent determined as a result of a rent review is payable.

#### Textual Amendments

**F958** Words in Sch. 15 para. 15(1) inserted (with effect in accordance with s. 97(2) of the amending Act) by Finance Act 2008 (c. 9), **Sch. 31 para. 2**

*Partnership interests: application of provisions about exchanges etc.*

- 16 (1) Where paragraph 5 of Schedule 4 (exchanges) applies to the acquisition of an interest in a partnership in consideration of entering into a land transaction with an existing partner, the interest in the partnership shall be treated as a major interest in land for the purposes of that paragraph if the relevant partnership property includes a major interest in land.
- (2) In sub-paragraph (1) “relevant partnership property” has the meaning given by paragraph 14(5) [<sup>F959</sup>or (5A) (as appropriate)].
- (3) The provisions of paragraph 6 of Schedule 4 (partition etc: disregard of existing interest) do not apply where this paragraph applies.

#### Textual Amendments

**F959** Words in Sch. 15 para. 16(2) inserted (with effect in accordance with s. 97(2) of the amending Act) by Finance Act 2008 (c. 9), **Sch. 31 para. 3**

*Transfer of partnership interest pursuant to earlier arrangements*

- 17 (1) This paragraph applies where—
- (a) there is a transfer of a chargeable interest to a partnership (“the land transfer”);
  - (b) the land transfer falls within paragraph (a), (b) or (c) of paragraph 10(1);
  - (c) there is subsequently a transfer of an interest in the partnership (“the partnership transfer”);
  - (d) the partnership transfer is made—
    - (i) if the land transfer falls within paragraph 10(1)(a) or (b), by the person who makes the land transfer;
    - (ii) if the land transfer falls within paragraph 10(1)(c), by the partner concerned;
  - (e) the partnership transfer is made pursuant to arrangements that were in place at the time of the land transfer;



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- (f) the partnership transfer is not (apart from this paragraph) a chargeable transaction.
- (2) The partnership transfer—
  - (a) shall be taken for the purposes of this Part to be a land transaction;
  - (b) is a chargeable transaction.
- (3) The partners shall be taken to be the purchasers under the transaction.
- (4) The chargeable consideration for the transaction shall be taken to be equal to a proportion of the market value, as at the date of the transaction, of the interest transferred by the land transfer.
- (5) That proportion is—
  - (a) if the person making the partnership transfer is not a partner immediately after the transfer, his partnership share immediately before the transfer;
  - (b) if he is a partner immediately after the transfer, the difference between his partnership share before and after the transfer.
- (6) The partnership transfer and the land transfer shall be taken to be linked transactions.
- (7) Paragraphs 6 to 8 (responsibility of partners) have effect in relation to the partnership transfer, but the responsible partners are—
  - (a) those who were partners immediately before the transfer and who remain partners after the transfer, and
  - (b) any person becoming a partner as a result of, or in connection with, the transfer.

*[<sup>F960</sup>Withdrawal of money etc from partnership after transfer of chargeable interest*

#### Textual Amendments

**F960** Sch. 15 para. 17A and cross-heading inserted (with effect in accordance with Sch. 10 para. 16(3)(6)-(9) of the amending Act) by [Finance \(No. 2\) Act 2005 \(c. 22\)](#), [Sch. 10 para. 10](#)

- 17A (1) This paragraph applies where—
- (a) there is a transfer of a chargeable interest to a partnership (“the land transfer”);
  - (b) the land transfer falls within paragraph (a), (b) or (c) of paragraph 10(1);
  - (c) during the period of three years beginning with the date of the land transfer, a qualifying event occurs.
- [ at the time of the qualifying event, an election has not been made in respect of the land transfer under paragraph 12A.]
- <sup>F961</sup>(d)
- (2) A qualifying event is—
- (a) a withdrawal from the partnership of money or money's worth which does not represent income profit by the relevant person—
    - (i) withdrawing capital from his capital account,
    - (ii) reducing his interest, or
    - (iii) ceasing to be a partner, or
  - (b) in a case where the relevant person has made a loan to the partnership—

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- (i) the repayment (to any extent) by the partnership of the loan, or
  - (ii) a withdrawal by the relevant person from the partnership of money or money's worth which does not represent income profit.
- (3) For this purpose the relevant person is—
- (a) where the land transfer falls within paragraph 10(1)(a) or (b), the person who makes the land transfer, and
  - (b) where the land transfer falls within paragraph 10(1)(c), the partner concerned or a person connected with him.
- (4) The qualifying event—
- (a) shall be taken to be a land transaction, and
  - (b) is a chargeable transaction.
- (5) The partners shall be taken to be the purchasers under the transaction.
- (6) Paragraphs 6 to 8 (responsibility of partners) have effect in relation to the transaction.
- (7) The chargeable consideration for the transaction shall be taken to be—
- (a) in a case falling within sub-paragraph (2)(a), equal to the value of the money or money's worth withdrawn from the partnership,
  - (b) in a case falling within sub-paragraph (2)(b)(i), equal to the amount repaid, and
  - (c) in a case falling within sub-paragraph (2)(b)(ii), equal to so much of the value of the money or money's worth withdrawn from the partnership as does not exceed the amount of the loan,
- but (in any case) shall not exceed the market value, as at the effective date of the land transfer, of the chargeable interest transferred by the land transfer, reduced by any amount previously chargeable to tax.]

- [<sup>F962</sup>(8) Where—
- (a) a qualifying event gives rise to a charge under this paragraph, and
  - (b) the same event gives rise to a charge under paragraph 14 (transfer for consideration of interest in property-investment partnership),
- the amount of the charge under this paragraph is reduced (but not below nil) by the amount of the charge under that paragraph.]

#### Textual Amendments

**F961** Sch. 15 para. 17A(1)(d) inserted (21.7.2008) by [Finance Act 2008 \(c. 9\)](#), [Sch. 31 para. 8](#)

**F962** Sch. 15 para. 17A(8) inserted (with effect in accordance with Sch. 24 para. 11(3)(4) of the amending Act) by [Finance Act 2006 \(c. 25\)](#), [Sch. 24 para. 10](#)

#### *Transfer of chargeable interest from a partnership: general*

- 18 (1) This paragraph applies where a chargeable interest is transferred—
- (a) from a partnership to a person who is or has been one of the partners, or
  - (b) from a partnership to a person connected with a person who is or has been one of the partners.

*Status: Point in time view as at 15/03/2023.*

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[<sup>F963</sup>(2) The chargeable consideration for the transaction shall (subject to paragraph 24) be taken to be equal to—

$$MV \times (100 - SLP)\%$$

where—

MV is the market value of the interest transferred, and

SLP is the sum of the lower proportions.]

(5) Paragraph 20 provides for determining the sum of the lower proportions.

(6) Paragraph 19 applies <sup>F964</sup>... if the whole or part of the chargeable consideration for the transaction is rent.

(7) For the purposes of this paragraph property that was partnership property before the partnership was dissolved or otherwise ceased to exist shall be treated as remaining partnership property until it is distributed.

[<sup>F965</sup>(8) This paragraph has effect subject to any election under paragraph 12A.]

#### Textual Amendments

**F963** Sch. 15 para. 18(2) substituted for Sch. 15 para. 18(2)-(4) (with effect in accordance with Sch. 24 para. 11(1)(4) of the amending Act) by [Finance Act 2006 \(c. 25\)](#), [Sch. 24 para. 5\(1\)](#)

**F964** Words in Sch. 15 para. 18(6) repealed (with effect in accordance with Sch. 24 para. 11(1)(4) of the amending Act) by [Finance Act 2006 \(c. 25\)](#), [Sch. 24 para. 5\(2\)](#), [Sch. 26 Pt. 7\(2\)](#)

**F965** Sch. 15 para. 18(8) inserted (21.7.2008) by [Finance Act 2008 \(c. 9\)](#), [Sch. 31 para. 7](#)

#### *Transfer of chargeable interest from a partnership: chargeable consideration including rent*

19 (1) This paragraph applies in relation to a transaction to which paragraph 18 applies where the whole or part of the chargeable consideration for the transaction is rent.

[<sup>F966</sup>(2) Schedule 5 (amount of tax chargeable: rent) has effect with the modifications set out in sub-paragraphs (2A) to (2C).

(2A) In paragraph 2—

(a) for “the net present value of the rent payable over the term of the lease” substitute “the relevant chargeable proportion of the net present value of the rent payable over the term of the lease”, and

(b) for “the net present values of the rent payable over the terms of all the leases” substitute “the relevant chargeable proportions of the net present values of the rent payable over the terms of all the leases”.

(2B) In paragraph [<sup>F967</sup>9A(6)] —

(a) for “the annual rent” substitute “the relevant chargeable proportion of the annual rent”, and

(b) for “the total of the annual rents” substitute “the relevant chargeable proportion of the total of the annual rents”.

(2C) For paragraph 9(4) substitute—

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“(4) Tax chargeable under this Schedule is in addition to any tax chargeable under section 55 [<sup>F968</sup>or 74(1A)] [<sup>F969</sup>or Schedule [<sup>F970</sup>4A or] 6B as they have] effect by virtue of paragraph 18 of Schedule 15.”.

(2D) For the purposes of sub-paragraphs (2A) and (2B) the relevant chargeable proportion is—

$$(100 - \text{SLP})\%$$

where SLP is the sum of the lower proportions.]

(8) Paragraph 20 provides for determining the sum of the lower proportions.

(9) This paragraph is subject to paragraph 24.

#### Textual Amendments

**F966** Sch. 15 para. 19(2)-(2D) substituted for Sch. 15 para. 19(2)-(7) (with effect in accordance with Sch. 24 para. 11(1)(4) of the amending Act) by [Finance Act 2006 \(c. 25\)](#), [Sch. 24 para. 6](#)

**F967** Word in Sch. 15 para. 19(2B) substituted (with effect in accordance with s. 95(13) of the amending Act) by [Finance Act 2008 \(c. 9\)](#), [s. 95\(11\)\(b\)](#)

**F968** Words in Sch. 15 para. 19(2C) inserted (with effect in accordance with Sch. 35 para. 10 of the amending Act) by [Finance Act 2012 \(c. 14\)](#), [Sch. 35 para. 9\(2\)\(a\)](#)

**F969** Words in Sch. 15 para. 19(2C) substituted (with effect in accordance with Sch. 22 para. 9 of the amending Act) by [Finance Act 2011 \(c. 11\)](#), [Sch. 22 para. 8](#)

**F970** Words in Sch. 15 para. 19(2C) inserted (with effect in accordance with Sch. 35 para. 10 of the amending Act) by [Finance Act 2012 \(c. 14\)](#), [Sch. 35 para. 9\(2\)\(b\)](#)

#### *Transfer of chargeable interest from a partnership: sum of the lower proportions*

20 (1) The sum of the lower proportions in relation to a transaction to which paragraph 18 applies is determined as follows:—

##### *Step One*

Identify the relevant owner or owners.

A person is a relevant owner if—

- (a) immediately after the transaction, he is entitled to a proportion of the chargeable interest, and
- (b) immediately before the transaction, he was a partner or connected with a partner.

##### *Step Two*

For each relevant owner, identify the corresponding partner or partners.

A person is a corresponding partner in relation to a relevant owner if, immediately before the transaction—

- (a) he was a partner, and
- (b) he was the relevant owner [<sup>F971</sup>or was an individual connected with the relevant owner].

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[<sup>F972</sup>(If there is no relevant owner with a corresponding partner, the sum of the lower proportions is nil.)]

*Step Three*

For each relevant owner, find the proportion of the chargeable interest to which he is entitled immediately after the transaction.

Apportion that proportion between any one or more of the relevant owner's corresponding partners.

*Step Four*

Find the lower proportion for each person who is a corresponding partner in relation to one or more relevant owners.

The lower proportion is—

- (a) the proportion of the chargeable interest attributable to the partner, or
- (b) if lower, the partnership share attributable to the partner.

The proportion of the chargeable interest attributable to the partner is—

- (i) if he is a corresponding partner in relation to only one relevant owner, the proportion (if any) of the chargeable interest apportioned to him (at Step Three) in respect of that owner;
- (ii) if he is a corresponding partner in relation to more than one relevant owner, the sum of the proportions (if any) of the chargeable interest apportioned to him (at Step Three) in respect of each of those owners.

Paragraph 21 provides for determining the partnership share attributable to the partner.

*Step Five*

Add together the lower proportions of each person who is a corresponding partner in relation to one or more relevant owners.

The result is the sum of the lower proportions.

- (2) For the purposes of this paragraph persons who are entitled to a chargeable interest as beneficial joint tenants <sup>F973</sup>... shall be taken to be entitled to the chargeable interest as beneficial tenants in common <sup>F973</sup>... in equal shares.

[<sup>F974</sup>(3) For the purpose of paragraph (b) of Step 2 a company is to be treated as an individual connected with the relevant owner in so far as it—

- (a) holds property as trustee, and
- (b) is connected with the relevant owner only because of [<sup>F975</sup>section 1122(6) of the Corporation Tax Act 2010].]

**Textual Amendments**

**F971** Words in Sch. 15 para. 20(1) substituted (with effect in accordance with s. 72(13) of the amending Act) by *Finance Act 2007 (c. 11), s. 72(7)(a)* (with s. 72(2)(16)(17))

**F972** Words in Sch. 15 para. 20(1) inserted (with effect in accordance with s. 72(13) of the amending Act) by *Finance Act 2007 (c. 11), s. 72(7)(b)* (with s. 72(2)(16)(17))

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- F973** Words in Sch. 15 para. 20(2) omitted (with effect in accordance with s. 29(4) of the amending Act) by virtue of [Scotland Act 2012 \(c. 11\)](#), s. 44(2)(b)(3)(b), [Sch. 3 para. 26\(3\)](#) (with s. 29(5)(6)); S.I. 2015/637, [art. 2](#)
- F974** Sch. 15 para. 20(3) inserted (with effect in accordance with s. 72(13) of the amending Act) by [Finance Act 2007 \(c. 11\)](#), s. 72(8) (with s. 72(2)(16)(17))
- F975** Words in Sch. 15 para. 20(3)(b) substituted (with effect in accordance with s. 1184(1) of the amending Act) by [Corporation Tax Act 2010 \(c. 4\)](#), s. 1184(1), [Sch. 1 para. 418\(3\)](#) (with Sch. 2)

*Transfer of chargeable interest from a partnership: partnership share attributable to partner*

- 21 (1) This paragraph provides for determining the partnership share attributable to a partner for the purposes of paragraph 20 (1) (see Step Four).
- (2) Paragraph 22 applies for determining the partnership share attributable to a partner where—
- (a) the effective date of the transfer of the relevant chargeable interest to the partnership was before 20th October 2003, or
  - (b) the effective date of the transfer of the relevant chargeable interest to the partnership was on or after that date and—
    - (i) the instrument by which the transfer was effected has been duly stamped with *ad valorem* stamp duty, or
    - (ii) any tax payable in respect of the transfer has been duly paid under this Part.
- (3) Where the effective date of the transfer of the relevant chargeable interest to the partnership was on or after 20th October 2003 but neither of the conditions in sub-paragraphs (i) and (ii) of sub-paragraph (2)(b) is met, the partnership share attributable to the partner is zero.
- (4) The relevant chargeable interest is—
- (a) the chargeable interest which ceases to be partnership property as a result of the transaction to which paragraph 18 applies, or
  - (b) where the transaction to which paragraph 18 applies is the grant or creation of a chargeable interest, the chargeable interest out of which that interest is granted or created.
- 22 (1) Where this paragraph applies, the partnership share attributable to the partner is determined as follows:—

*Step One*

Find the partner's actual partnership share on the relevant date.

In a case falling within paragraph 21(2)(a), the relevant date—

- (a) if the partner was a partner on 19th October 2003, is that date;
- (b) if the partner became a partner after that date, is the date on which he became a partner.

In a case falling within paragraph 21(2)(b), the relevant date—

- (a) if the partner was a partner on the effective date of the transfer of the relevant chargeable interest to the partnership, is that date;
- (b) if the partner became a partner after that date, is the date on which he became a partner.

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### *Step Two*

Add to that partnership share any increases in the partner's partnership share which—

- (a) occur in the period starting on the day after the relevant date and ending immediately before the transaction to which paragraph 18 applies, and
- (b) count for this purpose.

The result is the increased partnership share.

An increase counts for the purpose of paragraph (b) only if—

- (i) where the transfer which resulted in the increase took place on or before the date on which the Finance Act 2004 was passed, the instrument by which the transfer was effected has been duly stamped with *ad valorem* stamp duty under the enactments relating to stamp duty;
- (ii) where the transfer which resulted in the increase took place after that date, any tax payable in respect of the transfer has been duly paid under this Part.

### *Step Three*

Deduct from the increased partnership share any decreases in the partner's partnership share which occur in the period starting on the day after the relevant date and ending immediately before the transaction to which paragraph 18 applies.

The result is the partnership share attributable to the partner.

- (2) If the effect of applying Step Three would be to reduce the partnership share attributable to the partner below zero, the partnership share attributable to the partner is zero.
- (3) In a case falling within paragraph 21(2)(a), if the partner ceased to be a partner before 19th October 2003, the partnership share attributable to the partner is zero.
- (4) In a case falling within paragraph 21(2)(b), if the partner ceased to be a partner before the effective date of the transfer of the relevant chargeable interest to the partnership, the partnership share attributable to the partner is zero.
- (5) Paragraph 21(4) (relevant chargeable interest) applies for the purposes of this paragraph.

### *Transfer of chargeable interest from a partnership to a partnership*

- 23 (1) This paragraph applies where—
- (a) there is a transfer of a chargeable interest from a partnership to a partnership, and
  - (b) the transfer is both—
    - (i) a transaction to which paragraph 10 applies, and
    - (ii) a transaction to which paragraph 18 applies.

[<sup>F976</sup>(2) Paragraphs 10(2) and 18(2) do not apply.

- (2A) The chargeable consideration for the transaction shall be taken to be what it would have been if paragraph 10(2) had applied or, if greater, what it would have been if paragraph 18(2) had applied.
- (3) Where the whole or part of the chargeable consideration for the transaction is rent—

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- (a) paragraphs 11 and 19 do not apply;
- (b) the tax chargeable in respect of so much of the chargeable consideration as consists of rent shall be taken to be what it would have been if paragraph 11 had applied or, if greater, what it would have been if paragraph 19 had applied;
- (c) the disapplication of the 0% band provided for by paragraph [F977 9A] of Schedule 5 has effect if—
  - (i) it would have had effect if paragraph 11(2B) of this Schedule had applied, or
  - (ii) it would have had effect if paragraph 19(2B) of this Schedule had applied.]

#### Textual Amendments

- F976** Sch. 15 para. 23(2)-(3) substituted for Sch. 15 para. 23(2)(3) (with effect in accordance with Sch. 24 para. 11(1)(4) of the amending Act) by [Finance Act 2006 \(c. 25\)](#), [Sch. 24 para. 8](#)
- F977** Word in Sch. 15 para. 23(3)(c) substituted (with effect in accordance with s. 95(13) of the amending Act) by [Finance Act 2008 \(c. 9\)](#), [s. 95\(11\)\(c\)](#)

#### *Transfer of chargeable interest from a partnership consisting wholly of bodies corporate*

- 24 (1) This paragraph applies where—
- (a) there is a transaction to which paragraph 18 applies;
  - (b) immediately before the transaction all the partners are bodies corporate;
  - (c) the sum of the lower proportions is 75 or more.
- (2) Paragraphs 18, 19 and 23 have effect with these modifications.
- (3) In paragraph 18, for [F978 sub-paragraphs (2) and (5)] substitute—
- “(2) The chargeable consideration for the transaction shall be taken to be equal to the market value of the interest transferred.”.
- [F979(4A) In paragraph 19(2), for “sub-paragraphs (2A) to (2C)” substitute “ sub-paragraph (2C) ”.
- (5) In paragraph 19, omit sub-paragraphs (2A), (2B), (2D) and (8).]
- (9) Paragraph 20 provides for determining the sum of the lower proportions.

#### Textual Amendments

- F978** Words in Sch. 15 para. 24(3) substituted (with effect in accordance with Sch. 24 para. 11(1)(4) of the amending Act) by [Finance Act 2006 \(c. 25\)](#), [Sch. 24 para. 7\(1\)](#)
- F979** Sch. 15 para. 24(4A)(5) substituted for Sch. 15 para. 24(4)-(8) (with effect in accordance with Sch. 24 para. 11(1)(4) of the amending Act) by [Finance Act 2006 \(c. 25\)](#), [Sch. 24 para. 7\(2\)](#)

#### *Application of exemptions and reliefs*

- 25 (1) Where paragraph 10, 14, 17 or 18 applies, paragraph 1 of Schedule 3 (exemption of transactions for which there is no chargeable consideration) does not apply.



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- (2) But (subject to <sup>F980</sup> paragraphs 27 and 28) this Part of this Schedule has effect subject to any other provision affording exemption or relief from stamp duty land tax.

**Textual Amendments**

**F980** Words in Sch. 15 para. 25(2) substituted (with effect in accordance with Sch. 39 para. 10(4) of the amending Act) by Finance Act 2012 (c. 14), **Sch. 39 para. 8(3)** (with Sch. 39 paras. 11-13)

*Application of disadvantaged areas relief*

<sup>F981</sup>26 .....

**Textual Amendments**

**F981** Sch. 15 para. 26 omitted (with effect in accordance with Sch. 39 para. 10(4) of the amending Act) by virtue of Finance Act 2012 (c. 14), **Sch. 39 para. 8(2)(b)(ii)** (with Sch. 39 paras. 11-13)

*Application of group relief*

- 27 (1) Part 1 of Schedule 7 (group relief) applies to—
- (a) a transaction to which paragraph 10 applies, and
  - (b) a transaction that is a chargeable transaction by virtue of paragraph 17, with these modifications.
- (2) In paragraph 3(1)(a), for “the purchaser” substitute “ a partner who was a partner at the effective date of the relevant transaction (“the relevant partner”) ”.
- (3) In paragraph 3(1), for paragraph (b) substitute—
- “(b) at the time the relevant partner ceases to be a member of the same group as the vendor (“the relevant time”), a chargeable interest is held by or on behalf of the members of the partnership and that chargeable interest—
    - (i) was acquired by or on behalf of the partnership under the relevant transaction, or
    - (ii) is derived from a chargeable interest so acquired,and has not subsequently been acquired at market value under a chargeable transaction for which group relief was available but was not claimed.”.
- (4) In paragraph 3(3), for the words from “the transferee company” to the end substitute “ or on behalf of the partnership and to the proportion in which the relevant partner is entitled at the relevant time to share in the income profits of the partnership. ”.
- (5) In paragraph 3(4), omit the definition of “relevant associated company”.
- (6) In paragraphs 4 to 6, for “the purchaser” (wherever appearing) substitute “ the relevant partner ”.

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- [<sup>F982</sup>27(A)] This paragraph applies where in calculating the sum of the lower proportions in relation to a transaction (in accordance with paragraph 12)—
- (a) a company (“the connected company”) would have been a corresponding partner of a relevant owner (“the original owner”) but for the fact that paragraph (b) of Step Two includes connected persons only if they are individuals, and
  - (b) the connected company and the original owner are members of the same group.
- (2) The charge in respect of the transaction shall be reduced to the amount that would have been payable had the connected company been a corresponding partner of the original owner for the purposes of calculating the sum of the lower proportions.
- (3) The provisions of Part 1 of Schedule 7 apply to group relief under sub-paragraph (2) above as to group relief under paragraph 1(1) of Schedule 7, but—
- (a) with the omission of paragraph 2(2)(a),
  - (b) with the substitution for “the purchaser” in paragraph 3(1)(a) of “a partner who was, at the effective date of the transaction, a partner and a member of the same group as the transferor (“the relevant partner”)”, and
  - (c) with the other modifications specified in paragraph 27(3) to (6) above.]

#### Textual Amendments

**F982** Sch. 15 para. 27A inserted (with effect in accordance with s. 72(13) of the amending Act) by [Finance Act 2007 \(c. 11\), s. 72\(9\)](#) (with s. 72(2)(16)(17))

#### *Application of charities relief*

- 28 (1) Schedule 8 (charities relief) applies to the transfer of an interest in a partnership that is a chargeable transaction by virtue of paragraph 14 or 17 with these modifications.
- (2) In paragraph 1(1), for “A land transaction is exempt from charge if the purchaser is a charity” substitute “ A transfer of an interest in a partnership that is a chargeable transaction by virtue of paragraph 14 or 17 of Schedule 15 is exempt from charge if the transferee is a charity ”.
- (3) In paragraph 1(2)—
- (a) for “the purchaser must intend to hold the subject-matter of the transaction” substitute “ every chargeable interest held as partnership property immediately after the transfer must be held ”;
  - (b) in paragraphs (a) and (b) for “the purchaser” substitute “ the transferee ”.
- (4) In paragraph 1(3) for “the purchaser” substitute “ the transferee ”.
- (5) In paragraph 2(1), for paragraph (b) substitute—
- “(b) at the time of the disqualifying event the partnership property includes a chargeable interest—
  - (i) that was held as partnership property immediately after the relevant transaction, or
  - (ii) that is derived from an interest held as partnership property at that time.”.

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- (6) In paragraph 2(3)(a), for “the purchaser” substitute “ the transferee ”.
- (7) In paragraph 2(3), for paragraph (b) substitute—
- “ (b) any chargeable interest held as partnership property immediately after the relevant transaction, or any interest or right derived from it, being used or held otherwise than for qualifying charitable purposes.”.
- (8) For paragraph 2(4) substitute—
- “ (4) In sub-paragraphs (1) and (2) an “appropriate proportion” means an appropriate proportion having regard to—
- (a) the chargeable interests held as partnership property immediately after the relevant transaction and the chargeable interests held as partnership property at the time of the disqualifying event, and
- (b) the extent to which any chargeable interest held as partnership property at that time becomes used or held for purposes other than qualifying charitable purposes.”.
- (9) After paragraph 2 insert—

*“Interpretation*

- 3 (1) There is a transfer of an interest in a partnership for the purposes of this Schedule if there is such a transfer for the purposes of Part 3 of Schedule 15 (see paragraph 36 of that Schedule).
- (2) Paragraph 34 (1) of Schedule 15 (meaning of references to partnership property) applies for the purposes of this Schedule as it applies for the purposes of Part 3 of that Schedule.”.

*Acquisition of interest in partnership not chargeable except as specially provided*

- 29 Except as provided by—
- (a) paragraph 10 (transfer of chargeable interest to a partnership), or
- (b) paragraph 14 (transfer of partnership interest: consideration given and chargeable interest held), or
- (c) paragraph 17 (transfer of partnership interest pursuant to earlier arrangements),
- the acquisition of an interest in a partnership is not a chargeable transaction, notwithstanding that the partnership property includes land.

*Transactions that are not notifiable*

- 30 (1) A transaction which is a chargeable transaction by virtue of paragraph 14 or 17 (transfer of partnership interest) is a notifiable transaction if (but only if) the consideration for the transaction exceeds the zero rate threshold.
- (2) The consideration for a transaction exceeds the zero rate threshold if [<sup>F983</sup>one or more] of the following conditions are met—

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- (a) the relevant consideration for the purposes of section 55 (amount of tax chargeable: general) is such that the [<sup>F984</sup>amount of tax chargeable under that section is not zero];
- [<sup>F985</sup>(aa) paragraph 3 of Schedule 4A applies to the transaction;]
- (b) the relevant rental value for the purposes of Schedule 5 (amount of tax chargeable: rent) is such that the rate of tax chargeable under that Schedule is 1% or higher.

#### Textual Amendments

- F983** Words in Sch. 15 para. 30(2) substituted (with effect in accordance with Sch. 35 para. 10 of the amending Act) by [Finance Act 2012 \(c. 14\)](#), [Sch. 35 para. 9\(3\)\(a\)](#)
- F984** Words in Sch. 15 para. 30(2)(a) substituted (with effect in accordance with s. 2(2) of the amending Act) by [Stamp Duty Land Tax Act 2015 \(c. 1\)](#), [Sch. para. 16](#) (with s. 2(3)-(6))
- F985** Sch. 15 para. 30(2)(aa) inserted (with effect in accordance with Sch. 35 para. 10 of the amending Act) by [Finance Act 2012 \(c. 14\)](#), [Sch. 35 para. 9\(3\)\(b\)](#)

#### *Stamp duty on transfers of partnership interests: continued application*

- 31 (1) Nothing in section 125 (abolition of stamp duty except in relation to stock or marketable securities), or in Part 2 of Schedule 20 (amendments and repeals consequential on that section) [<sup>F986</sup>or in Schedule 24 to the Finance Act 2014 (abolition of stamp duty in relation to certain securities)], affects the application of the enactments relating to stamp duty in relation to an instrument by which a transfer of an interest in a partnership is effected.
- (2) In Part 1 of Schedule 20 (provisions supplementing section 125) references to stock or marketable securities shall be read as including any property that is the subject-matter of a transaction by which an interest in a partnership is transferred.
- (3) In their application in relation to an instrument by which a transfer of an interest in a partnership is effected, the enactments relating to stamp duty have effect subject to paragraphs 32 and 33.

#### Textual Amendments

- F986** Words in Sch. 15 para. 31(1) inserted (with effect in accordance with Sch. 24 para. 12(4) of the amending Act) by [Finance Act 2014 \(c. 26\)](#), [Sch. 24 para. 11\(2\)](#)

#### *Stamp duty on transfers of partnership interests: modification*

- 32 (1) This paragraph applies where—
- (a) stamp duty under Part 1 of Schedule 13 to the Finance Act 1999 (transfer on sale) is chargeable on an instrument effecting a transfer of an interest in a partnership, and
  - (b) the relevant partnership property includes a chargeable interest.
- (2) The “relevant partnership property”, in relation to a transfer of an interest in a partnership, is every chargeable interest held as partnership property immediately after the transfer, other than any interest that was transferred to the partnership in connection with the transfer.

*Status: Point in time view as at 15/03/2023.*

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- (3) The consideration for the transaction shall (subject to sub-paragraph (8)) be taken to be equal to the actual consideration for the transaction less the excluded amount.
- (4) The excluded amount is a proportion of the net market value of the relevant partnership property immediately after the transfer.
- (5) That proportion is—
  - (a) if the person acquiring the interest in the partnership was not a partner before the transfer, his partnership share immediately after the transfer;
  - (b) if he was a partner before the transfer, the difference between his partnership share before and after the transfer.
- (6) The net market value of a chargeable interest at a particular date is—

$$MV - SL$$

where—

MV is the market value of the chargeable interest at that date, and

SL is the amount outstanding at that date on any loan secured solely on the chargeable interest.

- (7) If, in relation to a chargeable interest, SL is greater than MV, the net market value of the chargeable interest shall be taken to be nil.
  - (8) If the excluded amount is greater than the actual consideration for the transaction, the consideration for the transaction shall be taken to be nil.
  - (9) Where this paragraph applies in relation to an instrument, the instrument shall not be regarded as duly stamped unless it has been stamped in accordance with section 12 of the Stamp Act 1891.
- 33<sup>F987</sup>(1) This paragraph applies where stamp duty under Part 1 of Schedule 13 to the Finance Act 1999 (transfer on sale) is, apart from this paragraph, chargeable on an instrument effecting a transfer of an interest in a partnership.
- (1A) If the relevant partnership property does not include any <sup>F988</sup>[relevant] securities, no stamp duty shall (subject to sub-paragraph (8)) be chargeable on the instrument.]
  - (3) <sup>F989</sup>[If the relevant partnership property includes <sup>F990</sup>[relevant] securities,] the stamp duty chargeable on the instrument shall not exceed the stamp duty that would be chargeable if—
    - (a) the instrument were an instrument effecting a transfer of <sup>F991</sup>... <sup>F992</sup>[those securities], and
    - <sup>F993</sup>(b) the consideration for the transfer were equal to the appropriate proportion of the net market value of <sup>F991</sup>... those securities immediately after the transfer.]
- <sup>F994</sup>(3A) The “relevant partnership property”, in relation to a transfer of an interest in a partnership, is the partnership property immediately after the transfer, other than any partnership property that was transferred to the partnership in connection with the transfer.]

<sup>F995</sup>(4) .....

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- (5) [<sup>F996</sup>The appropriate] proportion is—
- (a) if the person acquiring the interest in the partnership was not a partner before the transfer, his partnership share immediately after the transfer;
  - (b) if he was a partner before the transfer, the difference between his partnership share before and after the transfer.

- (6) The net market value of [<sup>F997</sup>relevant] securities at a particular date is—

$$MV - SL$$

where—

MV is the market value of the [<sup>F997</sup>relevant] securities at that date, and

SL is the amount outstanding at that date on any loan secured solely on the [<sup>F997</sup>relevant] securities.

- (7) If, in relation to any [<sup>F998</sup>relevant] securities, SL is greater than MV, the net market value of the [<sup>F998</sup>relevant] securities shall be taken to be nil.
- (8) Where this paragraph applies in relation to an instrument, the instrument shall not be regarded as duly stamped unless it has been stamped in accordance with section 12 of the Stamp Act 1891.

[<sup>F999</sup>(8A) In this paragraph “relevant securities” means stock or marketable securities other than any stock or marketable securities admitted to trading on a recognised growth market but not listed on any market.]

- (9) This paragraph shall be construed as one with the Stamp Act 1891.

#### Textual Amendments

- F987** Sch. 15 para. 33(1)(1A) substituted for Sch. 15 para. 33(1)(2) (with effect in accordance with Sch. 10 para. 22(4) of the amending Act) by [Finance \(No. 2\) Act 2005 \(c. 22\)](#), [Sch. 10 para. 21\(2\)](#)
- F988** Word in Sch. 15 para. 33(1A) substituted (with effect in accordance with Sch. 24 para. 12(4) of the amending Act) by [Finance Act 2014 \(c. 26\)](#), [Sch. 24 para. 11\(3\)\(a\)](#)
- F989** Words in Sch. 15 para. 33(3) inserted (with effect in accordance with Sch. 10 para. 22(4) of the amending Act) by [Finance \(No. 2\) Act 2005 \(c. 22\)](#), [Sch. 10 para. 21\(3\)\(a\)](#)
- F990** Word in Sch. 15 para. 33(3) substituted (with effect in accordance with Sch. 24 para. 12(4) of the amending Act) by [Finance Act 2014 \(c. 26\)](#), [Sch. 24 para. 11\(3\)\(b\)](#)
- F991** Words in Sch. 15 para. 33(3) omitted (with effect in accordance with Sch. 24 para. 12(4) of the amending Act) by virtue of [Finance Act 2014 \(c. 26\)](#), [Sch. 24 para. 11\(3\)\(c\)](#)
- F992** Words in Sch. 15 para. 33(3)(a) substituted (with effect in accordance with Sch. 10 para. 22(4) of the amending Act) by [Finance \(No. 2\) Act 2005 \(c. 22\)](#), [Sch. 10 para. 21\(3\)\(b\)](#)
- F993** Sch. 15 para. 33(3)(b) substituted (with effect in accordance with Sch. 10 para. 22(4) of the amending Act) by [Finance \(No. 2\) Act 2005 \(c. 22\)](#), [Sch. 10 para. 21\(3\)\(c\)](#)
- F994** Sch. 15 para. 33(3A) inserted (with effect in accordance with Sch. 10 para. 22(4) of the amending Act) by [Finance \(No. 2\) Act 2005 \(c. 22\)](#), [Sch. 10 para. 21\(4\)](#)
- F995** Sch. 15 para. 33(4) repealed (with effect in accordance with Sch. 10 para. 22(4) of the amending Act) by [Finance \(No. 2\) Act 2005 \(c. 22\)](#), [Sch. 10 para. 21\(5\)](#), [Sch. 11 Pt. 3\(1\)](#)
- F996** Words in Sch. 15 para. 33(5) substituted (with effect in accordance with Sch. 10 para. 22(4) of the amending Act) by [Finance \(No. 2\) Act 2005 \(c. 22\)](#), [Sch. 10 para. 21\(6\)](#)

*Status: Point in time view as at 15/03/2023.*

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- F997** Word in Sch. 15 para. 33(6) substituted (with effect in accordance with Sch. 24 para. 12(4) of the amending Act) by [Finance Act 2014 \(c. 26\)](#), [Sch. 24 para. 11\(3\)\(d\)](#)
- F998** Word in Sch. 15 para. 33(7) substituted (with effect in accordance with Sch. 24 para. 12(4) of the amending Act) by [Finance Act 2014 \(c. 26\)](#), [Sch. 24 para. 11\(3\)\(e\)](#)
- F999** Sch. 15 para. 33(8A) inserted (with effect in accordance with Sch. 24 para. 12(4) of the amending Act) by [Finance Act 2014 \(c. 26\)](#), [Sch. 24 para. 11\(3\)\(f\)](#)

*Interpretation: partnership property and partnership share*

- 34 (1) Any reference in this Part of this Schedule to partnership property is to an interest or right held by or on behalf of a partnership, or the members of a partnership, for the purposes of the partnership business.
- (2) Any reference in this Part of this Schedule to a person's partnership share at any time is to the proportion in which he is entitled at that time to share in the income profits of the partnership.

*Interpretation: transfer of chargeable interest to a partnership*

- 35 For the purposes of this Part of this Schedule, there is a transfer of a chargeable interest to a partnership in any case where a chargeable interest becomes partnership property.

*Interpretation: transfer of interest in a partnership*

- [<sup>F1000</sup>36 For the purposes of this Part of this Schedule, where a person acquires or increases a partnership share there is a transfer of an interest in the partnership (to that partner and from the other partners).]

**Textual Amendments**

- F1000** Sch. 15 para. 36 substituted (with effect in accordance with s. 72(13)(14) of the amending Act) by [Finance Act 2007 \(c. 11\)](#), [s. 72\(10\)](#) (with s. 72(2)(16)(17))

*Interpretation: transfer of chargeable interest from a partnership*

- 37 For the purposes of this Part of this Schedule, there is a transfer of a chargeable interest from a partnership in any case where—
- (a) a chargeable interest that was partnership property ceases to be partnership property, or
- (b) a chargeable interest is granted or created out of partnership property and the interest is not partnership property.

*Interpretation: market value of leases*

- 38 (1) This paragraph applies in relation to a lease for the purposes of this Part of this Schedule if—
- (a) the grant of the lease is or was a transaction to which paragraph 10 applies or applied (or a transaction to which paragraph 10 would have applied if that paragraph had been in force at the time of the grant), or
- (b) the grant of the lease is a transaction to which paragraph 18 applies.

*Status: Point in time view as at 15/03/2023.*

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- (2) In determining the market value of the lease, an obligation of the tenant under the lease is to be taken into account if (but only if)—
- (a) it is an obligation such as is mentioned in paragraph 10 (1) of Schedule 17A, or
  - (b) it is an obligation to make a payment to a person.

*Interpretation: connected persons*

- 39 (1) [<sup>F1001</sup>Section 1122 of the Corporation Tax Act 2010] (connected persons) has effect for the purposes of this Part of this Schedule.
- (2) As applied by sub-paragraph (1), that section has effect with the omission of [<sup>F1002</sup>subsection (7)] (partners connected with each other).
- [<sup>F1003</sup>(3) As applied by sub-paragraph (1) for the purposes of paragraph 12 or 20, that section has effect with the omission of [<sup>F1004</sup>subsection (6)(c) to (e)] (trustee connected with settlement).]

**Textual Amendments**

- F1001** Words in Sch. 15 para. 39(1) substituted (with effect in accordance with s. 1184(1) of the amending Act) by *Corporation Tax Act 2010 (c. 4), s. 1184(1), Sch. 1 para. 418(4)(a)* (with Sch. 2)
- F1002** Words in Sch. 15 para. 39(2) substituted (with effect in accordance with s. 1184(1) of the amending Act) by *Corporation Tax Act 2010 (c. 4), s. 1184(1), Sch. 1 para. 418(4)(b)* (with Sch. 2)
- F1003** Sch. 15 para. 39(3) inserted (with effect in accordance with s. 72(13) of the amending Act) by *Finance Act 2007 (c. 11), s. 72(11)* (with s. 72(2)(16)(17))
- F1004** Words in Sch. 15 para. 39(3) substituted (with effect in accordance with s. 1184(1) of the amending Act) by *Corporation Tax Act 2010 (c. 4), s. 1184(1), Sch. 1 para. 418(4)(c)* (with Sch. 2)

*Interpretation: arrangements*

- 40 In this Part of this Schedule “arrangements” includes any scheme, agreement or understanding, whether or not legally enforceable.]

SCHEDULE 16

Section 105

STAMP DUTY LAND TAX: TRUSTS AND POWERS

*Meaning of “settlement” and “bare trust”*

- 1 (1) In this Part “settlement” means a trust that is not a bare trust.
- (2) In this Part a “bare trust” means a trust under which property is held by a person as trustee—
- (a) for a person who is absolutely entitled as against the trustee, or who would be so entitled but for being a minor or other person under a disability, or
  - (b) for two or more persons who are or would be jointly so entitled,
- and includes a case in which a person holds property as nominee for another.



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- (3) In sub-paragraph (2)(a) and (b) the references to a person being absolutely entitled to property as against the trustee are references to a case where the person has the exclusive right, subject only to satisfying any outstanding charge, lien or other right of the trustee, to resort to the property for payment of duty, taxes, costs or other outgoings or to direct how the property is to be dealt with.
- (4) In sub-paragraph (2) “minor”, in relation to Scotland, means a person under legal disability by reason of nonage.

*Interests of beneficiaries under certain trusts*

- 2 Where property is held in trust under the law of Scotland, or of a country or territory outside the United Kingdom, on terms such that, if the trust had effect under the law of England and Wales, a beneficiary would be regarded as having an equitable interest in the trust property—
  - (a) that beneficiary shall be treated for the purposes of this Part as having such an interest notwithstanding that no such interest is recognised by the law of Scotland or, as the case may be, the country or territory outside the United Kingdom, and
  - (b) an acquisition of the interest of a beneficiary under the trust shall accordingly be treated as involving the acquisition of an interest in the trust property.

*[<sup>F1005</sup>Bare trustee*

**Textual Amendments**

**F1005**Sch. 16 para. 3 and cross-heading substituted (with effect in accordance with Sch. 10 para. 16(4)(6)-(9) of the amending Act) by [Finance \(No. 2\) Act 2005 \(c. 22\)](#), [Sch. 10 para. 11](#)

- 3 (1) Subject to sub-paragraph (2), where a person acquires a chargeable interest [<sup>F1006</sup> or an interest in a partnership] as bare trustee, this Part applies as if the interest were vested in, and the acts of the trustee in relation to it were the acts of, the person or persons for whom he is trustee.
  - (2) Sub-paragraph (1) does not apply in relation to the grant of a lease.
  - (3) Where a lease is granted to a person as bare trustee, he is treated for the purposes of this Part, as it applies in relation to the grant of the lease, as purchaser of the whole of the interest acquired.
  - (4) Where a lease is granted by a person as bare trustee, he is to be treated for the purposes of this Part, as it applies in relation to the grant of the lease, as vendor of the whole of the interest disposed of.]

**Textual Amendments**

**F1006**Words in Sch. 16 para. 3(1) inserted (with effect in accordance with s. 72(13) of the amending Act) by [Finance Act 2007 \(c. 11\)](#), [s. 72\(12\)\(a\)](#) (with s. 72(2)(16)(17))

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*Acquisition by trustees of settlement*

- 4 Where persons acquire a chargeable interest as trustees of a settlement, they are treated for the purposes of this Part, as it applies in relation to that acquisition, as purchasers of the whole of the interest acquired (including the beneficial interest).

*Responsibility of trustees of settlement*

- 5 (1) Where the trustees of a settlement are liable—
- (a) to make a payment of tax or interest on unpaid tax,
  - (b) to make a payment in accordance with an assessment under paragraph 29 of Schedule 10 (recovery of excessive repayment), or
  - (c) to a penalty under this Part or to interest on such a penalty,
- the payment, penalty or interest may be recovered (but only once) from any one or more of the responsible trustees.
- (2) No amount may be recovered by virtue of sub-paragraph (1)(c) from a person who did not become a responsible trustee until after the relevant time.
- (3) The responsible trustees, in relation to a land transaction, are the persons who are trustees at the effective date of the transaction and any person who subsequently becomes a trustee.
- (4) The relevant time for this purpose is—
- (a) in relation to so much of a penalty as is payable in respect of any day, or to interest on so much of a penalty as is so payable, the beginning of that day;
  - (b) in relation to any other penalty, or interest on such a penalty, the time when the act or omission occurred that caused the penalty to become payable.

*Relevant trustees for purposes of return etc*

- 6 (1) A return <sup>F1007</sup>... in relation to a land transaction may be made or given by any one or more of the trustees who are the responsible trustees in relation to the transaction.
- The trustees by whom such a return <sup>F1007</sup>... is made are referred to below as “the relevant trustees”.
- (2) The declaration required by paragraph 1(1)(c) of Schedule 10 <sup>F1008</sup>... (declaration that return <sup>F1008</sup>... is complete and correct) must be made by all the relevant trustees.
- (3) If the Inland Revenue give notice of an enquiry into the return <sup>F1009</sup>...—
- (a) the notice must be given to each of the relevant trustees,
  - (b) the powers of the Inland Revenue as to the production of documents and provision of information for the purposes of the enquiry are exercisable separately (and differently) in relation to each of the relevant trustees,
  - (c) any of the relevant trustees may apply for a direction that a closure notice be given (and all of them are entitled to appear and be heard on the application), and
  - (d) the closure notice must be given to each of the relevant trustees.
- Provided that a notice is not invalidated by virtue of paragraph (a) or (d) if it is given to each of the relevant trustees whose identity is known to the Inland Revenue.

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- (4) A Revenue determination or discovery assessment relating to the transaction must be made against all of the relevant trustees and is not effective against any of them unless notice of it is given to each of them whose identity is known to the Inland Revenue.
- (5) In the case of an appeal arising from proceedings under this Part relating to the transaction—
- (a) the appeal may be brought by any of the relevant trustees,
  - (b) notice of the appeal must be given to any of them by whom it is not brought,
  - (c) the agreement of all the relevant trustees is required if the appeal is to be settled by agreement,
  - (d) if it is not settled, any of them are entitled to appear and be heard, and
  - (e) the decision on the appeal binds all of them.

#### Textual Amendments

**F1007** Words in Sch. 16 para. 6(1) omitted (with effect in accordance with s. 94(5) of the amending Act) by virtue of [Finance Act 2008 \(c. 9\)](#), [Sch. 30 para. 13\(2\)](#)

**F1008** Words in Sch. 16 para. 6(2) omitted (with effect in accordance with s. 94(5) of the amending Act) by virtue of [Finance Act 2008 \(c. 9\)](#), [Sch. 30 para. 13\(3\)](#)

**F1009** Words in Sch. 16 para. 6(3) omitted (with effect in accordance with s. 94(5) of the amending Act) by virtue of [Finance Act 2008 \(c. 9\)](#), [Sch. 30 para. 13\(2\)](#)

#### *Consideration for exercise of power of appointment or discretion*

- 7 Where a chargeable interest is acquired by virtue of—
- (a) the exercise of a power of appointment, or
  - (b) the exercise of a discretion vested in trustees of a settlement,
- there shall be treated as consideration for the acquisition of the interest or right by virtue of the exercise of the power or discretion any consideration given for the person in whose favour the appointment was made or the discretion was exercised becoming an object of the power or discretion.

#### *Reallocation of trust property as between beneficiaries*

- <sup>F1010</sup>8 Where—
- (a) the trustees of a settlement reallocate trust property in such a way that a beneficiary acquires an interest in certain trust property and ceases to have an interest in other trust property, and
  - (b) the beneficiary consents to ceasing to have an interest in that other property,
- the fact that he gives consent does not mean that there is chargeable consideration for the acquisition.]

#### Textual Amendments

**F1010** Sch. 16 para. 8 and cross-heading inserted (with effect in accordance with s. 165(2) of the amending Act) by [Finance Act 2006 \(c. 25\)](#), [s. 165\(1\)](#)

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## F1011 SCHEDULE 17

Section 115

### Textual Amendments

**F1011** Sch. 17 omitted (1.4.2009) by virtue of [The Transfer of Tribunal Functions and Revenue and Customs Appeals Order 2009 \(S.I. 2009/56\)](#), art. 1(2), **Sch. 1 para. 413**

## F1012 SCHEDULE 17A

Section 120

### FURTHER PROVISIONS RELATING TO LEASES

### Textual Amendments

**F1012** Sch. 17A inserted (with effect in accordance with Sch. 39 para. 26 of the amending Act) by [Finance Act 2004 \(c. 12\)](#), **Sch. 39 para. 22(2)** (which amending provision re-enacts, subject to certain changes, a corresponding amendment made by the now revoked [Stamp Duty and Stamp Duty Land Tax \(Variation of the Finance Act 2003\) \(No. 2\) Regulations 2003 \(S.I. 2003/2816\)](#), see Sch. 39 para. 14) (with Sch. 39 paras. 11, 13(5))

### *Meaning of “lease”*

- 1 **F1013** [In this Part] “lease” means—
- (a) an interest or right in or over land for a term of years (whether fixed or periodic), or
  - (b) a tenancy at will or other interest or right in or over land terminable by notice at any time.

### Textual Amendments

**F1013** Words in Sch. 17A para. 1 substituted (with effect in accordance with s. 29(4) of the amending Act) by [Scotland Act 2012 \(c. 11\)](#), s. 44(2)(b)(3)(b), **Sch. 3 para. 27(2)** (with s. 29(5)(6)); S.I. 2015/637, **art. 2**

### *Leases for a fixed term*

- 2 In the application of the provisions of this Part to a lease for a fixed term, no account shall be taken of—
- (a) any contingency as a result of which the lease may determine before the end of the fixed term, or
  - (b) any right of either party to determine the lease or renew it.

### *Leases that continue after a fixed term*

- 3 (1) This paragraph applies to—
- (a) a lease for a fixed term and thereafter until determined, or

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- (b) a lease for a fixed term that may continue beyond the fixed term by operation of law.
- (2) For the purposes of this Part (except [<sup>F1014</sup>sections 77 and 77A] (notifiable transactions)), a lease to which this paragraph applies is treated—
- (a) in the first instance as if it were a lease for the original fixed term and no longer,
  - (b) if the lease continues after the end of that term, as if it were a lease for a fixed term one year longer than the original fixed term,
  - (c) if the lease continues after the end of the term resulting from the application of paragraph (b), as if it were a lease for a fixed term two years longer than the original fixed term,
- and so on.
- [<sup>F1015</sup>(3) Where the effect of sub-paragraph (2) in relation to the continuation of the lease for a period (or further period) of one year after the end of a fixed term is that a transaction becomes notifiable, the purchaser must deliver a return in respect of that transaction before the end of the period of 14 days after the end of that one year period.
- (3ZA) Where the effect of sub-paragraph (2) in relation to the continuation of the lease for a period (or further period) of one year after the end of a fixed term is that—
- (a) tax is payable in respect of a transaction where none was payable before and sub-paragraph (3) does not apply, or
  - (b) additional tax is payable in respect of a transaction,
- the purchaser must deliver a further return in respect of that transaction before the end of the period of 30 days after the end of that one year period.
- (3ZB) For the purposes of sub-paragraphs (3) and (3ZA), any tax or additional tax payable is calculated according to the effective date of the transaction.
- (3ZC) Where a purchaser is required to deliver a return under sub-paragraph (3) or a further return under sub-paragraph (3ZA)—
- (a) that return must include a self-assessment of the amount of tax chargeable in respect of the transaction on the basis of the information contained in the return, and
  - (b) the tax or additional tax payable must be paid not later than the filing date for that return.]

[ But no tax or additional tax is payable in respect of a transaction as a result of

<sup>F1016</sup>(3A) the continuation of a lease for a period (or further period) of one year under sub-paragraph (2) if, during that one year period, the tenant under the lease is granted a new lease of the same or substantially the same premises in circumstances where paragraph 9A applies.]

[ Sub-paragraph (2) is subject to paragraph 3A.]

<sup>F1017</sup>(3B)

(4) The provisions of Schedule 10 (returns, enquiries, assessments and other matters) apply to a return under this paragraph as they apply to a return under section 76 (general requirement to deliver land transaction return), with the adaptation that references to the effective date of the transaction shall be read as references to [<sup>F1018</sup>the last day of the one year period for which the lease is continued or (as the case may be) further continued.]

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- (5) For the purposes of [F1019 sections 77 and 77A] (notifiable transactions) a lease to which this paragraph applies is a lease for whatever is its fixed term.

[ Where—

- F1020(6) (a) a lease would be treated as continuing for a period (or further period) of one year under sub-paragraph (2), but  
(b) (ignoring that sub-paragraph) the lease actually terminates at a time during that period,

the lease is to be treated as continuing under sub-paragraph (2) only until that time; and the references in sub-paragraphs (3) and (4) to that one year period are accordingly to be read as references to so much of that year as ends with that time.]

#### Textual Amendments

- F1014** Words in Sch. 17A para. 3(2) substituted (with effect in accordance with s. 94(5) of the amending Act) by [Finance Act 2008 \(c. 9\)](#), **Sch. 30 para. 14**
- F1015** [Sch. 17A para. 3\(3\)-\(3ZC\)](#) substituted for [Sch. 17A para. 3\(3\)](#) (with effect in accordance with s. 46(10) of the amending Act) by [Finance Act 2019 \(c. 1\)](#), **s. 46(8)(a)**
- F1016** Sch. 17A para. 3(3A) inserted (with effect in accordance with Sch. 41 para. 8(1) of the amending Act) by [Finance Act 2013 \(c. 29\)](#), **Sch. 41 para. 2(3)**
- F1017** Sch. 17A para. 3(3B) inserted (with effect in accordance with Sch. 41 para. 8(1) of the amending Act) by [Finance Act 2013 \(c. 29\)](#), **Sch. 41 para. 2(4)**
- F1018** Words in Sch. 17A para. 3(4) substituted (with effect in accordance with Sch. 41 para. 8(1) of the amending Act) by [Finance Act 2013 \(c. 29\)](#), **Sch. 41 para. 2(5)**
- F1019** Words in Sch. 17A para. 3(5) substituted (with effect in accordance with s. 94(5) of the amending Act) by [Finance Act 2008 \(c. 9\)](#), **Sch. 30 para. 14**
- F1020** Sch. 17A para. 3(6) inserted (with effect in accordance with Sch. 41 para. 8(1) of the amending Act) by [Finance Act 2013 \(c. 29\)](#), **Sch. 41 para. 2(6)**

#### Modifications etc. (not altering text)

- C51** Sch. 17A para. 3(1)(2) applied (with modifications) (with effect in accordance with reg. 1(2) of the amending S.I.) by [The Pensions Schemes \(Taxable Property Provisions\) Regulations 2006 \(S.I. 2006/1958\)](#), **regs. 1(1), 7**

[ (1) This paragraph applies where—

- F1021 3A (a) (ignoring this paragraph) paragraph 3 would apply to treat a lease (“the original lease”) as if it were a lease for a fixed term one year longer than the original term,  
(b) during that one year period the tenant under that lease is granted a new lease of the same or substantially the same premises,  
(c) the term of the new lease begins during that one year period, and  
(d) paragraph 9A (backdated lease granted to tenant holding over) does not apply.

(2) Paragraph 3 does not apply to treat the lease as continuing after the original term.

(3) The term of the new lease is treated for the purposes of this Part as beginning immediately after the original term.

(4) Any rent which, in the absence of this paragraph, would be payable under the original lease in respect of that one year period is to be treated as payable under the new lease (and paragraph 1A of Schedule 5 does not apply to it).

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- (5) Where the fixed term of a lease has previously been extended (on one or more occasions) under paragraph 3, this paragraph applies as if references to the original term were references to the fixed term as previously so extended.]

#### Textual Amendments

**F1021**Sch. 17A para. 3A inserted (with effect in accordance with Sch. 41 para. 8(2) of the amending Act) by [Finance Act 2013 \(c. 29\)](#), [Sch. 41 para. 3](#)

#### *Treatment of leases for indefinite term*

- 4 (1) For the purposes of this Part (except [<sup>F1022</sup>sections 77 and 77A] (notifiable transactions))—
- (a) a lease for an indefinite term is treated in the first instance as if it were a lease for a fixed term of a year,
  - (b) if the lease continues after the end of the term resulting from the application of paragraph (a), it is treated as if it were a lease for a fixed term of two years,
  - (c) if the lease continues after the end of the term resulting from the application of paragraph (b), it is treated as if it were a lease for a fixed term of three years,
- and so on.
- (2) No account shall be taken for the purposes of this Part of any other statutory provision in England and Wales or Northern Ireland deeming a lease for an indefinite period to be a lease for a different term.
- [<sup>F1023</sup>(3) Where the effect of sub-paragraph (1) in relation to the continuation of the lease after the end of a deemed fixed term is that a transaction becomes notifiable, the purchaser must deliver a return in respect of that transaction before the end of the period of 14 days after the end of that term.
- (3A) Where the effect of sub-paragraph (1) in relation to the continuation of the lease after the end of a deemed fixed term is that—
- (a) tax is payable in respect of a transaction where none was payable before and sub-paragraph (3) does not apply, or
  - (b) additional tax is payable in respect of a transaction,
- the purchaser must deliver a further return in respect of that transaction before the end of the period of 30 days after the end of that term.
- (3B) For the purposes of sub-paragraphs (3) and (3A), any tax or additional tax payable is calculated according to the effective date of the transaction.
- (3C) Where a purchaser is required to deliver a return under sub-paragraph (3) or a further return under sub-paragraph (3A)—
- (a) that return must include a self-assessment of the amount of tax chargeable in respect of the transaction on the basis of the information contained in the return, and
  - (b) the tax or additional tax payable must be paid not later than the filing date for that return.]

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- (4) The provisions of Schedule 10 (returns, enquiries, assessments and other matters) apply to a return under this paragraph as they apply to a return under section 76 (general requirement to deliver land transaction return), with the adaptation that references to the effective date of the transaction shall be read as references to the day on which the lease becomes treated as being for a longer fixed term.
- (4A) For the purposes of [<sup>F1024</sup>sections 77 and 77A] (notifiable transactions) a lease for an indefinite term is a lease for a term of less than seven years.
- (5) References in this paragraph to a lease for an indefinite period include—
- (a) a periodic tenancy or other interest or right terminable by a period of notice,
  - (b) a tenancy at will <sup>F1025</sup>..., or
  - (c) any other interest or right terminable by notice at any time.

#### Textual Amendments

- F1022** Words in Sch. 17A para. 4(1) substituted (with effect in accordance with s. 94(5) of the amending Act) by [Finance Act 2008 \(c. 9\)](#), **Sch. 30 para. 14**
- F1023** [Sch. 17A para. 4\(3\)-\(3C\)](#) substituted for [Sch. 17A para. 4\(3\)](#) (with effect in accordance with s. 46(10) of the amending Act) by [Finance Act 2019 \(c. 1\)](#), **s. 46(8)(b)**
- F1024** Words in Sch. 17A para. 4(4A) substituted (with effect in accordance with s. 94(5) of the amending Act) by [Finance Act 2008 \(c. 9\)](#), **Sch. 30 para. 14**
- F1025** Words in Sch. 17A para. 4(5)(b) omitted (with effect in accordance with s. 29(4) of the amending Act) by virtue of [Scotland Act 2012 \(c. 11\)](#), s. 44(2)(b)(3)(b), **Sch. 3 para. 27(3)** (with s. 29(5)(6)); S.I. 2015/637, art. 2

#### Modifications etc. (not altering text)

- C52** Sch. 17A para. 4(1)(2) applied (with modifications) (with effect in accordance with reg. 1(2) of the amending S.I.) by [The Pensions Schemes \(Taxable Property Provisions\) Regulations 2006 \(S.I. 2006/1958\)](#), regs. 1(1), 7
- C53** Sch. 17A para. 4(5) applied (with modifications) (with effect in accordance with reg. 1(2) of the amending S.I.) by [The Pensions Schemes \(Taxable Property Provisions\) Regulations 2006 \(S.I. 2006/1958\)](#), regs. 1(1), 7

#### *Treatment of successive linked leases*

- 5 (1) This paragraph applies where—
- (a) successive leases are granted or treated as granted (whether at the same time or at different times) of the same or substantially the same premises, and
  - (b) those grants are linked transactions.
- (2) This Part applies as if the series of leases were a single lease—
- (a) granted at the time of the grant of the first lease in the series,
  - (b) for a term equal to the aggregate of the terms of all the leases, and
  - (c) in consideration of the rent payable under all of the leases.
- (3) The grant of later leases in the series is accordingly disregarded for the purposes of this Part except section 81A (return or further return in consequence of later linked transaction).



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### Rent

- 6 (1) For the purposes of this Part a single sum expressed to be payable in respect of rent, or expressed to be payable in respect of rent and other matters but not apportioned, shall be treated as entirely rent.
- (2) Sub-paragraph (1) is without prejudice to the application of paragraph 4 of Schedule 4 (chargeable consideration: just and reasonable apportionment) where separate sums are expressed to be payable in respect of rent and other matters.

### Variable or uncertain rent

- 7 (1) This paragraph applies to determine the amount of rent payable under a lease where that amount—
- (a) varies in accordance with provision in the lease, or
  - (b) is contingent, uncertain or unascertained.
- (2) As regards rent payable in respect of any period before the end of the fifth year of the term of the lease—
- (a) the provisions of this Part apply as in relation to other chargeable consideration, and
  - (b) the provisions of section 51 (1) and (2) accordingly apply if the amount is contingent, uncertain or unascertained.
- (3) As regards rent payable in respect of any period after the end of the fifth year of the term of the lease, the annual amount is assumed for the purposes of this Part to be, in every case, equal to the highest amount of rent payable in respect of any consecutive twelve month period in the first five years of the term.

In determining that amount take into account (if necessary) any amounts determined as mentioned in sub-paragraph (2)(b), but disregard [<sup>F1026</sup>paragraphs 9(2) and 9A(3) (deemed reduction of rent, where further lease granted, for period during which rents overlap)].

- (4) This paragraph has effect subject to paragraph 8 (adjustment where rent payable ceases to be uncertain).

[ For the purposes of this paragraph and paragraph 8, the cases where the amount of <sup>F1027</sup>(4A) rent payable under a lease is uncertain or unascertained include cases where there is a possibility of that amount being varied under—

- (a) section 12, 13 or 33 of the Agricultural Holdings Act 1986,
- (b) Part 2 of the Agricultural Tenancies Act 1995,
- <sup>F1028</sup>(c) .....
- <sup>F1029</sup>(d) .....

- (5) No account shall be taken for the purposes] of this Part of any provision for rent to be adjusted in line with the retail prices index.

#### Textual Amendments

**F1026** Words in Sch. 17A para. 7(3) substituted (with effect in accordance with Sch. 25 para. 9(2)(6) of the amending Act) by [Finance Act 2006 \(c. 25\)](#), [Sch. 25 para. 3\(2\)](#)

**F1027** Sch. 17A para. 7(4A) inserted (with effect in accordance with Sch. 25 para. 9(1)(6) of the amending Act) by [Finance Act 2006 \(c. 25\)](#), [Sch. 25 para. 2\(1\)](#)

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**F1028**Sch. 17A para. 7(4A)(c) omitted (with effect in accordance with s. 29(4) of the amending Act) by virtue of Scotland Act 2012 (c. 11), s. 44(2)(b)(3)(b), **Sch. 3 para. 27(4)** (with s. 29(5)(6)); S.I. 2015/637, **art. 2**  
**F1029**Sch. 17A para. 7(4A)(d) omitted (with effect in accordance with s. 29(4) of the amending Act) by virtue of Scotland Act 2012 (c. 11), s. 44(2)(b)(3)(b), **Sch. 3 para. 27(4)** (with s. 29(5)(6)); S.I. 2015/637, **art. 2**

*First rent review in final quarter of fifth year*

7A Where—

- (a) a lease contains provision under which the rent may be adjusted,
- (b) under that provision the first (or only) such adjustment—
  - (i) is to an amount that (before the adjustment) is uncertain, and
  - (ii) has effect from a date (the “review date”) that is expressed as falling five years after a specified date,
- and
- (c) the specified date falls within the three months before the beginning of the term of the lease,

this Schedule has effect as if references to the first five years of the term of the lease were to the period beginning with the start of the term of the lease and ending with the review date. References to the fifth year of the term of the lease shall be read accordingly.

*Adjustment where rent ceases to be uncertain*

8 (1) Where the provisions of section 51 (1) and (2) (contingent, uncertain or unascertained consideration) apply in relation to a transaction by virtue of paragraph 7 (uncertain rent) and—

- (a) the end of the fifth year of the term of the lease is reached, or
- (b) the amount of rent payable in respect of the first five years of the term of the lease ceases to be uncertain at an earlier date,

the following provisions have effect to require or permit reconsideration of how this Part applies to the transaction (and to any transaction in relation to which it is a linked transaction).

(2) For the purposes of this paragraph the amount of rent payable ceases to be uncertain when—

- (a) in the case of contingent rent, the contingency occurs or it becomes clear that it will not occur, and
- (b) in the case of uncertain or unascertained rent, the amount becomes ascertained.

<sup>F1030</sup>(3) If the result as regards the rent paid or payable in respect of the first five years of the term of the lease is that a transaction becomes notifiable, the purchaser must make a return to HMRC within 14 days of the date referred to in sub-paragraph (1)(a) or (b).

(3A) If the result as regards the rent paid or payable in respect of the first five years of the term of the lease is that—

- (a) tax is payable in respect of a transaction where none was payable before and sub-paragraph (3) does not apply, or
- (b) additional tax is payable in respect of a transaction,

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the purchaser must make a further return to HMRC within 30 days of the date referred to in sub-paragraph (1)(a) or (b).

- (3B) If a purchaser is required to make a return under sub-paragraph (3) or a further return under sub-paragraph (3A)—
- (a) that return must contain a self-assessment of the tax chargeable in respect of the transaction on the basis of the information contained in the return,
  - (b) the tax so chargeable is to be calculated by reference to the rates in force at the effective date of the transaction, and
  - (c) the tax or additional tax payable must be paid not later than the filing date for that return.]
- (4) The provisions of Schedule 10 (returns, enquiries, assessment and other matters) apply to a return under this paragraph as they apply to a return under section 76 (general requirement to make land transaction return), subject to the adaptation that references to the effective date of the transaction shall be read as references to the date referred to in sub-paragraph (1)(a) or (b).
- (5) If the result as regards the rent paid or payable in respect of the first five years of the term of the lease is that less tax is payable in respect of the transaction than has already been paid—
- (a) the purchaser may, within the period allowed for amendment of the land transaction return, amend the return accordingly;
  - (b) after the end of that period he may (if the land transaction return is not so amended) make a claim to the Inland Revenue for repayment of the amount overpaid.

#### Textual Amendments

**F1030** Sch. 17A para. 8(3)-(3B) substituted for Sch. 17A para. 8(3) (with effect in accordance with s. 46(10) of the amending Act) by Finance Act 2019 (c. 1), s. 46(8)(c)

#### Modifications etc. (not altering text)

**C54** Sch. 17A para. 8(1)(2) applied (with modifications) (with effect in accordance with reg. 1(2) of the amending S.I.) by The Pensions Schemes (Taxable Property Provisions) Regulations 2006 (S.I. 2006/1958), regs. 1(1), 8

#### *Rent for overlap period in case of grant of further lease*

- 9 (1) This paragraph applies where—
- (a) A surrenders an existing lease to B (“the old lease”) and in consideration of that surrender B grants a lease to A of the same or substantially the same premises (“the new lease”),
  - (b) the tenant under a lease (“the old lease”) of premises to which Part 2 of the Landlord and Tenant Act 1954 or the Business Tenancies (Northern Ireland) Order 1996 applies makes a request for a new tenancy (“the new lease”) which is duly executed,
  - (c) on termination of a lease (“the head lease”) a sub-tenant is granted a lease (“the new lease”) of the same or substantially the same premises as those comprised in his original lease (“the old lease”)—

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- (i) in pursuance of an order of a court on a claim for relief against re-entry or forfeiture, or
  - (ii) in pursuance of a contractual entitlement arising in the event of the head lease being terminated,
- or
- (d) a person who has guaranteed the obligations of a lessee under a lease that has been terminated (“the old lease”) is granted a lease of the same or substantially the same premises (“the new lease”) in pursuance of the guarantee.
- (2) For the purposes of this Part the rent payable under the new lease in respect of any period falling within the overlap period is treated as reduced by the amount of the rent that would have been payable in respect of that period under the old lease.
  - (3) The overlap period is the period between the date of grant of the new lease and what would have been the end of the term of the old lease had it not been terminated.
  - (4) The rent that would have been payable under the old lease shall be taken to be the amount taken into account in determining the stamp duty land tax chargeable in respect of the acquisition of the old lease.
  - (5) This paragraph does not have effect so as to require the rent payable under the new lease to be treated as a negative amount.

*F<sup>1031</sup> Backdated lease granted to tenant holding over*

**Textual Amendments**

**F1031** Sch. 17A para. 9A and cross-heading inserted (with effect in accordance with Sch. 25 para. 9(2)(6) of the amending Act) by [Finance Act 2006 \(c. 25\)](#), [Sch. 25 para. 3\(1\)](#)

- 9A (1) This paragraph applies where—
- (a) the tenant under a lease continues in occupation after the date on which, under its terms, the lease terminates (“the contractual termination date”),
  - (b) he is granted a new lease of the same or substantially the same premises, and
  - (c) the term of the new lease is expressed to begin on or immediately after the contractual termination date.
- (2) The term of the new lease is treated for the purposes of this Part as beginning on the date on which it is expressed to begin.
  - (3) The rent payable under the new lease in respect of any period falling—
    - (a) after the contractual termination date, and
    - (b) before the date on which the new lease is granted,
 is treated for the purposes of this Part as reduced by the amount of taxable rent that is payable in respect of that period otherwise than under the new lease.
  - (4) For the purposes of sub-paragraph (3) rent is “taxable” if or to the extent that it is taken into account in determining liability to stamp duty land tax.
  - (5) Sub-paragraph (3) does not have effect so as to require the rent payable under the new lease to be treated as a negative amount.]

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*Tenants' obligations etc that do not count as chargeable consideration*

- 10 (1) In the case of the grant of a lease none of the following counts as chargeable consideration—
- (a) any undertaking by the tenant to repair, maintain or insure the demised premises<sup>F1032</sup> ...;
  - (b) any undertaking by the tenant to pay any amount in respect of services, repairs, maintenance or insurance or the landlord's costs of management;
  - (c) any other obligation undertaken by the tenant that is not such as to affect the rent that a tenant would be prepared to pay in the open market;
  - (d) any guarantee of the payment of rent or the performance of any other obligation of the tenant under the lease;
  - (e) any penal rent, or increased rent in the nature of a penal rent, payable in respect of the breach of any obligation of the tenant under the lease.
  - [<sup>F1033</sup>(f) any liability of the tenant for costs under section 14(2) of the Leasehold Reform Act 1967 or section 60 of the Leasehold Reform, Housing and Urban Development Act 1993 (costs to be borne by person exercising statutory right to be granted lease);
  - (g) any other obligation of the tenant to bear the landlord's reasonable costs or expenses of or incidental to the grant of a lease;
  - (h) any obligation under the lease to transfer to the landlord, on the termination of the lease, payment entitlements granted to the tenant under the single payment scheme (that is, the scheme of income support for farmers in pursuance of Title III of [<sup>F1034</sup>Council Regulation (EC) No 73/2009] ) in respect of land subject to the lease.]
- (2) Where sub-paragraph (1) applies in relation to an obligation, a payment made in discharge of the obligation does not count as chargeable consideration.
- (3) The release of any such obligation as is mentioned in sub-paragraph (1) does not count as chargeable consideration in relation to the surrender of the lease.

**Textual Amendments**

**F1032** Words in Sch. 17A para. 10(1)(a) omitted (with effect in accordance with s. 29(4) of the amending Act) by virtue of [Scotland Act 2012 \(c. 11\)](#), s. 44(2)(b)(3)(b), [Sch. 3 para. 27\(5\)](#) (with s. 29(5)(6)); S.I. 2015/637, [art. 2](#)

**F1033** Sch. 17A para. 10(1)(f)-(h) inserted (with effect in accordance with reg. 1(2) of the amending S.I.) by [The Stamp Duty Land Tax \(Amendment to the Finance Act 2003\) Regulations 2006 \(S.I. 2006/875\)](#), regs. 1(1), [4](#)

**F1034** Words in Sch. 17A para. 10(1)(h) substituted (with effect in accordance with reg. 1(2) of the amending S.I.) by [The Stamp Duty Land Tax \(Amendment to the Finance Act 2003\) Regulations 2012 \(S.I. 2012/1667\)](#), regs. 1(1), [3](#)

*Cases where assignment of lease treated as grant of lease*

- 11<sup>F1035</sup>(1) This paragraph applies where the grant of a lease is exempt from charge by virtue of any of the provisions specified in sub-paragraph (3).]
- (2) The first assignment of the lease that is not exempt from charge by virtue of any of the provisions specified in sub-paragraph (3), and in relation to which the assignee

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does not acquire the lease as a bare trustee of the assignor, is treated for the purposes of this Part as if it were the grant of a lease by the assignor—

- (a) for a term equal to the unexpired term of the lease referred to in sub-paragraph (1), and
- (b) on the same terms as those on which the assignee holds that lease after the assignment.

(3) The provisions are—

- (a) section 57A (sale and leaseback arrangements);
- (b) Part 1 or 2 of Schedule 7 (group relief or reconstruction or acquisition relief);
- [ Part 1 or 2 of Schedule 7A (PAIF seeding relief and COACS seeding relief);]
- <sup>F1036</sup>(ba) (c) section 66 (transfers involving public bodies);
- (d) Schedule 8 (charities relief);
- (e) any such regulations as are mentioned in section 123(3) (regulations reproducing in relation to stamp duty land tax the effect of enactments providing for exemption from stamp duty).

(4) This paragraph does not apply where the relief in question is group relief, reconstruction or acquisition relief<sup>F1037</sup>, PAIF seeding relief, COACS seeding relief<sup>F1038</sup> or charities relief and is withdrawn as a result of a disqualifying event occurring before the effective date of the assignment.

(5) For the purposes of sub-paragraph (4) “disqualifying event” means—

- (a) in relation to the withdrawal of group relief, [<sup>F1038</sup>the event falling within paragraph 3(1)(a) of Schedule 7 (purchaser ceasing to be a member of the same group as the vendor), as read with paragraph 4A of that Schedule];
- (b) in relation to the withdrawal of reconstruction or acquisition relief, the change of control of the acquiring company mentioned in paragraph 9(1)(a) of that Schedule or, as the case may be, the event mentioned in paragraph 11(1)(a) or (2)(a) of that Schedule;
- [ in relation to the withdrawal of PAIF seeding relief—
- <sup>F1039</sup>(ba) (i) the purchaser ceasing to be a property AIF as mentioned in paragraph 5 of Schedule 7A,
- (ii) a person making a relevant disposal of units as mentioned in paragraph 7 of that Schedule, or
- (iii) the grant of permission to a non-qualifying individual to occupy a dwelling as mentioned in paragraph 8 of that Schedule;
- (bb) in relation to the withdrawal of COACS seeding relief—
- (i) the purchaser ceasing to be a co-ownership authorised contractual scheme as mentioned in paragraph 13 of Schedule 7A,
- (ii) a person making a relevant disposal of units as mentioned in paragraph 17 of that Schedule, or
- (iii) the grant of permission to a non-qualifying individual to occupy a dwelling as mentioned in paragraph 18 of that Schedule;]
- (c) in relation to the withdrawal of charities relief, a disqualifying event as defined in paragraphs 2(3) or 3(2) of Schedule 8.

[ This paragraph also does not apply where the relief in question is PAIF seeding relief<sup>F1040</sup> or COACS seeding relief and is withdrawn as a result of a requirement not being met at a time which is before the effective date of the assignment of the lease.

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- (7) For the purposes of sub-paragraph (6), the reference to a requirement not being met is a reference to—
- (a) in relation to the withdrawal of PAIF seeding relief under paragraph 6 of Schedule 7A, the portfolio test not being met (see paragraph 6(7));
  - (b) in relation to the withdrawal of COACS seeding relief under paragraph 14 of Schedule 7A, the genuine diversity of ownership condition not being met (see paragraph 15);
  - (c) in relation to the withdrawal of COACS seeding relief under paragraph 16 of Schedule 7A, the portfolio test not being met (see paragraph 16(7)).]

#### Textual Amendments

- F1035** Sch. 17A para. 11(1) substituted (with effect in accordance with Sch. 10 para. 16(4)(6)-(9) of the amending Act) by [Finance \(No. 2\) Act 2005 \(c. 22\)](#), **Sch. 10 para. 12**
- F1036** Sch. 17A para. 11(3)(ba) inserted (with effect in accordance with Sch. 16 para. 15 of the amending Act) by [Finance Act 2016 \(c. 24\)](#), **Sch. 16 para. 14(2)**
- F1037** Words in Sch. 17A para. 11(4) inserted (with effect in accordance with Sch. 16 para. 15 of the amending Act) by [Finance Act 2016 \(c. 24\)](#), **Sch. 16 para. 14(3)**
- F1038** Words in Sch. 17A para. 11(5)(a) substituted (with effect in accordance with Sch. 10 para. 16(1)(6)-(9) of the amending Act) by [Finance \(No. 2\) Act 2005 \(c. 22\)](#), **Sch. 10 para. 7**
- F1039** Sch. 17A para. 11(5)(ba)(bb) inserted (with effect in accordance with Sch. 16 para. 15 of the amending Act) by [Finance Act 2016 \(c. 24\)](#), **Sch. 16 para. 14(4)**
- F1040** Sch. 17A para. 11(6)(7) inserted (with effect in accordance with Sch. 16 para. 15 of the amending Act) by [Finance Act 2016 \(c. 24\)](#), **Sch. 16 para. 14(5)**

#### Modifications etc. (not altering text)

- C55** Sch. 17A para. 11 modified (7.4.2010) by [The Stamp Duty Land Tax \(Alternative Finance Investment Bonds\) Regulations 2010 \(S.I. 2010/814\)](#), regs. 1, 2

#### *Assignment of lease: responsibility of assignee for returns etc*

- 12 (1) Where a lease is assigned, anything that but for the assignment would be required or authorised to be done by or in relation to the assignor under or by virtue of—
- (a) section 80 (adjustment where contingency ceases or consideration is ascertained),
  - (b) section 81A (return or further return in consequence of later linked transaction),
  - (c) paragraph 3 or 4 of this Schedule (return or further return required where lease for indefinite period continues), or
  - (d) paragraph 8 of this Schedule (adjustment where rent ceases to be uncertain),
- shall, if the event giving rise to the adjustment or return occurs after the effective date of the assignment, be done instead by or in relation to the assignee.
- (2) So far as necessary for giving effect to sub-paragraph (1) anything previously done by or in relation to the assignor shall be treated as if it had been done by or in relation to the assignee.
- (3) This paragraph does not apply if the assignment falls to be treated as the grant of a lease by the assignor (see paragraph 11).

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### *Agreement for lease*

- 12A (1) This paragraph applies where <sup>F1041</sup>...—
- (a) an agreement for a lease is entered into, and
  - (b) the agreement is substantially performed without having been completed.
- (2) The agreement is treated as if it were the grant of a lease in accordance with the agreement (“the notional lease”), beginning with the date of substantial performance.
- The effective date of the transaction is that date.
- [<sup>F1042</sup>(3) Where a lease (“the actual lease”) is subsequently granted in pursuance of the agreement, the notional lease is to be treated for the purposes of this Part as if it were a lease granted—
- (a) on the date the agreement was substantially performed,
  - (b) for a term which begins with that date and ends at the end of the term of the actual lease, and
  - (c) in consideration of the total rent payable over that term and any other consideration given for the notional lease or the actual lease.
- (3A) Where sub-paragraph (3) applies the grant of the actual lease is disregarded for the purposes of this Part except section 81A (return or further return in consequence of later linked transaction).
- (3B) For the purposes of section 81A—
- (a) the grant of the notional lease and the grant of the actual lease are linked (whether or not they would be linked by virtue of section 108),
  - (b) the lessee under the actual lease (rather than the lessee under the notional lease) is liable for any tax or additional tax payable in respect of the notional lease as a result of sub-paragraph (3), and
  - (c) the reference in section 81A(1)(a) to “the purchaser under the earlier transaction” is to be read, in relation to the notional lease, as a reference to the lessee under the actual lease.]

(4) Where sub-paragraph (1) applies and the agreement is (to any extent) afterwards rescinded or annulled, or is for any other reason not carried into effect, the tax paid by virtue of that sub-paragraph shall (to that extent) be repaid by the Inland Revenue.

Repayment must be claimed by amendment of the land transaction return made in respect of the agreement.

(5) In this paragraph “substantially performed” and “completed” have the same meanings as in section 44 (contract and conveyance).

#### **Textual Amendments**

**F1041** Words in Sch. 17A para. 12A(1) omitted (with effect in accordance with s. 29(4) of the amending Act) by virtue of [Scotland Act 2012 \(c. 11\)](#), s. 44(2)(b)(3)(b), [Sch. 3 para. 27\(6\)](#) (with s. 29(5)(6)); S.I. 2015/637, [art. 2](#)

**F1042** Sch. 17A para. 12A(3)-(3B) substituted for Sch. 17A para. 12A(3) (with effect in accordance with Sch. 41 para. 8(4) of the amending Act) by [Finance Act 2013 \(c. 29\)](#), [Sch. 41 para. 6\(2\)](#)



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### *Assignment of agreement for lease*

- 12B (1) This paragraph applies, in place of [<sup>F1043</sup>Schedule 2A (transactions entered into before completion of contract)], where <sup>F1044</sup>... a person assigns his interest as lessee under an agreement for a lease.
- (2) If the assignment occurs without the agreement having been substantially performed, section 44 (contract and conveyance) has effect as if—
- (a) the contract were with the assignee and not the assignor, and
  - (b) the consideration given by the assignee for entering into the contract included any consideration given by him for the assignment.
- (3) If the assignment occurs after the agreement has been substantially performed—
- (a) the assignment is a separate land transaction, and
  - (b) the effective date of that transaction is the date of the assignment.
- (4) Where there are successive assignments, this paragraph has effect in relation to each of them.

#### **Textual Amendments**

**F1043**Words in Sch. 17A para. 12B(1) substituted (with effect in accordance with Sch. 39 para. 11 of the amending Act) by [Finance Act 2013 \(c. 29\)](#), [Sch. 39 para. 10](#)

**F1044**Words in Sch. 17A para. 12B(1) omitted (with effect in accordance with s. 29(4) of the amending Act) by virtue of [Scotland Act 2012 \(c. 11\)](#), s. 44(2)(b)(3)(b), [Sch. 3 para. 27\(7\)](#) (with s. 29(5)(6)); S.I. 2015/637, [art. 2](#)

### *Increase of rent treated as grant of new lease: variation of lease [<sup>F1045</sup>in first five years]*

#### **Textual Amendments**

**F1045**Words in Sch. 17A para. 13 heading inserted (with effect in accordance with Sch. 25 para. 9(4)(6) of the amending Act) by [Finance Act 2006 \(c. 25\)](#), [Sch. 25 para. 6\(1\)](#)

- 13 (1) Where a lease is varied so as to increase the amount of the rent [<sup>F1046</sup>as from a date before the end of the fifth year of the term of the lease], the variation is treated for the purposes of this Part as if it were the grant of a lease in consideration of the additional rent made payable by it.
- (2) Sub-paragraph (1) does not apply to an increase of rent [<sup>F1047</sup>in pursuance of—
- (a) a provision contained in the lease, or
  - (b) a provision mentioned in [<sup>F1048</sup>paragraph (a) or (b)] of paragraph 7(4A).]

#### **Textual Amendments**

**F1046**Words in Sch. 17A para. 13(1) inserted (with effect in accordance with Sch. 25 para. 9(4)(6) of the amending Act) by [Finance Act 2006 \(c. 25\)](#), [Sch. 25 para. 6\(2\)](#)

**F1047**Words in Sch. 17A para. 13(2) substituted (with effect in accordance with Sch. 25 para. 9(1)(6) of the amending Act) by [Finance Act 2006 \(c. 25\)](#), [Sch. 25 para. 2\(2\)](#)

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**F1048** Words in Sch. 17A para. 13(2)(b) substituted (with effect in accordance with s. 29(4) of the amending Act) by [Scotland Act 2012 \(c. 11\)](#), s. 44(2)(b)(3)(b), **Sch. 3 para. 27(8)** (with s. 29(5)(6)); S.I. 2015/637, **art. 2**

*Increase of rent treated as grant of new lease: abnormal increase after fifth year*

**F1049** 14 .....

**Textual Amendments**

**F1049** Sch. 17A para. 14 omitted (with effect in accordance with Sch. 41 para. 8(5) of the amending Act) by virtue of [Finance Act 2013 \(c. 29\)](#), **Sch. 41 para. 7(1)**

*Increase of rent after fifth year: whether regarded as abnormal*

**F1050** 15 .....

**Textual Amendments**

**F1050** Sch. 17A para. 15 omitted (with effect in accordance with Sch. 41 para. 8(5) of the amending Act) by virtue of [Finance Act 2013 \(c. 29\)](#), **Sch. 41 para. 7(1)**

*[<sup>F1051</sup>Reduction of rent or term or other variation of lease]*

**Textual Amendments**

**F1051** Sch. 17A para. 15A heading substituted (with effect in accordance with Sch. 10 para. 16(5)-(9) of the amending Act) by [Finance \(No. 2\) Act 2005 \(c. 22\)](#), **Sch. 10 para. 13(b)**

15A (1) Where a lease is varied so as to reduce the amount of the rent, the variation is treated for the purposes of this Part as an acquisition of a chargeable interest by the lessee.

<sup>F1052</sup>(1A) [ Where any consideration in money or money's worth (other than an increase in rent) is given by the lessee for any variation of a lease, other than a variation of the amount of the rent or of the term of the lease, the variation is treated for the purposes of this Part as an acquisition of a chargeable interest by the lessee.]

(2) Where a lease is varied so as to reduce the term, the variation is treated for the purposes of this Part as an acquisition of a chargeable interest by the lessor.

**Textual Amendments**

**F1052** Sch. 17A para. 15A(1A) inserted (with effect in accordance with Sch. 10 para. 16(5)-(9) of the amending Act) by [Finance \(No. 2\) Act 2005 \(c. 22\)](#), **Sch. 10 para. 13(a)**

*Surrender of existing lease in return for new lease*

16 Where a lease is granted in consideration of the surrender of an existing lease between the same parties—

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- (a) the grant of the new lease does not count as chargeable consideration for the surrender, and
- (b) the surrender does not count as chargeable consideration for the grant of the new lease.

Paragraph 5 (exchanges) of Schedule 4 (chargeable consideration) does not apply in such a case.

*Assignment of lease: assumption of obligations by assignee*

- 17 In the case of an assignment of a lease the assumption by the assignee of the obligation—
- (a) to pay rent, or
  - (b) to perform or observe any other undertaking of the tenant under the lease,
- does not count as chargeable consideration for the assignment.

*Reverse premium*

- 18 (1) In the case of the grant, assignment or surrender of a lease a reverse premium does not count as chargeable consideration.
- (2) A “reverse premium” means—
- (a) in relation to the grant of a lease, a premium moving from the landlord to the tenant;
  - (b) in relation to the assignment of a lease, a premium moving from the assignor to the assignee;
  - (c) in relation to the surrender of a lease, a premium moving from the tenant to the landlord.

*<sup>F1053</sup>Loan or deposit in connection with grant or assignment of lease*

**Textual Amendments**

**F1053**Sch. 17A para. 18A and cross-heading inserted (with effect in accordance with Sch. 10 para. 16(5)-(9) of the amending Act) by [Finance \(No. 2\) Act 2005 \(c. 22\)](#), [Sch. 10 para. 14](#)

- 18A (1) Where, under arrangements made in connection with the grant of a lease—
- (a) the lessee, or any person connected with him or acting on his behalf, pays a deposit, or makes a loan, to any person, and
  - (b) the repayment of all or part of the deposit or loan is contingent on anything done or omitted to be done by the lessee or on the death of the lessee,
- the amount of the deposit or loan (disregarding any repayment) is to be taken for the purposes of this Part to be consideration other than rent given for the grant of the lease.
- (2) Where, under arrangements made in connection with the assignment of a lease—
- (a) the assignee, or any person connected with him or acting on his behalf, pays a deposit, or makes a loan, to any person, and
  - (b) the repayment of all or part of the deposit or loan is contingent on anything done or omitted to be done by the assignee or on the death of the assignee,

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the amount of the deposit or loan (disregarding any repayment) is to be taken for the purposes of this Part to be consideration other than rent given for the assignment of the lease.

- (3) Sub-paragraph (1) or (2) does not apply in relation to a deposit if the amount that would otherwise fall within the sub-paragraph in question in relation to the grant or (as the case requires) assignment of the lease is not more than twice the relevant maximum rent.
- (4) The relevant maximum rent is—
- (a) in relation to the grant of a lease, the highest amount of rent payable in respect of any consecutive twelve month period in the first five years of the term;
  - (b) in relation to the assignment of a lease, the highest amount of rent payable in respect of any consecutive twelve month period in the first five years of the term remaining outstanding as at the date of the assignment,
- the highest amount of rent being determined (in either case) in the same way as the highest amount of rent mentioned in paragraph 7(3).
- (5) Tax is not chargeable by virtue of this paragraph—
- (a) merely because of paragraph [F1054 9A] of Schedule 5 (which excludes the 0% band in [F1055 Table B] in section 55(2) in cases where [F1056 the relevant rent attributable to non-residential property is not less than £1,000] a year), or
  - [F1057 (b) .....
- (6) [F1058 Section 1122 of the Corporation Tax Act 2010] (connected persons) has effect for the purposes of this paragraph.]

#### Textual Amendments

- F1054** Word in Sch. 17A para. 18A(5)(a) substituted (with effect in accordance with s. 95(13) of the amending Act) by [Finance Act 2008 \(c. 9\), s. 95\(12\)\(a\)](#)
- F1055** Words in Sch. 17A para. 18A(5)(a) substituted (with effect in accordance with s. 95(13) of the amending Act) by [Finance Act 2008 \(c. 9\), s. 95\(12\)\(b\)](#)
- F1056** Words in Sch. 17A para. 18A(5)(a) substituted (with effect in accordance with s. 95(13) of the amending Act) by [Finance Act 2008 \(c. 9\), s. 95\(12\)\(c\)](#)
- F1057** Sch. 17A para. 18A(5)(b) omitted (with effect in accordance with Sch. 39 para. 10(4) of the amending Act) by virtue of [Finance Act 2012 \(c. 14\), Sch. 39 para. 8\(2\)\(b\)\(iii\)](#) (with [Sch. 39 paras. 11-13](#))
- F1058** Words in Sch. 17A para. 18A(6) substituted (with effect in accordance with s. 1184(1) of the amending Act) by [Corporation Tax Act 2010 \(c. 4\), s. 1184\(1\), Sch. 1 para. 419](#) (with [Sch. 2](#))

#### Provisions relating to leases in Scotland

- 19[F1059] (1) In the application of this Part to Scotland—
- (a) any reference to the term of a lease is to the period of the lease, and
  - (b) any reference to the reversion on a lease is to the interest of the landlord in the property subject to the lease.
- [F1060] (2) Where in Scotland there is a lease constituted by concluded missives of let (“the first lease”) and at some later time a lease is executed (“the second lease”), the first lease is to be treated for the purposes of this Part as if it were a lease granted—
- (a) on the date the missives of let were concluded,

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- (b) for a period which begins with that date and ends at the end of the period of the second lease, and
  - (c) in consideration of the total rent payable over that period and any other consideration given for the first lease or the second lease.
- (2A) Where sub-paragraph (2) applies the grant of the second lease is disregarded for the purposes of this Part except section 81A (return or further return in consequence of later linked transaction).
- (2B) For the purposes of section 81A—
- (a) the grant of the first lease and the grant of the second lease are linked (whether or not they would be linked by virtue of section 108),
  - (b) the lessee under the second lease (rather than the lessee under the first lease) is liable for any tax or additional tax payable in respect of the first lease lease as a result of sub-paragraph (2), and
  - (c) the reference in section 81A(1)(a) to “the purchaser under the earlier transaction” is to be read, in relation to the first lease, as a reference to the lessee under the second lease.]
- (3) Where in Scotland—
- (a) there is an agreement (including missives of let not constituting a lease) under which a lease is to be executed, and
  - (b) the agreement is substantially performed without a lease having been executed,
- the agreement is treated as if it were the grant of a lease in accordance with the agreement (“the notional lease”), beginning with the date of substantial performance. The effective date of the transaction is when the agreement is substantially performed.
- [<sup>F1061</sup>(4) Where sub-paragraph (3) applies and at some later time a lease (“the actual lease”) is executed, this Part applies as if the notional lease were a lease granted—
- (a) on the date the agreement was substantially performed,
  - (b) for a period which begins with that date and ends at the end of the period of the actual lease, and
  - (c) in consideration of the total rent payable over that period and any other consideration given for the agreement or the actual lease.
- (4A) Where sub-paragraph (4) applies the grant of the second lease is disregarded for the purposes of this Part except section 81A (return or further return in consequence of later linked transaction).”
- (4B) For the purposes of section 81A—
- (a) the grant of the notional lease and the grant of the actual lease are linked (whether or not they would be linked by virtue of section 108),
  - (b) the lessee under the actual lease (rather than the lessee under the notional lease) is liable for any tax or additional tax payable in respect of the notional lease as a result of sub-paragraph (4), and
  - (c) the reference in section 81A(1)(a) to “the purchaser under the earlier transaction” is to be read, in relation to the notional lease, as a reference to the lessee under the actual lease.]

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- (5) References in sub-paragraphs (2) to (4) to the execution of a lease are to the execution of a lease that either is in conformity with, or relates to substantially the same property and period as, the missives of let or other agreement.
  - (6) Where sub-paragraph (3) applies and the agreement is (to any extent) afterwards rescinded or annulled, or is for any other reason not carried into effect, the tax paid by virtue of that sub-paragraph shall (to that extent) be repaid by the Inland Revenue.
- Repayment must be claimed by amendment of the land transaction return made in respect of the agreement.]]

**Textual Amendments**

**F1059**Sch. 17A para. 19 omitted (with effect in accordance with s. 29(4) of the amending Act) by virtue of Scotland Act 2012 (c. 11), s. 44(2)(b)(3)(b), **Sch. 3 para. 27(10)** (with s. 29(5)(6))

**F1060**Sch. 17A para. 19(2)-(2B) substituted for Sch. 17A para. 19(2) (with effect in accordance with Sch. 41 para. 8(4) of the amending Act) by **Finance Act 2013 (c. 29), Sch. 41 para. 6(3)(a)**

**F1061**Sch. 17A para. 19(4)-(4B) substituted for Sch. 17A para. 19(4) (with effect in accordance with Sch. 41 para. 8(4) of the amending Act) by **Finance Act 2013 (c. 29), Sch. 41 para. 6(3)(b)**

SCHEDULE 18

Section 123

STAMP DUTY LAND TAX: CONSEQUENTIAL AMENDMENTS

*Provisional Collection of Taxes Act 1968*

- 1 In section 1(1) of the Provisional Collection of Taxes Act 1968 (c. 2), after “stamp duty reserve tax,” insert “ stamp duty land tax, ”.

*Inheritance Tax Act 1984*

- 2 In section 190(4) of the Inheritance Tax Act 1984 (c. 51) (sale of land from deceased’s estate: determination of price), after “stamp duty” insert “ or stamp duty land tax ”.

*Income and Corporation Taxes Act 1988*

- 3 (1) The Income and Corporation Taxes Act 1988 (c. 1) is amended as follows.
  - F1062(2) .....
  - F1062(3) .....
  - F1062(4) .....
  - F1062(5) .....
- (6) In section 827 (penalties and interest not allowed as deductions for tax purposes), after subsection (1F) insert—
  - “(1G) Where a person is liable to make a payment by way of—

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- (a) any penalty under Part 4 of the Finance Act 2003 (stamp duty land tax), or
  - (b) interest under any provision of that Part,
- the payment shall not be allowed as a deduction in computing any income, profits or losses for any tax purposes.”.

#### Textual Amendments

**F1062**Sch. 18 para. 3(2)-(5) repealed (with effect in accordance with s. 1184(1) of the amending Act) by Corporation Tax Act 2010 (c. 4), s. 1184(1), Sch. 3 Pt. 1 (with Sch. 2)

#### *Finance Act 1989*

- 4 In section 178(2) of the Finance Act 1989 (c. 26) (power of Treasury to set rates of interest: enactments to which the section applies), after paragraph (s) add—  
“(t) sections 87, 88 and 89 of the Finance Act 2003.”.

#### *Taxation of Chargeable Gains Act 1992*

- 5 In section 38(2) of the Taxation of Chargeable Gains Act 1992 (c. 12) (incidental costs of acquisition or disposal), after “stamp duty” insert “ or stamp duty land tax ”.

#### *Income Tax (Earnings and Pensions) Act 2003*

- 6 In section 277 of the Income Tax (Earnings and Pensions) Act 2003 (c. 1) (removal benefits and expenses: acquisition of property), in subsection (3)(e) after “stamp duty” insert “ or stamp duty land tax ”.

## SCHEDULE 19

Section 124

### STAMP DUTY LAND TAX: COMMENCEMENT AND TRANSITIONAL PROVISIONS

#### *Introduction*

- 1 (1) Subject to the provisions of this Schedule, the provisions of this Part come into force on the passing of this Act.
- (2) The following provisions have effect as regards what transactions are SDLT transactions, that is, are chargeable or notifiable or are transactions in relation to which section 79 (registration etc) applies.
- (3) Nothing in this Schedule shall be read as meaning that other transactions, whether effected before or after the passing of this Act, are to be disregarded in applying the provisions of this Part.

#### Commencement Information

**I95** Sch. 19 wholly in force at Royal Assent subject to Sch. 19, see s. 124, Sch. 19 para. 1(1)

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### *The implementation date*

- 2 (1) A transaction is not an SDLT transaction unless the effective date of the transaction is on or after the implementation date.
- (2) In this Part “the implementation date” means the date appointed by Treasury order as the implementation date for the purposes of stamp duty land tax.

#### **Commencement Information**

**I96** Sch. 19 wholly in force at Royal Assent subject to Sch. 19, see s. 124, Sch. 19 para. 1(1)

### *Contract entered into before first relevant date*

- 3 (1) Subject to the following provisions of this paragraph, a transaction is not an SDLT transaction if it is effected in pursuance of a contract entered into before the first relevant date.
- (2) The “first relevant date” is the day after the passing of this Act.
- (3) The exclusion of transactions effected in pursuance of contracts entered into before the first relevant date does not apply—
- (a) if there is any variation of the contract or assignment of rights under the contract on or after that date;
  - (b) if the transaction is effected in consequence of the exercise after that date of any option, right of pre-emption or similar right;
  - [<sup>F1063</sup>(c) if on or after that date there is an assignment, subsale or other transaction (relating to the whole or part of the subject-matter of the contract) as a result of which a person other than the purchaser under the contract becomes entitled to call for a conveyance to him.]

#### **Textual Amendments**

**F1063** Sch. 19 para. 3(3)(c) substituted (with effect in accordance with Sch. 39 para. 13(3)-(6) of the amending Act) by [Finance Act 2004 \(c. 12\)](#), [Sch. 39 para. 12](#)

#### **Commencement Information**

**I97** Sch. 19 wholly in force at Royal Assent subject to Sch. 19, see s. 124, Sch. 19 para. 1(1)

### *Contract substantially performed before implementation date*

- 4 (1) This paragraph applies where a transaction—
- (a) is completed on or after the implementation date,
  - (b) is effected in pursuance of a contract entered into and substantially performed before that date, and
  - (c) is not excluded from being an SDLT transaction by paragraph 3.
- (2) The transaction is not an SDLT transaction if the contract was substantially performed before the first relevant date.
- (3) In any other case, the fact that the contract was substantially performed before the implementation date does not affect the matter.



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Accordingly, the effective date of the transaction is the date of completion.

#### Commencement Information

**I98** Sch. 19 wholly in force at Royal Assent subject to Sch. 19, see s. 124, Sch. 19 para. 1(1)

#### *F1064* Contracts substantially performed after implementation date

#### Textual Amendments

**F1064**Sch. 19 paras. 4A, 4B and cross-heading inserted (with effect in accordance with Sch. 39 para. 26 of the amending Act) by [Finance Act 2004 \(c. 12\)](#), [Sch. 39 para. 24](#) (which amending provision re-enacts, subject to certain changes, a corresponding amendment made by the now revoked [Stamp Duty and Stamp Duty Land Tax \(Variation of the Finance Act 2003\) \(No. 2\) Regulations 2003 \(S.I. 2003/2816\)](#), see Sch. 39 para. 14)

- 4A Where—
- (a) a transaction is effected in pursuance of a contract entered into before the first relevant date,
  - (b) the contract is substantially performed, without having been completed, after the implementation date, and
  - (c) there is subsequently an event within paragraph 3(3) by virtue of which the transaction is an SDLT transaction,
- the effective date of the transaction shall be taken to be the date of the event referred to in paragraph (c) (and not the date of substantial performance).

#### *Application of provisions in case of transfer of rights*

- 4B (1) This paragraph applies where section 44 (contract and conveyance) has effect in accordance with section 45 (effect of transfer of rights).
- (2) Any reference in paragraph 3, 4 or 4A to the date when a contract was entered into (or made) shall be read, in relation to a contract deemed to exist by virtue of section 45(3) (deemed secondary contract with transferee), as a reference to the date of the assignment, subsale or other transaction in question.]

#### *Credit for ad valorem stamp duty paid*

- 5 (1) Where a transaction chargeable to stamp duty land tax is effected in pursuance of a contract entered into before the implementation date, any *ad valorem* stamp duty paid on the contract shall go to reduce the amount of tax payable (but not so as to give rise to any repayment).
- (2) Where the application or operation of any exemption or relief from stamp duty land tax turns on whether tax was paid or payable in respect of an earlier transaction, that requirement is treated as met if *ad valorem* stamp duty was paid or (as the case may be) payable in respect of the instrument by which that transaction was effected.

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### Commencement Information

**I99** Sch. 19 wholly in force at Royal Assent subject to Sch. 19, see s. 124, Sch. 19 para. 1(1)

### *Effect for stamp duty purposes of stamp duty land tax being paid or chargeable*

6 <sup>F1065</sup>(1) .....

(2) The references in section 111(1)(c) of, and paragraph 4(3) of Schedule 34 to, the Finance Act 2002 (c. 23) (which relate to the circumstances in which stamp duty group relief is withdrawn) to a transfer at market value by a duly stamped instrument on which *ad valorem* duty was paid and in respect of which group relief was not claimed shall be read, on or after the implementation date, as including a reference to a transfer at market value by a chargeable transaction in respect of which relief under Part 1 of Schedule 7 to this Act was available but was not claimed.

<sup>F1066</sup>(3) .....

### Textual Amendments

**F1065**Sch. 19 para. 6(1) repealed (with effect in accordance with Sch. 39 para. 26 of the amending Act) by Finance Act 2004 (c. 12), **Sch. 42 Pt. 4(2)** (which amending provision re-enacts, subject to certain changes, a corresponding amendment made by the now revoked **Stamp Duty and Stamp Duty Land Tax (Variation of the Finance Act 2003) (No. 2) Regulations 2003 (S.I. 2003/2816)**, see Sch. 39 para. 14)

**F1066**Sch. 19 para. 6(3) omitted (with effect in accordance with Sch. 39 para. 10(1) of the amending Act) by virtue of Finance Act 2012 (c. 14), **Sch. 39 para. 5(2)(e)(ii)** (with Sch. 39 paras. 11-13)

### Commencement Information

**I100** Sch. 19 wholly in force at Royal Assent subject to Sch. 19, see s. 124, Sch. 19 para. 1(1)

### *Earlier related transactions under stamp duty*

7 (1) In relation to a transaction that is not an SDLT transaction but which is linked to an SDLT transaction and accordingly falls to be taken into account in determining the [<sup>F1067</sup>amount] of stamp duty land tax chargeable on the latter transaction, any reference in this Part to the chargeable consideration for the first-mentioned transaction shall be read as a reference to the consideration by reference to which *ad valorem* stamp duty was payable in respect of the instrument by which that transaction was effected.

[<sup>F1068</sup>(2) In paragraph 3 of Schedule 9 (relief for transfer of reversion under shared ownership lease where election made for market value treatment) and paragraph 4A of that Schedule (shared ownership lease: treatment of staircasing transaction) as they apply in a case where the original lease was granted before the implementation date—

(a) a reference to a lease to which paragraph 2 of that Schedule applies shall be read as a reference to a lease to which section 97 of the Finance Act 1980 applied (which made provision for stamp duty corresponding to that paragraph), and

(b) a reference to an election having been made for tax to be charged in accordance with paragraph 2 or 4 of that Schedule shall be read as a reference to the lease having contained a statement of the parties' intention such as is

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mentioned in section 97(2)(d) of the Finance Act 1980 or, as the case may be, paragraph (d) of section 108(5) of the Finance Act 1981 (which made provision for stamp duty corresponding to paragraph 4).]

- (3) In section 54 (exceptions from deemed market value rule for transactions with connected company) the reference in subsection (4)(b) to group relief having been claimed in respect of a transaction shall be read in relation to a transaction carried out before the implementation date as a reference to relief having been claimed under section 42 of the Finance Act 1930 (c. 28), section 11 of the Finance Act (Northern Ireland) 1954 (c. 23 (N. I.)) or section 151 of the Finance Act 1995 (c. 4) in respect of stamp duty on the instrument by which the transaction was effected.

[<sup>F1069</sup>(4) For the purposes of paragraph 5 of Schedule 17A (treatment of successive linked leases) no account shall be taken of any transaction that is not an SDLT transaction.]

#### Textual Amendments

**F1067** Word in Sch. 19 para. 7(1) substituted (with effect in accordance with s. 2(2) of the amending Act) by Stamp Duty Land Tax Act 2015 (c. 1), Sch. para. 19 (with s. 2(3)-(6))

**F1068** Sch. 19 para. 7(2) substituted (retrospective to 1.12.2003) by Finance Act 2004 (c. 12), s. 303(3)

**F1069** Sch. 19 para. 7(4) added (with effect in accordance with Sch. 39 para. 26 of the amending Act) by Finance Act 2004 (c. 12), Sch. 39 para. 22(8) (which amending provision re-enacts, subject to certain changes, a corresponding amendment made by the now revoked Stamp Duty and Stamp Duty Land Tax (Variation of the Finance Act 2003) (No. 2) Regulations 2003 (S.I. 2003/2816), see Sch. 39 para. 14)

#### Commencement Information

**I101** Sch. 19 wholly in force at Royal Assent subject to Sch. 19, see s. 124, Sch. 19 para. 1(1)

[<sup>F1070</sup>Stamping of contract where transaction on completion subject to stamp duty land tax

#### Textual Amendments

**F1070** Sch. 19 para. 7A and cross-heading inserted (with effect in accordance with Sch. 39 para. 26 of the amending Act) by Finance Act 2004 (c. 12), Sch. 39 para. 25(1) (which amending provision re-enacts, subject to certain changes, a corresponding amendment made by the now revoked Stamp Duty and Stamp Duty Land Tax (Variation of the Finance Act 2003) (No. 2) Regulations 2003 (S.I. 2003/2816), see Sch. 39 para. 14)

- 7A (1) This paragraph applies where—
- a contract that apart from paragraph 7 of Schedule 13 to the Finance Act 1999 (contracts chargeable as conveyances on sale) would not be chargeable with stamp duty is entered into before the implementation date,
  - a conveyance made in conformity with the contract is effected on or after the implementation date, and
  - the transaction effected on completion is an SDLT transaction or would be but for an exemption or relief from stamp duty land tax.
- (2) If in those circumstances the contract is presented for stamping together with a Revenue certificate as to compliance with the provisions of this Part of this Act in relation to the transaction effected on completion—

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- (a) the payment of stamp duty land tax on that transaction or, as the case may be, the fact that no such tax was payable shall be denoted on the contract by a particular stamp, and
  - (b) the contract shall be deemed thereupon to be duly stamped.
- (3) In this paragraph “conveyance” includes any instrument.]

*[<sup>F1071</sup>Stamping of agreement for lease where grant of lease subject to stamp duty land tax]*

#### Textual Amendments

**F1071**Sch. 19 para. 8 heading substituted (with effect in accordance with Sch. 39 para. 26 of the amending Act) by [Finance Act 2004 \(c. 12\)](#), [Sch. 39 para. 25\(2\)\(a\)](#) (which amending provision re-enacts, subject to certain changes, a corresponding amendment made by the now revoked [Stamp Duty and Stamp Duty Land Tax \(Variation of the Finance Act 2003\) \(No. 2\) Regulations 2003 \(S.I. 2003/2816\)](#), see Sch. 39 para. 14)

- 8 (1) [<sup>F1072</sup>This paragraph applies where—
- (a) an agreement for a lease is entered into before the implementation date,
  - (b) a lease giving effect to the agreement is executed on or after that date, and
  - (c) the transaction effected on completion is an SDLT transaction or would be but for an exemption or relief from stamp duty land tax.
- <sup>F1073</sup>(2) If in those circumstances the agreement is presented for stamping together with a Revenue certificate as to compliance with the provisions of this Part of this Act in relation to the grant of the lease—
- (a) the payment of stamp duty land tax in respect of the grant of the lease or, as the case may be, the fact that no such tax was payable shall be denoted on the agreement by a particular stamp, and
  - (b) the agreement shall be deemed thereupon to be duly stamped.]
- (3) For the purposes of this paragraph a lease gives effect to an agreement if the lease either is in conformity with the agreement or relates to substantially the same property and term as the agreement.
- (4) References in this paragraph to an agreement for a lease include missives of let in Scotland.

#### Textual Amendments

**F1072**Words in Sch. 19 para. 8(1) substituted (with effect in accordance with Sch. 39 para. 26 of the amending Act) by [Finance Act 2004 \(c. 12\)](#), [Sch. 39 para. 25\(2\)\(b\)](#) (which amending provision re-enacts, subject to certain changes, a corresponding amendment made by the now revoked [Stamp Duty and Stamp Duty Land Tax \(Variation of the Finance Act 2003\) \(No. 2\) Regulations 2003 \(S.I. 2003/2816\)](#), see Sch. 39 para. 14)

**F1073**Sch. 19 para. 8(2) substituted (with effect in accordance with Sch. 39 para. 26 of the amending Act) by [Finance Act 2004 \(c. 12\)](#), [Sch. 39 para. 25\(3\)](#) (which amending provision re-enacts, subject to certain changes, a corresponding amendment made by the now revoked [Stamp Duty and Stamp Duty Land Tax \(Variation of the Finance Act 2003\) \(No. 2\) Regulations 2003 \(S.I. 2003/2816\)](#), see Sch. 39 para. 14)

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#### Commencement Information

**I102** Sch. 19 wholly in force at Royal Assent subject to Sch. 19, see s. 124, Sch. 19 para. 1(1)

#### *Exercise of option or right of pre-emption acquired before implementation date*

- 9 (1) This paragraph applies where—
- (a) an option binding the grantor to enter into a land transaction, or
  - (b) a right of pre-emption preventing the grantor from entering into, or restricting the right of the grantor to enter into, a land transaction,
- is acquired before the implementation date and exercised on or after that date.
- (2) Where the option or right was acquired on or after 17th April 2003, any consideration for the acquisition is treated as part of the chargeable consideration for the transaction resulting from the exercise of the option or right.
- (3) Where the option or right was varied on or after 17th April 2003 and before the implementation date, any consideration for the variation is treated as part of the chargeable consideration for the transaction resulting from the exercise of the option or right.
- (4) Whether or not sub-paragraph (2) or (3) applies, the acquisition of the option or right and any variation of the option or right is treated as linked with the land transaction resulting from the exercise of the option or right.
- But not so as to require the consideration for the acquisition or variation to be counted twice in determining the [<sup>F1074</sup>amount] of tax chargeable on the land transaction resulting from the exercise of the option or right.
- (5) Where this paragraph applies any *ad valorem* stamp duty paid on the acquisition or variation of the option or right shall go to reduce the amount of tax payable on the transaction resulting from the exercise of the option or right (but not so as to give rise to any repayment).

#### Textual Amendments

**F1074** Word in Sch. 19 para. 9(4) substituted (with effect in accordance with s. 2(2) of the amending Act) by Stamp Duty Land Tax Act 2015 (c. 1), Sch. para. 20 (with s. 2(3)-(6))

#### Commencement Information

**I103** Sch. 19 wholly in force at Royal Assent subject to Sch. 19, see s. 124, Sch. 19 para. 1(1)

#### *Supplementary*

- 10 In this Schedule “contract” includes any agreement.

#### Commencement Information

**I104** Sch. 19 wholly in force at Royal Assent subject to Sch. 19, see s. 124, Sch. 19 para. 1(1)

*Status: Point in time view as at 15/03/2023.*

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## SCHEDULE 20

Section 125

### STAMP DUTY: RESTRICTION TO INSTRUMENTS RELATING TO STOCK OR MARKETABLE SECURITIES

#### PART 1

##### SUPPLEMENTARY PROVISIONS

##### *Reduction of stamp duty where instrument partly relating to stock or marketable securities*

- 1 (1) This paragraph applies where stamp duty under Part 1 of Schedule 13 to the Finance Act 1999 (c. 16) (transfer on sale) is chargeable on an instrument that relates partly to stock or marketable securities and partly to property other than stock or marketable securities.
- (2) In such a case—
- (a) the consideration in respect of which duty would otherwise be charged shall be apportioned, on a just and reasonable basis, as between the stock or marketable securities and the other property, and
  - (b) the instrument shall be charged only in respect of the consideration attributed to the stock or marketable securities.

##### *Apportionment of consideration for stamp duty purposes*

- 2 (1) Where part of the property referred to in section 58(1) of the Stamp Act 1891 (c. 39) (consideration to be apportioned between different instruments as parties think fit) consists of stock or marketable securities, that provision shall have effect as if “the parties think fit” read “is just and reasonable”.
- (2) Where—
- (a) part of the property referred to in section 58(2) of the Stamp Act 1891 (property contracted to be purchased by two or more persons etc) consists of stock or marketable securities, and
  - (b) both or (as the case may be) all the relevant persons are connected with one another,
- that provision shall have effect as if the words from “for distinct parts of the consideration” to the end of the subsection read “, the consideration shall be apportioned in such manner as is just and reasonable, so that a distinct consideration for each part of the property transferred is set forth in the transfer relating to that part, and the transfer shall be charged with *ad valorem* duty in respect of that consideration.”.
- (3) If in a case where sub-paragraph (1) or (2) applies the consideration is apportioned in a manner that is not just and reasonable, the enactments relating to stamp duty shall have effect as if—
- (a) the consideration had been apportioned in a manner that is just and reasonable, and
  - (b) the amount of any distinct consideration set forth in any transfer relating to a part of the property transferred were such amount as is found by a just and reasonable apportionment (and not the amount actually set forth).

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- (4) For the purposes of sub-paragraph (2)—
- (a) a person is a relevant person if he is a person by or for whom the property is contracted to be purchased;
  - (b) the question whether persons are connected with one another shall be determined in accordance with [F<sup>1075</sup>section 1122 of the Corporation Tax Act 2010].

#### Textual Amendments

**F1075** Words in Sch. 20 para. 2(4)(b) substituted (with effect in accordance with s. 1184(1) of the amending Act) by [Corporation Tax Act 2010 \(c. 4\)](#), s. 1184(1), [Sch. 1 para. 420](#) (with [Sch. 2](#))

## PART 2

### CONSEQUENTIAL AMENDMENTS AND REPEALS

#### *Removal of unnecessary references to “conveyance”*

- 3 In the enactments relating to stamp duty for “conveyance or transfer”, wherever occurring, substitute “transfer”.

#### *Finance Act 1895*

- 4 In section 12 of the Finance Act 1895 (c. 16) (collection of stamp duty in cases of property vested by Act or purchased under statutory powers)—
- (a) in paragraph (a) for “property is” substitute “stock or marketable securities are”;
  - (b) in paragraph (b) for “property” substitute “stock or marketable securities”;
  - (c) in the closing words for “conveyance”, in both places where that word occurs, substitute “transfer”.

#### *Finance Act 1990*

- 5 In section 108 of the Finance Act 1990 (c. 29) (transfer of securities: abolition of stamp duty), for subsections (1) to (6) substitute—
- “(1) Stamp duty shall not be chargeable under Schedule 13 to the Finance Act 1999 (transfer of securities).”.

#### *Finance Act 1999*

- 6 In paragraph 1(2) of Schedule 13 to the Finance Act 1999 (c. 16) for “conveyance on sale” substitute “transfer on sale”.

#### *Power to make further consequential amendments or repeals*

- 7 (1) The Treasury may by regulations make such other amendments or repeals of enactments relating to stamp duty or stamp duty reserve tax as appear to them appropriate in consequence of the abolition of stamp duty except on instruments relating to stock or marketable securities.

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- (2) The regulations may include such transitional provisions and savings as appear to the Treasury to be appropriate.
- (3) Regulations under this paragraph shall be made by statutory instrument which shall be subject to annulment in pursuance of a resolution of the House of Commons.

## SCHEDULE 21

Section 139

### APPROVED SHARE PLANS AND SCHEMES

#### PART 1

#### SHARE INCENTIVE PLANS

##### *Introductory*

- 1 Schedule 2 to the Income Tax (Earnings and Pensions) Act 2003 (c. 1) (approved share incentive plans) is amended as follows.

##### *Participation in more than one connected plan in a tax year*

- 2 After paragraph 18 insert—

##### *“Participation in more than one connected SIP in a tax year*

18A(1) The plan must provide that, if an individual participates in an award of shares under the plan in a tax year in which he has already participated in an award of shares under one or more other approved SIPs established by the company or a connected company—

- (a) paragraph 35 (maximum annual award of free shares),
- (b) paragraph 46 (maximum amount of partnership share money deductions), and
- (c) paragraph 64 (limit on amount reinvested),

apply as if the plan and the other plan or plans were a single plan.

(2) In this paragraph “connected company” has the same meaning as in paragraph 18.”.

- 3 In paragraph 13 (eligibility of individuals: introduction), for the entry relating to paragraph 18 substitute—

“paragraph 18 (requirement not to participate simultaneously in connected SIPs), paragraph 18A (successive participation in connected SIPs), and”.

- 4 In paragraph 14(7) (eligibility to participate dependent on certain requirements of plan being met), for paragraph (b) substitute—

- “(b) not participating simultaneously in connected SIPs (see paragraph 18),
- (ba) successive participation in connected SIPs (see paragraph 18A), and”.



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5 In paragraph 18 (requirement not to participate in connected SIPs), omit sub-paragraph (1)(a) (successive participation in connected SIPs).

6 After paragraph 71 insert—

*“Duty to monitor participants in connected schemes*

71A The trust instrument must require the trustees to maintain records of participants who have participated in one or more other approved SIPs established by the company or a connected company.”.

*Partnership shares*

7 (1) Paragraph 46 (maximum amount of partnership share money deductions) is amended as follows.

(2) In sub-paragraph (1), for the words after “must not exceed” substitute “ £1,500 in any tax year. ”.

(3) In sub-paragraph (2), for the words after “an employee’s salary” substitute “ for any tax year must not exceed 10% of the employee’s salary for the tax year. ”.

(4) After that sub-paragraph insert—

“(4A) A limit lower than that specified in sub-paragraph (2) may be framed—

(a) as a proposition substituting a percentage lower than that so specified, or

(b) as a proposition that a particular description of earnings is not to be regarded as forming part of an employee’s salary for the purposes of that sub-paragraph.”.

(5) Sub-paragraphs (2) and (3) have effect for the year 2003-04 and subsequent years of assessment.

8 In paragraph 47 (minimum amount of deductions)—

(a) for “in any month” substitute “ on any occasion ”, and

(b) omit sub-paragraph (3).

**PART 2**

SAYE OPTION SCHEMES

*Introductory*

9 Schedule 3 to the Income Tax (Earnings and Pensions) Act 2003 (c. 1) (approved SAYE option schemes) is amended as follows.

*Minor correction*

10 In paragraph 25(3)(a) (limit on contributions under CCS schemes linked to approved SAYE schemes), after “SAYE” insert “ option ”.

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*Exercise of options: scheme-related employment ends because of change of control or transfer*

- 11 (1) Paragraph 34 (exercise of options: scheme-related employment ends) is amended as follows.
- (2) In sub-paragraph (2)(a), after “1996” insert “ or ER(NI)O 1996 ”.
- (3) In sub-paragraph (5)—
- (a) for “provide that,” substitute “ make provision about the time when the options may be exercised ”, and
- (b) omit the words following paragraph (b).
- (4) After that sub-paragraph insert—
- “(5A) If the scheme makes provision by virtue of sub-paragraph (5), the provision must be either—
- (a) that the options may be exercised within 6 months after the termination date, or
- (b) that the options may be exercised within 6 months after the date (if any) when P ceases to hold the employment which (before the termination date) was the scheme-related employment for a reason within sub-paragraph (2)(a) or (b).”.

*Alteration of schemes*

- 12 (1) Paragraph 42 (withdrawal of approval) is amended as follows.
- (2) In sub-paragraph (2), after “to be met;” insert—
- “(aa) an alteration is made in a key feature of the scheme without the approval of the Inland Revenue;”.
- (3) After that sub-paragraph insert—
- “(2A) For the purposes of sub-paragraph (2)(aa) the Inland Revenue may not withhold their approval unless it appears to them at the time in question that the scheme as proposed to be altered would not then be approved on an application under paragraph 40.
- (2B) For the purposes of that sub-paragraph a “key feature” of a scheme is a provision of the scheme which is necessary in order to meet the requirements of this Schedule.”.
- (4) For paragraph 43 (approval ineffective after unapproved alteration and notice of decisions) and the heading before it substitute—

*“Notice of decision about alteration*

- 43 Where the Inland Revenue—
- (a) have been requested to approve any alteration in a SAYE option scheme that has been approved, and
- (b) have decided whether or not to approve the alteration,
- they must give notice of their decision to the scheme organiser.”.
- (5) For paragraph 44(1)(b) (appeal against decision not to approve alteration) substitute—

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“(b) decide to refuse approval under paragraph 42(2)(aa).”.

### PART 3

#### CSOP SCHEMES

##### *Introductory*

13 The Income Tax (Earnings and Pensions) Act 2003 (c. 1) is amended as follows.

##### *Exercise of options: exclusion of income tax liability*

14 (1) Section 524 (no charge in respect of exercise of option under CSOP scheme) is amended as follows.

(2) For subsection (1)(b) substitute—

“(b) Condition A or B is met.”.

(3) For subsections (2) and (3) substitute—

“(2) Condition A is that the option is exercised—

(a) on or after the third anniversary of the date on which it was granted, but

(b) not later than the tenth anniversary of that date.

(2A) Condition B is that the option—

(a) is exercised before the third anniversary of the date on which it was granted, and

(b) is so exercised by virtue of a provision included in the scheme under paragraph 24 of Schedule 4 (exercise of options after ceasing to be director or employee) in circumstances in which subsection (2B) applies.

(2B) This subsection applies if the individual exercising the option—

(a) has ceased to be a full-time director or qualifying employee of the scheme organiser (or, in the case of a group scheme, a constituent company) because of injury, disability, redundancy or retirement, and

(b) exercises the option within 6 months of the day on which he ceases to be such a director or employee.

(2C) In subsection (2B)—

“redundancy” means redundancy within the meaning of ERA 1996 or ER(NI)O 1996, and

“retirement” means retirement on or after reaching a retirement age specified in the scheme.”.

(4) For section 525(1)(b) (no charge in respect of post-acquisition benefits) substitute—

“(b) Condition A or B (as set out in section 524(2) or (2A)) is met.”.

(5) This paragraph has effect in relation to any exercise of an option on or after 9th April 2003.

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15 (1) Schedule 4 (approved CSOP schemes) is amended as follows.

(2) After paragraph 35 insert—

*“Retirement age*

35A A retirement age specified in a CSOP scheme—

- (a) must be the same for men and women, and
- (b) must not be less than 55.”.

*Meaning of “material interest”*

16 (1) In paragraphs 10(2) and (3), 11(3) and (4) and 13(2) (material interest), for “10%” substitute “25%”.

(2) This paragraph has effect for the purpose of determining whether a person is eligible to participate in a scheme on the date on which this Act is passed or any later date (by altering what constitutes a material interest on that date and within the 12 months preceding that date).

*Alteration of schemes*

17 (1) Paragraph 30 (withdrawal of approval) is amended as follows.

(2) In sub-paragraph (2), after “to be met;” insert—

“(aa) an alteration is made in a key feature of the scheme without the approval of the Inland Revenue;”.

(3) After that sub-paragraph insert—

“(3) For the purposes of sub-paragraph (2)(aa) the Inland Revenue may not withhold their approval unless it appears to them at the time in question that the scheme as proposed to be altered would not then be approved on an application under paragraph 28.

(4) For the purposes of that sub-paragraph a “key feature” of a scheme is a provision of the scheme which is necessary in order to meet the requirements of this Schedule.”.

(4) For paragraph 31 (approval ineffective after unapproved alteration and notice of decisions) and the heading before it substitute—

*“Notice of decision about alteration*

31 Where the Inland Revenue—

- (a) have been requested to approve any alteration in a CSOP scheme that has been approved, and
  - (b) have decided whether or not to approve the alteration,
- they must give notice of their decision to the scheme organiser.”.

(5) For paragraph 32(1)(b) (appeal against decision not to approve alteration) substitute—

“(b) decide to refuse approval under paragraph 30(2)(aa).”.

*Status: Point in time view as at 15/03/2023.*

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*PAYE*

18 (1) Section 701(2)(c) (PAYE: exclusions from meaning of “asset”) is amended as follows.

(2) In sub-paragraph (i), omit “or 4 (approved CSOP schemes)”.

(3) After that sub-paragraph insert—

“(ia) any shares acquired by the employee (whether or not as a result of the exercise of a right to acquire shares) under a scheme approved under Schedule 4 (approved CSOP schemes), other than shares acquired as a result of the exercise of the right before the third anniversary of the date on which it was granted or later than the tenth anniversary of that date;”.

<sup>F1076</sup>(4) .....

(5) This paragraph has effect in relation to shares acquired on or after 9th April 2003.

**Textual Amendments**

**F1076**Sch. 21 para. 18(4) repealed (with effect in accordance with s. 88(11) of the amending Act) by [Finance Act 2004 \(c. 12\)](#), [Sch. 42 Pt. 2\(11\)](#)

SCHEDULE 22

Section 140

EMPLOYEE SECURITIES AND OPTIONS

*Introductory*

1 The Income Tax (Earnings and Pensions) Act 2003 (c. 1) is amended as follows.

*Main provisions*

2 (1) For Chapter 1 of Part 7 (and the heading of that Part) substitute—

“EMPLOYMENT INCOME: INCOME AND EXEMPTIONS RELATING TO SECURITIES

**CHAPTER 1**

INTRODUCTION

*General*

**Scope of Part 7**

417 (1) This Part contains special rules about cases where securities, interests in securities or securities options are acquired in connection with an employment.

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- (2) The rules are contained in—
- Chapter 2 (restricted securities),
  - Chapter 3 (convertible securities),
  - Chapter 3A (securities with artificially depressed market value),
  - Chapter 3B (securities with artificially enhanced market value),
  - Chapter 3C (securities acquired for less than market value),
  - Chapter 3D (securities disposed of for more than market value),
  - Chapter 4 (post-acquisition benefits from securities),
  - Chapter 5 (securities options),
  - Chapter 6 (approved share incentive plans),
  - Chapter 7 (approved SAYE option schemes),
  - Chapter 8 (approved CSOP schemes),
  - Chapter 9 (enterprise management incentives), and
  - Chapter 10 (priority share allocations).
- (3) The following make provision for amounts to count as employment income—
- Chapters 2 to 6, and
  - Chapter 8.
- (4) The following make provision for exemptions and reliefs from income tax—
- Chapters 2 and 3, and
  - Chapters 5 to 10.
- (5) Chapter 11 contains supplementary provisions relating to employee benefit trusts.
- (6) Section 5(1) (application of employment income Parts to office-holders generally) does not apply to Chapters 6 to 10; and section 549(5) makes provision about its application to Chapter 11.

### **Other related provisions**

- 418 (1) In Part 3—
- Chapter 1 (earnings), and
  - Chapter 10 (taxable benefits: residual liability to charge),
- may also have effect in relation to securities and interests in securities (but not securities options).
- (2) Part 7 of Schedule 7 (transitional provisions relating to securities and securities options) may also be relevant.
- (3) In view of section 49 of FA 2000 (phasing out of APS schemes) the following are not rewritten in this Act and continue in force unaffected by the repeals made by this Act—
- section 186 of ICTA (APS schemes) and section 187 of that Act (interpretation) so far as relating to APS schemes, and
  - Schedule 9 to ICTA (approval of share schemes) so far as relating to APS schemes and Schedule 10 to that Act (further provisions about APS schemes).

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“APS schemes” means profit sharing schemes approved under Schedule 9 to ICTA.

- (4) Sections 138 to 140 of ICTA (share acquisitions by directors and employees) continue to apply in relation to shares or interests in shares acquired before 26th October 1987 (see paragraph 57 of Schedule 7).

### **Negative amounts treated as nil**

- 419 If the result given by any formula under any provision of this Part would otherwise be a negative amount, the result is to be taken to be nil instead.

### *Interpretation of Chapters 1 to 5*

### **Meaning of “securities” etc**

- 420 (1) Subject to subsections (5) and (6), for the purposes of this Chapter and Chapters 2 to 5 the following are “securities”—
- (a) shares in any body corporate (wherever incorporated) or in any unincorporated body constituted under the law of a country or territory outside the United Kingdom,
  - (b) debentures, debenture stock, loan stock, bonds, certificates of deposit and other instruments creating or acknowledging indebtedness,
  - (c) warrants and other instruments entitling their holders to subscribe for securities (whether or not in existence or identifiable),
  - (d) certificates and other instruments conferring rights in respect of securities held by persons other than the persons on whom the rights are conferred and the transfer of which may be effected without the consent of those persons,
  - (e) units in a collective investment scheme,
  - (f) futures, and
  - (g) rights under contracts for differences or contracts similar to contracts for differences.
- (2) In subsection (1)(e) “collective investment scheme” means arrangements—
- (a) which are made with respect to property of any description, including money, and
  - (b) the purpose or effect of which is to enable persons taking part in the arrangements (whether by becoming owners of the property or any part of it or otherwise) to participate in or receive profits or income arising from the acquisition, holding, management or disposal of the property or sums paid out of such profits or income.
- (3) In subsection (1)(f) “futures” means rights under a contract for the sale of a commodity or other property under which delivery is to be made at a future date at a price agreed when the contract is made; and for this purpose a price is to be taken to be agreed when the contract is made—
- (a) if it is left to be determined by reference to the price at which a contract is to be entered into on a market or exchange or could be entered into at a time and place specified in the contract, and

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- (b) in a case where the contract is expressed to be by reference to a standard lot and quality, even if provision is made for a variation in the price to take account of any variation in quantity or quality on delivery.
- (4) For the purposes of subsection (1)(g) a contract similar to a contract for differences is a contract—
  - (a) which is not a contract for differences, but
  - (b) the purpose or pretended purpose of which is to secure a profit or avoid a loss by reference to fluctuations in the value or price of property or an index or other factor designated in the contract.
- (5) The following are not “securities” for the purposes of this Chapter or Chapters 2 to 5—
  - (a) cheques and other bills of exchange, bankers' drafts and letters of credit (other than bills of exchange accepted by a banker),
  - (b) money and statements showing balances on a current, deposit or savings account,
  - (c) leases and other dispositions of property and heritable securities,
  - (d) rights under contracts of insurance (within the meaning of the Financial Services and Markets Act 2000 (Regulated Activities) Order 2001), and
  - (e) options.
- (6) The Treasury may by order amend subsections (1) to (5).
- (7) An order under subsection (6) may include any appropriate consequential provision (including provision amending any enactment).
- (8) In this Chapter and Chapters 2 to 5—
  - “interest”, in relation to securities (or shares), means an interest in them less than full beneficial ownership and includes an interest in proceeds of their sale, but does not include a right to acquire them,
  - “securities option” means a right to acquire securities, and
  - “shares” includes stock.

#### **Meaning of “market value” etc**

- 421 (1) In this Chapter and Chapters 2 to 5 “market value” has the same meaning as it has for the purposes of TCGA 1992 by virtue of Part 8 of that Act.
- (2) Where consideration for anything is given in the form of an asset (as opposed to a payment), any reference in this Chapter or any of Chapters 2 to 5 to the amount of the consideration is to the market value of the asset.

#### **Meaning of “consideration”**

- 421A(1) This section applies for determining for the purposes of Chapters 2 to 5 the amount of the consideration given for anything.
- (2) If any consideration is given partly in respect of one thing and partly in respect of another, the amount given in respect of the different things is to be determined on a just and reasonable apportionment.



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- (3) The consideration which is taken to be given wholly or partly for anything does not include the performance of any duties of, or in connection with, an employment.
- (4) No amount is to be counted more than once in calculating the amount of any consideration.

#### *Application of Chapters 2 to 4*

#### **Application of Chapters 2 to 4**

- 421B) Subject as follows (and to any provision contained in Chapters 2 to 4) those Chapters apply to securities, or an interest in securities, acquired by a person where the right or opportunity to acquire the securities or interest is available by reason of an employment of that person or any other person.
- (2) For the purposes of subsection (1)—
    - (a) securities are, or an interest in securities is, acquired at the time when the person acquiring the securities or interest becomes beneficially entitled to those securities or that interest (and not, if different, the time when the securities are, or interest is, conveyed or transferred), and
    - (b) “employment” includes a former or prospective employment.
  - (3) A right or opportunity to acquire securities or an interest in securities made available by a person’s employer, or by a person connected with a person’s employer, is to be regarded for the purposes of subsection (1) as available by reason of an employment of that person unless—
    - (a) the person by whom the right or opportunity is made available is an individual, and
    - (b) the right or opportunity is made available in the normal course of the domestic, family or personal relationships of that person.
  - (4) Chapters 2 to 4 cease to apply to securities, or an interest in securities, when subsection (5), (6) or (7) is satisfied.
  - (5) This subsection is satisfied immediately after the securities are, or the interest in securities is, disposed of otherwise than to an associated person.
  - (6) This subsection is satisfied immediately before the death of the employee.
  - (7) This subsection is satisfied 7 years after the first date after the acquisition on which the employee is an employee of none of the following—
    - (a) the employer,
    - (b) (if the securities are, or the interest in securities is an interest in, securities issued by a company) the company by which they are issued, or
    - (c) a person connected with a person within paragraph (a) or (b).
  - (8) In this Chapter and Chapters 2 to 4—

“the acquisition”, in relation to employment-related securities, means the acquisition of the employment-related securities pursuant to the right or opportunity available by reason of the employment,

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“the employment”, in relation to employment-related securities, means the employment by reason of which the right or opportunity to acquire the employment-related securities is available (“the employee” and “the employer” being construed accordingly unless otherwise indicated), and

“employment-related securities” means securities or an interest in securities to which Chapters 2 to 4 apply (ignoring any provision of any of those Chapters which limits the application of the Chapter to a particular description or descriptions of employment-related securities).

### **Associated persons**

421(1) For the purposes of this Chapter and Chapters 2 to 4 the following are “associated persons” in relation to employment-related securities—

- (a) the person who acquired the employment-related securities on the acquisition,
- (b) (if different) the employee, and
- (c) any relevant linked person.

(2) A person is a relevant linked person if—

- (a) that person (on the one hand), and
- (b) either the person who acquired the employment-related securities on the acquisition or the employee (on the other),

are connected or, although not connected, are members of the same household.

(3) But a company which would otherwise be a relevant linked person is not if it is—

- (a) the employer,
- (b) the person from whom the employment-related securities were acquired,
- (c) the person by whom the right or opportunity to acquire the employment-related securities was made available, or
- (d) the person by whom the employment-related securities (or the securities in which they are an interest) were issued.

### **Replacement and additional securities and changes in interests**

421(1) Subsections (2) and (3) apply where an associated person is entitled to employment-related securities (the “original securities”) and either—

- (a) as a result of the conversion of the original securities (or the securities in which they are an interest), or of any other transaction or series of transactions, that person ceases to be entitled to the original securities but that person or another associated person acquires securities or an interest in securities (the “replacement securities”), or
- (b) by virtue of that person being entitled to the original securities, that person or another associated person acquires other securities or an interest in other securities (the “additional securities”).

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- (2) The replacement securities or the additional securities are to be regarded for the purposes of section 421B(1) (securities acquired pursuant to a right or opportunity available by reason of an employment) as acquired pursuant to the same right or opportunity as the original securities.
- (3) Where the market value of the original securities is reduced by reason of the issue of, or of securities including, the replacement securities or the additional securities (or the securities in which they are an interest), the amount of that reduction is to be treated for the purposes of Chapters 2 and 3 as consideration or additional consideration given for the acquisition of the replacement securities or the additional securities.
- (4) Subsections (2) and (3) apply whether or not the replacement securities, or the additional securities, were acquired for consideration.
- (5) Where Chapters 2 to 4 apply to an interest in securities, an increase of that interest is to be treated for the purposes of section 421B(1) (securities acquired pursuant to a right or opportunity available by reason of an employment) as a separate interest acquired pursuant to the same right or opportunity as the original interest.
- (6) Where Chapters 2 to 4 apply to an interest in securities, a reduction of that interest (otherwise than by a disposal to an associated person) is to be treated for the purposes of those Chapters as the disposal otherwise than to an associated person of a separate interest proportionate to the reduction.

#### **Exclusions: residence etc**

- 421E) Chapters 2, 3 and 4 do not apply in relation to employment-related securities if, at the time of the acquisition, the earnings from the employment were not (or would not have been if there had been any) general earnings to which section 15 or 21 applies (earnings for year when employee resident and ordinarily resident in the UK).
- (2) Chapters 3A to 3D do not apply in relation to employment-related securities if, at the time of the acquisition, the earnings from the employment were not (or would not have been if there had been any) general earnings to which any of the charging provisions of Chapter 4 or 5 of Part 2 apply.
- (3) Chapters 2 to 4 do not apply in the case of a former employment if they would not apply if the acquisition had taken place in the last tax year in which the employment was held.
- (4) Chapters 2 to 4 do not apply in the case of a prospective employment if they would not apply if the acquisition had taken place in the first tax year in which the employment is held.
- (5) Where the employment-related securities are replacement securities or additional securities (within the meaning of section 421D), the references in this section to the acquisition are to the acquisition of the original securities (within the meaning of that section).

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### **Exclusions: public offers**

- 421(F) Chapters 2 to 4 do not apply in relation to employment-related securities that are shares acquired under the terms of an offer to the public or an interest in shares so acquired.
- (2) In a case within subsection (1) of section 544 (exemption for priority share allocations where offer to employees separate from public offer), any acquisition made under the terms of either the public offer or the employee offer within the meaning of that subsection is to be treated for the purposes of this section as made under the terms of an offer to the public.
- (3) Subsection (2) applies whether or not there is any benefit within section 544(2) (benefit derived from entitlement to priority allocation exempt from income tax).

### **Exclusions: approved plan or scheme securities**

- 421G Chapters 2 to 4 do not apply to—
- (a) shares awarded or acquired under an approved share incentive plan (within the meaning of Chapter 6 of this Part),
  - (b) shares acquired by the exercise of a share option granted under an approved SAYE option scheme (within the meaning of Chapter 7 of this Part), or
  - (c) shares acquired by the exercise of a share option granted under an approved CSOP scheme (within the meaning of Chapter 8 of this Part).

### **Meaning of “employee-controlled” etc**

- 421(H) For the purposes of Chapters 2 to 4 a company is “employee-controlled” by virtue of shares of a class if—
- (a) the majority of the company’s shares of that class (other than any held by or for the benefit of an associated company) are held by or for the benefit of employees of the company or a company controlled by the company, and
  - (b) those employees are together able as holders of the shares to control the company.

In this subsection “employee” includes a person who is to be or has been an employee.

- (2) In this section and Chapters 2 to 4 “associated company” has the same meaning as, by virtue of section 416 of ICTA, it has for the purposes of Part 11 of ICTA.

### **Consideration for acquisition of employment-related securities**

- 421(I) This section applies for determining for the purposes of Chapters 2 to 3A the amount of the consideration given for the acquisition of employment-related securities.

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- (2) References to consideration given for the acquisition of the employment-related securities are to consideration given by—
  - (a) the employee, or
  - (b) (if not the employee) the person by whom the employment-related securities were acquired.
- (3) The amount of the consideration given by a person for the acquisition of the employment-related securities includes the amount of any consideration given for a right to acquire the employment-related securities.
- (4) If the right to acquire the employment-related securities (“the new option”) is the whole or part of the consideration for the assignment or release of another right to acquire them (“the old option”), the amount of the consideration given for the new option is to be treated as being the sum of—
  - (a) the amount by which the amount of the consideration given for the old option exceeds the amount of any consideration for the assignment or release of the old option, apart from the new option, and
  - (b) any valuable consideration given for the new option, apart from the old option.
- (5) Two or more transactions are to be treated for the purposes of subsection (4) as a single transaction by which a right to acquire the employment-related securities is assigned for a consideration which consists of or includes another right to acquire the employment-related securities if—
  - (a) the transactions result in a person ceasing to hold a right to acquire the employment-related securities and that person or a connected person coming to hold another right to acquire them, and
  - (b) one or more of the transactions is effected under arrangements to which two or more persons who hold rights to acquire the employment-related securities, in respect of which there may be a liability to tax under Chapter 5 of this Part (securities options), are parties.
- (6) Subsection (5) applies regardless of the order in which the assignment and the acquisition occur.
- (7) In this section “release”, in relation to a right to acquire the employment-related securities, includes agreeing to the restriction of the exercise of the right.

### *Information*

#### **Duty to provide information**

- 421(I) This section applies in relation to reportable events.
  - (2) Section 421K explains what are reportable events for the purposes of this section.
  - (3) Each person who is a responsible person in relation to a reportable event must provide the Inland Revenue with particulars in writing of the reportable

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event before 7th July in the tax year following that in which the reportable event takes place.

- (4) The Inland Revenue may by notice require any person to provide them with such particulars of any reportable events—
    - (a) which take place in a period specified in the notice, and
    - (b) in relation to which that person is a responsible person,
 as are required by the notice or, if no reportable event in relation to which that person is a responsible person has taken place in that period, to state that fact.
  - (5) A notice under subsection (4) must specify a date by which it must be complied with.
  - (6) That date must not be less than 30 days after the date when the notice is given.
  - (7) Once one person complies with the duty imposed by subsection (3) in relation to a reportable event, that subsection ceases to impose a duty on any other person in relation to the reportable event.
  - (8) Once a person complies with the duty imposed by a notice under subsection (4) by providing the required particulars of a reportable event, subsection (3) ceases to impose a duty on that person or any other person in relation to that reportable event.
  - (9) Section 421L explains who are the responsible persons in relation to a reportable event.
  - (10) The particulars required by, or by a notice under, this section must be provided in a form specified by the Board of Inland Revenue.
  - (11) A person need not provide particulars required by, or by a notice under, this section if they have been given in a notice under paragraph 44 of Schedule 5 (enterprise management incentives: notice of option to be given to Inland Revenue).
- In other respects the obligations imposed by, or by a notice under, this section and by that paragraph are independent of each other.
- (12) Paragraph 52 of that Schedule contains a duty to deliver annual returns where a company's shares are subject to a qualifying option within the meaning of that Schedule.

### **Reportable events**

- 421K) This section applies for the purposes of section 421J (duty to provide information).
- (2) Each of the events mentioned in subsection (3) is a reportable event.
- (3) The events are—
  - (a) an acquisition (or an event treated as an acquisition) of securities, an interest in securities or a securities option pursuant to a right or opportunity available by reason of the employment of the person who acquires the securities, interest in securities or securities option or of any other person,

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- (b) an event which is a chargeable event in relation to securities, or an interest in securities, for the purposes of section 426 (chargeable events in relation to restricted securities and restricted interests in securities),
- (c) an event which is a chargeable event in relation to securities, or an interest in securities, for the purposes of section 438 (chargeable events in relation to convertible securities and interests in convertible securities),
- (d) the doing of anything which gives rise to a taxable amount counting as employment income under section 446L (artificial enhancement of market value of securities),
- (e) an event which discharges a notional loan relating to securities, or an interest in securities, under section 446U (securities and interests in securities acquired for less than market value),
- (f) a disposal of securities, or an interest in securities, by virtue of which Chapter 3D of this Part applies (securities and interests in securities disposed of for more than market value),
- (g) the receipt of a benefit which gives rise to a taxable amount counting as employment income under section 447 (charge on benefit from securities or interest in securities),
- (h) the assignment or release of a securities option acquired pursuant to a right or opportunity available by reason of the employment of the person who acquires the securities option or any other person, and
- (i) the receipt of a benefit in money or money's worth which is (or by virtue of section 477(6) is to be regarded as being) received in connection with such a securities option.

### **Persons to whom section 421J applies**

- 421(1) This section applies for the purposes of section 421J (duty to provide information).
- (2) Each of the following persons is a responsible person in relation to a reportable event.
  - (3) The persons are—
    - (a) the employer in question,
    - (b) any host employer of the employee in question,
    - (c) the person from whom the securities in question were, or interest or option in question was, acquired, and
    - (d) in relation to a reportable event concerning securities or an interest in securities which are not excluded securities, the person by whom the securities were issued.
  - (4) In subsection (3)(b) “host employer” means a person other than the employer in question—
    - (a) for whom the employee in question works at the time of the reportable event, and
    - (b) who would, by virtue of subsection (2) of section 689 (employees of non-UK employers working for a person other than the employer), be treated for the purposes of PAYE regulations as making a

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payment of PAYE income of the employee in question if a payment to which subsection (5) would apply were made by the employer in question in respect of the period during which the employee works for the other person.

(5) For the purposes of subsection (4)(b) this subsection would apply to a payment if—

- (a) it were a payment of PAYE income of the employee, and
- (b) the conditions in subsection (1)(c) and (d) of section 689 were satisfied in relation to the payment.

(6) For the purposes of subsection (3)(d) securities are excluded securities in relation to a reportable event if they are—

- (a) loan stock, bonds or other instruments creating or acknowledging indebtedness issued by or on behalf of any national or regional government or local authority (in the United Kingdom or elsewhere) or any body whose members consists of states, national or regional governments or local authorities, or
- (b) securities which are issued by a person who, at the time of the reportable event, is not connected with the employer in question and which are listed or dealt in on a recognised stock exchange.”.

(2) So far as relating to—

- (a) each of the new Chapters substituted or inserted in Part 7 by the following paragraphs, and
- (b) each of the Chapters of that Part as originally enacted for which new Chapters are substituted by the following paragraphs,

sub-paragraph (1) has effect in accordance with the provision made by the following paragraphs for the taking effect of the substitution or insertion.

3 (1) For Chapter 2 of Part 7 substitute—

## “CHAPTER 2

### RESTRICTED SECURITIES

#### *Introduction*

#### **Application of this Chapter**

422 This Chapter applies to employment-related securities if they are—

- (a) restricted securities, or
- (b) a restricted interest in securities,

at the time of the acquisition.

#### **“Restricted securities” and “restricted interest in securities”**

423 (1) For the purposes of this Chapter employment-related securities are restricted securities or a restricted interest in securities if—

- (a) there is any contract, agreement, arrangement or condition which makes provision to which any of subsections (2) to (4) applies, and



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- (b) the market value of the employment-related securities is less than it would be but for that provision.
- (2) This subsection applies to provision under which—
- (a) there will be a transfer, reversion or forfeiture of the employment-related securities, or (if the employment-related securities are an interest in securities) of the interest or the securities, if certain circumstances arise or do not arise,
  - (b) as a result of the transfer, reversion or forfeiture the person by whom the employment-related securities are held will cease to be beneficially entitled to the employment-related securities, and
  - (c) that person will not be entitled on the transfer, reversion or forfeiture to receive in respect of the employment-related securities an amount of at least their market value (determined as if there were no provision for transfer, reversion or forfeiture) at the time of the transfer, reversion or forfeiture.
- (3) This subsection applies to provision under which there is a restriction on—
- (a) the freedom of the person by whom the employment-related securities are held to dispose of the employment-related securities or proceeds of their sale,
  - (b) the right of that person to retain the employment-related securities or proceeds of their sale, or
  - (c) any other right conferred by the employment-related securities,
- (not being provision to which subsection (2) applies).
- (4) This subsection applies to provision under which the disposal or retention of the employment-related securities, or the exercise of a right conferred by the employment-related securities, may result in a disadvantage to—
- (a) the person by whom the employment-related securities are held,
  - (b) the employee (if not the person by whom they are held), or
  - (c) any person connected with the person by whom they are held or with the employee,
- (not being provision to which subsection (2) or (3) applies).

### Exceptions

- 424 Employment-related securities are not restricted securities or a restricted interest in securities by reason only that any one or more of the following is the case—
- (a) the employment-related securities (or the securities in which they are an interest) are unpaid or partly paid shares which may be forfeited for non-payment of calls and there is no restriction on the meeting of calls by the person by whom they are held,
  - (b) that person may be required to offer for sale or transfer the employment-related securities on the employee ceasing, as a result of misconduct, to be employed by the employer or a person connected with the employer, or
  - (c) the employment-related securities (or the securities in which they are an interest) may be redeemed on payment of any amount.

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### *Tax exemption on acquisition*

#### **No charge in respect of acquisition in certain cases**

- 425 (1) Subsection (2) applies if the employment-related securities—
- (a) are restricted securities, or a restricted interest in securities, by virtue of subsection (2) of section 423 (provision for transfer, reversion or forfeiture) at the time of the acquisition, and
  - (b) will cease to be restricted securities, or a restricted interest in securities, by virtue of that subsection within 5 years after the acquisition (whether or not they may remain restricted securities or a restricted interest in securities by virtue of the application of subsection (3) or (4) of that section).
- (2) No liability to income tax arises in respect of the acquisition, except as provided by—
- (a) Chapter 3 of this Part (acquisition by conversion),
  - (b) Chapter 3C of this Part (acquisition for less than market value), or
  - (c) Chapter 5 of this Part (acquisition pursuant to securities option).
- (3) But the employer and the employee may elect that subsection (2) is not to apply to the employment-related securities.
- (4) An election under subsection (3)—
- (a) is to be made by agreement by the employer and the employee, and
  - (b) is irrevocable.
- (5) Such an agreement—
- (a) must be made in a form approved by the Board of Inland Revenue, and
  - (b) may not be made more than 14 days after the acquisition.

### *Tax charge on post-acquisition chargeable events*

#### **Charge on occurrence of chargeable event**

- 426 (1) This section applies if a chargeable event occurs in relation to the employment-related securities.
- (2) The taxable amount determined under section 428 counts as employment income of the employee for the relevant tax year.
  - (3) The “relevant tax year” is the tax year in which the chargeable event occurs.
  - (4) Section 427 explains what are chargeable events for the purposes of this section.
  - (5) This section is subject to section 429 (case outside charge under this section).

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### Chargeable events

- 427 (1) This section applies for the purposes of section 426 (charge on occurrence of chargeable event).
- (2) Any of the events mentioned in subsection (3) is a “chargeable event” in relation to the employment-related securities.
- (3) The events are—
- (a) the employment-related securities ceasing to be restricted securities, or a restricted interest in securities, in circumstances in which an associated person is beneficially entitled to the employment-related securities after the event,
  - (b) the variation of any restriction relating to the employment-related securities in such circumstances (without the employment-related securities ceasing to be restricted securities or a restricted interest in securities), and
  - (c) the disposal for consideration of the employment-related securities, or any interest in them, by an associated person otherwise than to another associated person (at a time when they are still restricted securities or a restricted interest in securities).
- (4) For the purposes of this Chapter there is a variation of a restriction relating to the employment-related securities if any restriction in relation to them is removed or varied.

### Amount of charge

- 428 (1) The taxable amount for the purposes of section 426 (charge on occurrence of chargeable event) is—

$$UMV \times (IUP - PCP - OP) - CE$$

- (2) UMV is what would be the market value of the employment-related securities immediately after the chargeable event but for any restrictions.
- (3) IUP is—

$$\frac{IUMV - DA}{IUMV}$$

where—

IUMV is what would have been the market value of the employment-related securities at the time of the acquisition but for any restrictions, and

DA is the total of any deductible amounts.

- (4) PCP is the aggregate of the result of the application of the formula—

$$IUP - PCP - OP$$

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on each previous event (if any) occurring since the acquisition that was a chargeable event for the purposes of section 426 in relation to the employment-related securities (and so is nil if there has not been such a previous event).

(5) OP is—

$$\frac{\text{UMV-AMV}}{\text{UMV}}$$

where AMV is the actual market value of the employment-related securities immediately after the chargeable event.

(6) CE is any expenses incurred by the holder of the employment-related securities in connection with—

- (a) the employment-related securities ceasing to be restricted securities or a restricted interest in securities,
- (b) the variation of a restriction relating to the employment-related securities, or
- (c) the disposal of the employment-related securities,

together (if the chargeable event is one within section 427(3)(a) or (b) (lifting of restrictions and variation of restriction)) with any consideration given for the employment-related securities ceasing to be restricted securities or a restricted interest in securities or the variation of a restriction relating to the employment-related securities.

(7) For the purposes of this section each of the following is a “deductible amount”—

- (a) the amount of any consideration given for the acquisition of the employment-related securities,
- (b) any amount that constituted earnings from the employee’s employment under Chapter 1 of Part 3 (earnings) in respect of the acquisition of the employment-related securities,
- (c) any amount that counted as employment income in relation to the employment-related securities under Chapter 2 or 4 of this Part as originally enacted,
- (d) if the employment-related securities were acquired on a conversion of other employment-related securities, any amount that counted as employment income of the employee under Chapter 3 of this Part (including that Chapter as originally enacted) (convertible securities) by reason of the conversion, and
- (e) if the acquisition of the employment-related securities was pursuant to a securities option, any amount that counted as employment income of the employee under section 476 (or section 476 or 477 as originally enacted) (acquisition of securities pursuant to securities option) by reason of the acquisition.

(8) If the employment-related securities are convertible securities, or an interest in convertible securities, their market value is to be determined for the purposes of this section as if they were not.

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- (9) Where the chargeable event is one within section 427(3)(c) (disposal) and CD is less than AMV, the taxable amount for the purposes of section 426 is the amount determined under subsection (1) multiplied by—

$$\frac{CD}{AMV}$$

where—

CD is the consideration given for the employment-related securities, and

AMV is the actual market value of the employment-related securities immediately after the chargeable event.

### **Case outside charge under section 426**

429 (1) Section 426 (charge on occurrence of chargeable event) does not apply if—

- (a) the employment-related securities are shares (or an interest in shares) in a company of a class,
  - (b) the provision by virtue of which the employment-related securities are restricted securities, or a restricted interest in securities, applies to all the company's shares of the class,
  - (c) all the company's shares of the class (other than the employment-related securities) are affected by an event similar to that which is a chargeable event in relation to the employment-related securities, and
  - (d) subsection (3) or (4) is satisfied.
- (2) For the purposes of subsection (1)(c) shares are affected by an event similar to that which is a chargeable event in relation to the employment-related securities—
- (a) in the case of a chargeable event within section 427(3)(a) (lifting of restrictions), if the provision mentioned in subsection (1)(b) ceases to apply to them,
  - (b) in the case of a chargeable event within section 427(3)(b) (variation of restriction), if that provision is varied in relation to them in the same way as in relation to the employment-related securities, or
  - (c) in the case of a chargeable event within section 427(3)(c) (disposal), if they are disposed of.
- (3) This subsection is satisfied if, immediately before the event that would be a chargeable event, the company is employee-controlled by virtue of holdings of shares of the class.
- (4) This subsection is satisfied if, immediately before that event, the majority of the company's shares of the class are not held by or for the benefit of any of the following—
- (a) employees of the company,
  - (b) persons who are related to an employee of the company,
  - (c) associated companies of the company,
  - (d) employees of any associated company of the company, or

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- (e) persons who are related to an employee of any such associated company.
- (5) For the purposes of subsection (4) a person is related to an employee if—
- (a) the person acquired the shares pursuant to a right or opportunity available by reason of the employee’s employment, or
  - (b) the person is connected with a person who so acquired the shares or with the employee and acquired the shares otherwise than by or under a disposal made by way of a bargain at arm’s length from the employee or another person who is related to the employee.

### **Election for outstanding restrictions to be ignored**

- 430 (1) The employer and the employee may elect that—
- (a) on a chargeable event the taxable amount for the purposes of section 426 is to be determined by applying section 428(1) as if it did not include a reference to OP, and
  - (b) sections 426 to 429 are not to apply to the employment-related securities after that chargeable event.
- (2) An election under this section—
- (a) is to be made by agreement by the employer and the employee, and
  - (b) is irrevocable.
- (3) Such an agreement—
- (a) must be made in a form approved by the Board of Inland Revenue, and
  - (b) may not be made more than 14 days after the chargeable event.

### **Election for full or partial disapplication of this Chapter**

- 431 (1) The employer and the employee may elect in relation to employment-related securities which are restricted securities or a restricted interest in securities that—
- (a) for the relevant tax purposes their market value at the time of the acquisition is to be calculated as if they were not, and
  - (b) sections 425 to 430 are not to apply to the employment-related securities.
- (2) Or the employer and the employee may elect in relation to employment-related securities which are restricted securities or a restricted interest in securities that—
- (a) for the relevant tax purposes their market value at the time of the acquisition is to be calculated, and
  - (b) sections 425 to 430 are to apply to the employment-related securities,
- as if any specified restriction did not apply to the employment-related securities.
- (3) For the purposes of subsections (1) and (2) “the relevant tax purposes” are—
- (a) determining any amount that is to constitute earnings from the employment under Chapter 1 of Part 3 (earnings),

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- (b) determining the amount of any gain realised on the occurrence of an event that is a chargeable event by virtue of section 439(3)(a) (conversion),
  - (c) operating Chapter 3C of this Part (acquisition of securities for less than market value), and
  - (d) determining any amount that counts as employment income of the employee under Chapter 5 of this Part (securities acquired pursuant to securities option).
- (4) An election under this section—
- (a) is to be made by agreement by the employer and the employee, and
  - (b) is irrevocable.
- (5) Such an agreement—
- (a) must be made in a form approved by the Board of Inland Revenue, and
  - (b) may not be made more than 14 days after the acquisition.

### **Definitions**

432 (1) In this Chapter—

“interest”, in relation to securities,  
“securities”,  
“securities option”, and  
“shares”,  
have the meaning indicated in section 420.

(2) In this Chapter “market value” has the meaning indicated in section 421(1).

(3) For the purposes of this Chapter sections 421(2) and 421A apply for determining the amount of the consideration given for anything and section 421I applies for determining the amount of the consideration given for the acquisition of employment-related securities.

(4) In this Chapter—

“the acquisition”,  
“the employee” (except in section 429),  
“the employer”,  
“the employment”, and  
“employment-related securities”,  
have the meaning indicated in section 421B(8).

(5) In this Chapter “associated person” has the meaning indicated in section 421C.

(6) In this Chapter—

“associated company”, and  
“employee-controlled”,  
have the meaning indicated in section 421H.

(7) In this Chapter—

“restricted interest in securities”, and

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“restricted securities”,  
have the meaning indicated in sections 423 and 424.

- (8) In this Chapter “restriction”, in relation to securities or an interest in securities, means provision relating to the securities or interest which is made by any contract, agreement, arrangement or condition and to which any of subsections (2) to (4) of section 423 applies.
- (9) In this Chapter “variation”, in relation to a restriction, has the meaning indicated in section 427(4).
- (10) In this Chapter “convertible securities” has the same meaning as in Chapter 3 of this Part (see section 436).”.
- (2) Sub-paragraph (1) has effect on and after such day as the Treasury may by order made by statutory instrument appoint but does not affect any securities, or interests in securities, acquired before 16th April 2003.
- (3) Section 431 has effect in relation to securities, or interests in securities, acquired before the day appointed under sub-paragraph (2)—
- (a) with the substitution in subsections (1)(b) and (2)(b) for “sections 425 to 430” of “ section 426 as originally enacted and sections 426 to 430 as substituted by paragraph 3(1) of Schedule 22 to the Finance Act 2003 ”, and
  - (b) with the substitution in subsection (5)(b) for “the acquisition” of “ the day appointed under paragraph 3(2) of Schedule 22 to the Finance Act 2003 ”.
- (4) But sub-paragraph (3) does not apply where in relation to the securities or interest in securities an amount counts as employment income of the employee under section 427 or 449 of the Income Tax (Earnings and Pensions) Act 2003 (c. 1) as originally enacted.

#### Commencement Information

**I105** Sch. 22 para. 3(1) in force at 1.9.2003 for the purposes of the amendment made by that sub-paragraph by [S.I. 2003/1997](#), [art. 2](#)

- 4 (1) For Chapter 3 of Part 7 substitute—

### “CHAPTER 3

#### CONVERTIBLE SECURITIES

##### *Introduction*

#### **Application of this Chapter**

- 435 This Chapter applies to employment-related securities if they are—
- (a) convertible securities, or
  - (b) an interest in convertible securities,
- at the time of the acquisition.



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### **“Convertible securities”**

- 436 For the purposes of this Chapter securities are convertible securities if—
- (a) they confer on the holder an immediate or conditional entitlement to convert them into securities of a different description,
  - (b) a contract, agreement, arrangement or condition authorises or requires the grant of such an entitlement to the holder if certain circumstances arise, or do not arise, or
  - (c) a contract, agreement, arrangement or condition makes provision for the conversion of the securities (otherwise than by the holder) into securities of a different description.

#### *Tax relief on acquisition*

### **Adjustment of charge**

- 437 For the purposes of—
- (a) any liability to tax under Chapter 1 of Part 3 (earnings), Chapter 10 of Part 3 (taxable benefits: residual liability to charge) or Chapter 5 of this Part (acquisition of securities pursuant to securities option), and
  - (b) the operation of Chapter 3C of this Part (acquisition of securities for less than market value),
- the market value of the employment-related securities is to be determined as if they were not convertible securities or an interest in convertible securities.

#### *Tax charge on post-acquisition chargeable events*

### **Charge on occurrence of chargeable event**

- 438 (1) This section applies if a chargeable event occurs in relation to the employment-related securities.
- (2) The taxable amount determined under section 440 counts as employment income of the employee for the relevant tax year.
  - (3) The “relevant tax year” is the tax year in which the chargeable event occurs.
  - (4) Section 439 explains what are chargeable events for the purposes of this section.
  - (5) This section is subject to section 443 (case outside charge under this section).

### **Chargeable events**

- 439 (1) This section applies for the purposes of section 438 (charge on occurrence of chargeable event).
- (2) Any of the events mentioned in subsection (3) is a “chargeable event” in relation to the employment-related securities.
  - (3) The events are—

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- (a) the conversion of the employment-related securities (or the securities in which they are an interest) into securities of a different description in circumstances in which an associated person is beneficially entitled to the securities into which the employment-related securities are converted,
  - (b) the disposal for consideration of the employment-related securities, or any interest in them, by an associated person otherwise than to another associated person (at a time when they are still convertible securities or an interest in convertible securities),
  - (c) the release for consideration of the entitlement to convert the employment-related securities (or the securities in which they are an interest) into securities of a different description, and
  - (d) the receipt by an associated person of a benefit in money or money's worth in connection with the entitlement to convert (other than securities acquired on the conversion of the employment-related securities or consideration such as is mentioned in paragraph (b) or (c)).
- (4) A benefit received on account of any disability (within the meaning of the Disability Discrimination Act 1995) of the employee is to be disregarded for the purposes of subsection (3)(d).

#### **Amount of charge**

- 440 (1) The taxable amount for the purposes of section 438 (charge on occurrence of chargeable event) is—

### **AG - CE**

- (2) AG is the amount of any gain realised on the occurrence of the chargeable event.
- (3) CE is the amount of any consideration given for the entitlement to convert the employment-related securities or the securities in which they are an interest together with the amount of any expenses incurred by the holder of the employment-related securities in connection with the conversion, disposal, release or receipt.
- (4) Section 441 explains what is the amount of any gain realised on the occurrence of a chargeable event.
- (5) Section 442 explains whether consideration is given for the entitlement to convert the employment-related securities or the securities in which they are an interest and, if it is, what is its amount.

#### **Amount of gain realised on occurrence of chargeable event**

- 441 (1) This section applies for the purposes of section 440 (amount of charge on occurrence of chargeable event).
- (2) The amount of the gain realised on the occurrence of an event that is a chargeable event by virtue of section 439(3)(a) (conversion) is—

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## CMVCS - (CMVERS + CC)

- (3) The amount of the gain realised on the occurrence of an event that is a chargeable event by virtue of section 439(3)(b) (disposal) is—

## DC - CMVERS

- (4) The amount of the gain realised on the occurrence of an event that is a chargeable event by virtue of section 439(3)(c) (release of entitlement to convert) is the amount of the consideration received by an associated person in respect of the release.
- (5) The amount of the gain realised on the occurrence of an event that is a chargeable event by virtue of section 439(3)(d) (receipt of benefit) is the amount or market value of the benefit.
- (6) CMVCS—
- (a) if the employment-related securities are securities, is the market value at the time of the chargeable event of the securities into which they are converted (determined, where those securities are themselves convertible securities, as if they were not), or
  - (b) if the employment-related securities are an interest in securities, is the same proportion of that market value as the market value of the interest in the securities in which the employment-related securities are an interest bears to the market value of those securities.
- (7) CMVERS is the market value of the employment-related securities at the time of the chargeable event determined as if they were not convertible securities or an interest in convertible securities.
- (8) CC is the amount of any consideration given for the conversion of the employment-related securities.
- (9) DC is the amount of the consideration given on the disposal.

### **Amount of consideration given for entitlement to convert**

- 442 (1) This section applies for the purposes of section 440 (amount of charge on occurrence of chargeable event).
- (2) Consideration is to be regarded as given for the entitlement to convert the employment-related securities (or the securities in which they are an interest) if (and only if) ACS exceeds NCMV.
- (3) The amount of the consideration to be regarded as so given is the amount of the excess.
- (4) ACS is the amount of the consideration given for the acquisition of the employment-related securities.
- (5) NCMV is the market value of the employment-related securities at the time of the acquisition, determined as if they were not convertible securities or an interest in convertible securities.

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### **Case outside charge under section 438**

- 443 (1) Section 438 (charge on occurrence of chargeable event) does not apply if—
- (a) the employment-related securities are shares (or an interest in shares) in a company of a class,
  - (b) all the company's shares of the class are convertible securities,
  - (c) all the company's shares of the class (other than the employment-related securities) are affected by an event similar to that which is a chargeable event in relation to the employment-related securities, and
  - (d) subsection (3) or (4) is satisfied.
- (2) For the purposes of subsection (1)(c) shares are affected by an event similar to that which is a chargeable event in relation to the employment-related securities—
- (a) in the case of a chargeable event within section 439(3)(a) (conversion), if they are converted into securities of a different description,
  - (b) in the case of a chargeable event within section 439(3)(b) (disposal), if they are disposed of,
  - (c) in the case of a chargeable event within section 439(3)(c) (release of entitlement to convert), if the entitlement to convert them into securities of a different description is released, or
  - (d) in the case of a chargeable event within section 439(3)(d) (receipt of benefit), if a similar benefit is received in respect of the entitlement to convert them.
- (3) This subsection is satisfied if, immediately before the event that would be a chargeable event, the company is employee-controlled by virtue of holdings of shares of the class.
- (4) This subsection is satisfied if, immediately before that event, the majority of the company's shares of the class are not held by or for the benefit of any of the following—
- (a) employees of the company,
  - (b) persons who are related to an employee of the company,
  - (c) associated companies of the company,
  - (d) employees of any associated company of the company, or
  - (e) persons who are related to an employee of any such associated company.
- (5) For the purposes of subsection (4) a person is related to an employee if—
- (a) the person acquired the shares pursuant to a right or opportunity available by reason of the employee's employment, or
  - (b) the person is connected with a person who so acquired the shares or with the employee and acquired the shares otherwise than by or under a disposal made by way of a bargain at arm's length from the employee or another person who is related to the employee.

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## Supplementary

### Definitions

444 (1) In this Chapter—

“interest”, in relation to securities,  
“securities”, and  
“shares”,

have the meaning indicated in section 420.

(2) In this Chapter “market value” has the meaning indicated in section 421(1).

(3) For the purposes of this Chapter sections 421(2) and 421A apply for determining the amount of the consideration given for anything and section 421I applies for determining the amount of the consideration given for the acquisition of employment-related securities.

(4) In this Chapter—

“the acquisition”,  
“the employee” (except in section 443), and  
“employment-related securities”,

have the meaning indicated in section 421B(8).

(5) In this Chapter “associated person” has the meaning indicated in section 421C.

(6) In this Chapter—

“associated company”, and  
“employee-controlled”,

have the meaning indicated in section 421H.

(7) In this Chapter “convertible securities” has the meaning indicated in section 436.”.

(2) Sub-paragraph (1) has effect on and after the day appointed under paragraph 3(2) (so that, apart from section 437, the provisions of Chapter 3 of Part 7 as substituted by that sub-paragraph apply on and after that day in relation to employment-related securities irrespective of the date of the acquisition).

5 (1) After Chapter 3 of Part 7 insert—

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## “CHAPTER 3A

### SECURITIES WITH ARTIFICIALLY DEPRESSED MARKET VALUE

#### *Introduction*

#### **Application of this Chapter**

- 446A) This Chapter applies in certain cases where the market value of employment-related securities (or other relevant securities or interests in securities) is reduced by things done otherwise than for genuine commercial purposes.
- (2) The following are among the things that are, for the purposes of this Chapter, done otherwise than for genuine commercial purposes—
- (a) anything done as part of a scheme or arrangement the main purpose, or one of the main purposes, of which is the avoidance of tax or national insurance contributions, and
  - (b) any transaction between companies which are members of the same group on terms which are not such as might be expected to be agreed between persons acting at arm’s length (other than a payment for group relief).
- (3) In subsection (2)(b)—
- (a) “group” means a company and its 51% subsidiaries, and
  - (b) “group relief” has the same meaning as in section 402(6) of ICTA.

#### *Tax charge on acquisition*

#### **Charge on acquisition**

- 446B) This section applies where the market value of employment-related securities at the time of the acquisition has been reduced by at least 10% as a result of things done otherwise than for genuine commercial purposes within the period of 7 years ending with the acquisition.
- (2) The taxable amount determined under section 446C counts as employment income of the employee for the tax year in which the acquisition occurs.
- (3) But this section does not apply if section 425(2) (no charge on acquisition of certain restricted securities or restricted interests in securities) applies in relation to the employment-related securities.
- (4) This section does not affect any liability to income tax arising in respect of the acquisition of the employment-related securities under—
- (a) Chapter 1 of Part 3 (earnings),
  - (b) Chapter 10 of Part 3 (taxable benefits: residual liability to charge),
  - (c) Chapter 3 of this Part (acquisition by conversion),
  - (d) Chapter 3C of this Part (acquisition for less than market value), or
  - (e) Chapter 5 of this Part (acquisition pursuant to securities option).

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### **Amount of charge**

446(C) The taxable amount for the purposes of section 446B (charge on acquisition) is—

### **FMV - MV**

- (2) FMV is what would be the market value of the employment-related securities at the time of the acquisition if the things mentioned in section 446B(1) had not been done.
- (3) MV is the actual market value of the employment-related securities at the time of the acquisition.
- (4) But where what would be MV is less than the amount of any consideration given for the acquisition of the employment-related securities, MV is the amount of that consideration.
- (5) This section is subject to section 446D (restricted securities and convertible securities).

### **Restricted securities and convertible securities**

- 446(D) Where the employment-related securities are restricted securities or a restricted interest in securities, FMV (but not MV) is to be determined as if the employment-related securities were not restricted securities or a restricted interest in securities; and, accordingly, sections 426 to 431 (post-acquisition charges on restricted securities) do not apply to the employment-related securities.
- (2) Where the employment-related securities are convertible securities or an interest in convertible securities, FMV and MV are to be determined as if they were not.

### *Other tax charges*

### **Charge on restricted securities**

- 446(E) This section applies where the market value of employment-related securities which are restricted securities or a restricted interest in securities is artificially low—
- (a) immediately after an event which is a chargeable event in relation to the employment-related securities for the purposes of section 426 (charge on restricted securities), or
  - (b) on 5th April in any year.
- (2) The market value of the employment-related securities is artificially low where it has been reduced by at least 10% as a result of things done otherwise than for genuine commercial purposes within the relevant period.
  - (3) The reference in subsection (2) of section 428 (amount of charge on restricted securities) to what would be the market value of the employment-related securities is, so far as it relates to subsection (1) of that section, a reference

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to what would be the market value but for the reduction as a result of the things done as mentioned in subsection (2) (and but for any restrictions).

- (4) In a case within subsection (1)(b), there shall be treated as occurring on the 5th April concerned a chargeable event within section 427(3)(a) (lifting of restrictions) in relation to the employment-related securities.
- (5) “The relevant period” is the period of 7 years ending with—
  - (a) in a case within subsection (1)(a), the chargeable event concerned, or
  - (b) in a case within subsection (1)(b), the 5th April concerned.
- (6) But if section 425(2) (no charge on acquisition of certain restricted securities or restricted interests in securities) applied in relation to the employment-related securities, the relevant period is the period beginning 7 years before the acquisition.

#### **Adjustment of market value: conditional interests**

- 446(F) This section applies where the market value of an employee’s interest in shares which is only conditional is artificially low immediately after a chargeable event relating to the shares under section 427 as originally enacted.
- (2) The market value of the shares is artificially low where it has been reduced by at least 10% as a result of things done otherwise than for genuine commercial purposes within the period beginning—
    - (a) 7 years before the chargeable event, or
    - (b) with 16th April 2003,
 whichever is later.
  - (3) There is a chargeable event in relation to shares if section 427 (as originally enacted) applies in relation to them.
  - (4) The reference in the definition of MV in section 428(1) (as originally enacted) to the market value of the employee’s interest is to what would be the market value but for the reduction as a result of the things done as mentioned in subsection (2).
  - (5) Expressions used in this section and in Chapter 2 of this Part as originally enacted have the same meaning in this section as in that Chapter.

#### **Adjustment of market value: consideration for entitlement to convert**

- 446(G) This section applies where the market value of employment-related securities which are convertible securities or an interest in convertible securities (determined as if they were not) has been reduced by at least 10% as a result of things done otherwise than for genuine commercial purposes within the period of 7 years ending with the acquisition.
- (2) The reference to the market value of the employment-related securities in the definition of NCMV in section 442(5) (value of convertible securities at time of acquisition) is to what would be the market value but for the reduction as a result of the things done as mentioned in subsection (1) (and but for the fact that they are convertible securities or an interest in convertible securities).



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### **Adjustment of market value: charge on conversion**

446(1) This section applies where the market value of securities (“the converted securities”) into which employment-related securities (or securities in which employment-related securities are an interest) are converted is artificially low at the time of an event which is a chargeable event in relation to the employment-related securities by virtue of section 439(3)(a) (conversion).

- (2) The market value of the converted securities is artificially low where it has been reduced by at least 10% as a result of things done otherwise than for genuine commercial purposes within the period of 7 years ending with the chargeable event.
- (3) The references to the market value of the converted securities in the definition of CMVCS in section 441(6) (amount of gain realised by conversion) are to what would be the market value but for the reduction as a result of the things done as mentioned in subsection (2).

### **Adjustment of consideration or benefit received**

446(1) This section applies where any consideration or benefit mentioned in—

- (a) section 428(9) (consideration on disposal of restricted securities),
- (b) section 441(4), (5) or (9) (consideration for disposal of convertible securities or release of entitlement to convert or benefit received in respect of entitlement to convert),
- (c) section 446C(4) (securities with artificially depressed market value: MV to be amount of consideration),
- (d) sections 446X and 446Y(3) (consideration for disposal of securities exceeding market value), or
- (e) section 448 (securities benefit not otherwise subject to tax),

consists (in whole or in part) in the provision of securities or an interest in securities the market value of which is artificially low.

- (2) The market value of any securities or interest in securities is artificially low where it has been reduced by at least 10% as a result of things done otherwise than for genuine commercial purposes within the period of 7 years ending with the receipt of the consideration or benefit.
- (3) The market value of the consideration or benefit consisting in the provision of the securities or interest in securities is for the purposes of the provision or provisions concerned to be taken to be what it would be but for the reduction as a result of the things done as mentioned in subsection (2).

### *Supplementary*

### **Definitions**

446(1) In this Chapter—

- “interest”, in relation to securities, and  
“securities”,  
have the meaning indicated in section 420.

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- (2) In this Chapter “market value” has the meaning indicated in section 421(1).
- (3) For the purposes of this Chapter sections 421(2) and 421A apply for determining the amount of the consideration given for anything and section 421I applies for determining the amount of the consideration given for the acquisition of employment-related securities.
- (4) In this Chapter—  
     “the acquisition”,  
     “the employee”, and  
     “employment-related securities”,  
 have the meaning indicated in section 421B(8).
- (5) In this Chapter—  
     “restricted interest in securities”, and  
     “restricted securities”,  
 have the same meaning as in Chapter 2 of this Part (see sections 423 and 424).
- (6) In this Chapter “restriction” has the same meaning as in Chapter 2 of this Part (see section 432(8)).
- (7) In this Chapter “convertible securities” has the same meaning as in Chapter 3 of this Part (see section 436).”.
- (2) Sub-paragraph (1) has effect on and after 16th April 2003 (so that sections 446A, 446F to 446H, 446I(1)(b) to (e), (2) and (3) and 446J apply on and after that date in relation to employment-related securities irrespective of the date of the acquisition).
- (3) Sections 446E and 446I(1)(a) do not affect any securities, or interests in securities, acquired before 16th April 2003; and, in relation to any securities or interests in securities acquired on or after that date but before the day appointed under paragraph 3(2), those provisions apply only on or after that appointed day.
- (4) Section 446F—  
 (a) applies in relation to conditional interests in shares acquired before 16th April 2003, and  
 (b) applies during the period beginning with that date and ending with the day preceding that appointed day in relation to conditional interests in shares acquired during that period.
- 6 (1) After Chapter 3A of Part 7 (inserted by paragraph 5(1)) insert—

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## “CHAPTER 3B

### SECURITIES WITH ARTIFICIALLY ENHANCED MARKET VALUE

#### *Introduction*

#### **Application of this Chapter**

- 446K1) This Chapter applies in certain cases where the market value of employment-related securities is increased by things done otherwise than for genuine commercial purposes.
- (2) The following are among the things that are, for the purposes of this Chapter, done otherwise than for genuine commercial purposes—
- (a) anything done as part of a scheme or arrangement the main purpose, or one of the main purposes, of which is the avoidance of tax or national insurance contributions, and
  - (b) any transaction between companies which are members of the same group on terms which are not such as might be expected to be agreed between persons acting at arm’s length (other than a payment for group relief).
- (3) In subsection (2)(b)—
- (a) “group” means a company and its 51% subsidiaries, and
  - (b) “group relief” has the same meaning as in section 402(6) of ICTA.
- (4) In this Chapter, in relation to the market value of the employment-related securities—
- “non-commercial increase” means an increase in the market value as a result of anything done otherwise than for genuine commercial purposes, and
  - “non-commercial reduction” means a reduction in the market value as a result of anything done otherwise than for genuine commercial purposes.

#### *Charge on non-commercial increases*

#### **Charge on non-commercial increases**

- 446L1) This section applies in relation to employment-related securities where on a date that is the valuation date in relation to a relevant period IMV is at least 10% greater than MV.
- (2) The taxable amount determined under subsection (4) counts as employment income of the employee for the relevant tax year (but subject to sections 446M and 446N).
- (3) The “relevant tax year” is the tax year in which the valuation date falls.
- (4) The taxable amount is—

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## IMV - MV

- (5) IMV is the market value of the employment-related securities on the valuation date.
- (6) MV is the amount that would be the market value of the employment-related securities on the valuation date if any non-commercial increases during the relevant period were disregarded.
- (7) For the purposes of subsections (5) and (6)—
  - (a) any restrictions having effect in relation to the employment-related securities on the valuation date, and
  - (b) any non-commercial reductions during the relevant period,
 are to be disregarded.

### Securities subject to restriction on valuation date

- 446M) This section applies where on the valuation date the employment-related securities are relevant restricted securities.
- (2) The amount determined under section 446L(4) is to be multiplied by CP.
- (3) CP is—

## 1-OP

where OP is the amount that would be determined under section 428(5) (amount of charge on chargeable event in relation to restricted securities) on the valuation date if there were on that date a chargeable event (resulting in no tax charge).

- (4) For the purposes of this section the employment-related securities are relevant restricted securities if they are restricted securities or a restricted interest in securities but are not subject to—
  - (a) an election under section 430 (election to ignore outstanding restrictions) in relation to a chargeable event which occurred before the valuation date, or
  - (b) an election under section 431(1) (election to treat securities as not subject to restrictions).
- (5) If sections 425 to 430 apply to the employment-related securities in accordance with section 431(2) (election to treat securities as not subject to specified restrictions), the reference in subsection (3) to the amount that would be determined under section 428(5) is to the amount that would be so determined in accordance with section 431(2).

### Securities subject to restriction during relevant period

- 446N) This section applies where the employment-related securities have been restricted securities or a restricted interest in securities at any time during the relevant period.

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- (2) DA is to be deducted from the amount determined under section 446L(4) (or, where section 446M applies, the amount determined under sections 446L(4) and 446M).
- (3) DA is the aggregate of the amounts arrived at under subsection (4) in relation to each event occurring during the relevant period that is a chargeable event in relation to the employment-related securities.
- (4) The amount is—

## TA- ARTA

- (5) TA is the taxable amount actually determined under section 428 in relation to the chargeable event.
- (6) ARTA is the taxable amount which would have been determined under section 428 in relation to the chargeable event if any non-commercial increases during the period—
  - (a) beginning at the same time as the relevant period, and
  - (b) ending immediately before the chargeable event,had been disregarded.

### *Supplementary*

#### **“Relevant period” and “valuation date”**

- 446(1) This section explains what is meant by “relevant period” and “valuation date” in this Chapter.
- (2) The first relevant period in relation to employment-related securities is the period beginning with the date of the acquisition and ending with the following 5th April.
  - (3) After the first relevant period, each period beginning with 6th April and ending with the following 5th April is a relevant period in relation to the employment-related securities.
  - (4) But if this Chapter ceases to apply to the employment-related securities during a relevant period, the relevant period ends with the date on which this Chapter ceases to apply to them.
  - (5) And if this Chapter ceases to apply to an interest in the employment-related securities during a relevant period, the relevant period ends in relation to that interest with the date on which this Chapter ceases to apply to that interest.
  - (6) In a case where subsection (5) applies, this Chapter has effect separately in relation to that interest and the remainder of the employment-related securities.
  - (7) In this Chapter “valuation date”, in relation to a relevant period, means the date with which the relevant period ends.

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## Definitions

- 446P(1) In this Chapter “interest”, in relation to securities, has the meaning indicated in section 420.
- (2) In this Chapter “market value” has the meaning indicated in section 421(1).
- (3) In this Chapter—  
“the acquisition”,  
“the employee”, and  
“employment-related securities”,  
have the meaning indicated in section 421B(8).
- (4) In this Chapter—  
“restricted interest in securities”, and  
“restricted securities”,  
have the same meaning as in Chapter 2 of this Part (see sections 423 and 424).
- (5) In this Chapter “chargeable event” means an event which is a chargeable event for the purposes of section 426.
- (6) In this Chapter “restriction” has the same meaning as in Chapter 2 of this Part (see section 432(8)).
- (7) In this Chapter—  
“non-commercial increase”, and  
“non-commercial reduction”,  
have the meaning indicated in section 446K(4).
- (8) In this Chapter—  
“relevant period”, and  
“valuation date”,  
have the meaning indicated in section 446O.”.
- (2) Subject as follows, sub-paragraph (1) has effect on and after 16th April 2003 (so that it applies on and after that date in relation to employment-related securities irrespective of the date of the acquisition).
- (3) Sections 446M and 446N do not affect any securities, or interests in securities, acquired before 16th April 2003; and, in relation to any securities or interests in securities acquired on or after that date but before the day appointed under paragraph 3(2), those sections apply only on and after that appointed day.
- (4) For the purposes of section 446O employment-related securities acquired before 16th April 2003 are to be treated as acquired on that date.
- 7 (1) After Chapter 3B of Part 7 (inserted by paragraph 6(1)) insert—

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## “CHAPTER 3C

### SECURITIES ACQUIRED FOR LESS THAN MARKET VALUE

#### Application of this Chapter

446Q) This Chapter applies if—

- (a) no payment is made for employment-related securities at or before the time of the acquisition, or
  - (b) the payment made for employment-related securities at or before that time is less than their market value.
- (2) For the purposes of subsection (1) any obligation to make a payment or further payment after the time of the acquisition is to be disregarded.
- (3) Where the employment-related securities are, or are an interest in, securities which are not fully paid up, the reference in subsection (1) to the market value of the employment-related securities is to what it would be if the securities were fully paid up.
- (4) If section 425(2) (no charge on acquisition of certain restricted securities or restricted interests in securities) applies in relation to the employment-related securities, this Chapter has effect as if the employment-related securities were not acquired until the occurrence of the first event which is a chargeable event for the purposes of section 426 in relation to the employment-related securities.
- (5) This section is subject to section 446R (case outside this Chapter).

#### Case outside this Chapter

446R) This Chapter does not apply if—

- (a) the employment-related securities are shares (or an interest in shares) in a company of a class,
  - (b) all the company’s shares of the class are acquired either for no payment or for a payment less than their market value, and
  - (c) subsection (3) or (4) is satisfied.
- (2) Where the company’s shares of the class are not fully paid up, the reference in subsection (1) to their market value is to what it would be if they were fully paid up.
- (3) This subsection is satisfied if, at the time of the acquisition of the employment-related securities, the company is employee-controlled by virtue of holdings of shares of the class.
- (4) This subsection is satisfied if, at that time, the majority of the company’s shares of the class are not held by or for the benefit of any of the following—
- (a) employees of the company,
  - (b) persons who are related to an employee of the company,
  - (c) associated companies of the company,
  - (d) employees of any associated company of the company, or

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- (e) persons who are related to an employee of any such associated company.
- (5) For the purposes of subsection (4) a person is related to an employee if—
  - (a) the person acquired the shares pursuant to a right or opportunity available by reason of the employee’s employment, or
  - (b) the person is connected with a person who so acquired the shares or with the employee and acquired the shares otherwise than by or under a disposal made by way of a bargain at arm’s length from the employee or another person who is related to the employee.

### **Notional loan**

- 446(S) Where this Chapter applies an interest-free loan (“the notional loan”) is to be treated as having been made to the employee by the employer at the time of the acquisition.
- (2) The provisions listed in subsection (3) apply as though the notional loan were an employment-related loan as defined in section 174 if and for so long as the employment has not terminated.
  - (3) The provisions are—
    - section 175 (benefit of taxable cheap loan treated as earnings),
    - section 178 (exception for loans where interest qualifies for tax relief),
    - section 180 (threshold for benefit of loan to be treated as earnings),
    - section 182 (normal method of calculation: averaging),
    - section 183 (alternative method of calculation),
    - section 184 (interest treated as paid),
    - section 185 (apportionment of cash equivalent in case of joint loan etc),
    - and
    - section 187 (aggregation of loans by close company to director).

### **Amount of notional loan**

446(I) The amount of the notional loan initially outstanding is—

$$MV - DA$$

where—

MV is the market value of the employment-related securities at the time of the acquisition, and

DA is the total of any deductible amounts.

- (2) Where the employment-related securities are, or are an interest in, securities which are not fully paid up, the reference in subsection (1) to the market value of the employment-related securities is to what it would be if the securities were fully paid up.
- (3) For the purposes of subsection (1) each of the following is a “deductible amount”—



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- (a) any payment made for the employment-related securities by the employee, and any payment so made by the person by whom they were acquired (if not the employee), at or before the time of the acquisition,
  - (b) any amount that constitutes earnings from the employee's employment under Chapter 1 of Part 3 (earnings) in respect of the acquisition of the employment-related securities,
  - (c) if section 425(2) (no charge on acquisition of certain restricted securities or restricted interests in securities) applies in relation to the employment-related securities, any amount that counts as employment income of the employee under section 426 by reason of the first event which is a chargeable event for the purposes of that section in relation to the employment-related securities,
  - (d) if the employment-related securities were acquired on a conversion of other employment-related securities, any amount that counts as employment income of the employee under section 438 (charge on conversion) by reason of the conversion, and
  - (e) if the acquisition is pursuant to a securities option, any amount that counted as employment income of the employee under section 476 (acquisition of securities pursuant to securities option) in respect of the acquisition.
- (4) The amount of the notional loan outstanding at any subsequent time is the difference between—
- (a) the amount initially outstanding, and
  - (b) the amount of any payments or further payments made for the employment-related securities after the acquisition but before that time.

### **Discharge of notional loan**

- 446(1) The notional loan is treated as discharged when—
- (a) the employment-related securities are disposed of otherwise than to an associated person, or
  - (b) if the employment-related securities were securities, or an interest in securities, not fully paid up at the time of the acquisition, the outstanding or contingent liability to pay for them is released, transferred or adjusted so as no longer to bind any associated person.
- (2) If the notional loan is discharged as the result of an event specified in subsection (1), the amount of the notional loan outstanding immediately before the occurrence of the event counts as employment income of the employee for the relevant tax year (whether or not the employment has terminated before or since the acquisition).
- (3) The “relevant tax year” is the tax year in which the notional loan is treated as discharged.
- (4) The notional loan is also treated as discharged when—
- (a) payments or further payments for the employment-related securities equal to the amount initially outstanding in relation to them have been made by an associated person, or

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- (b) the employee dies.

### **Chapter to be additional to other income tax charges**

446V This Chapter does not affect any liability to income tax arising in respect of the acquisition under—

- (a) Chapter 1 of Part 3 (earnings),
- (b) Chapter 10 of Part 3 (taxable benefits: residual liability to charge),
- (c) Chapter 3 of this Part (acquisition by conversion),
- (d) Chapter 3A of this Part (securities with artificially depressed market value), or
- (e) Chapter 5 of this Part (acquisition of securities pursuant to securities option).

### **Definitions**

446W(1) In this Chapter—

“interest”, in relation to securities,

“securities”,

“securities option”, and

“shares”,

have the meaning indicated in section 420.

(2) In this Chapter “market value” has the meaning indicated in section 421(1).

(3) In this Chapter “the acquisition” has the meaning indicated in section 421B(8) (but subject to section 446Q(4)).

(4) In this Chapter—

“the employment”,

“the employee” (except in section 446R),

“the employer”, and

“employment-related securities”,

have the meaning indicated in section 421B(8).

(5) In this Chapter “associated person” has the meaning indicated in section 421C.

(6) In this Chapter—

“associated company”, and

“employee-controlled”,

have the meaning indicated in section 421H.

(7) In this Chapter “the notional loan” has the meaning indicated in section 446S(1).”.

(2) Sub-paragraph (1) has effect in relation to securities, and interests in securities, acquired on or after 16th April 2003.

8 (1) After Chapter 3C of Part 7 (inserted by paragraph 7(1)) insert—

*Status: Point in time view as at 15/03/2023.*

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## “CHAPTER 3D

### SECURITIES DISPOSED OF FOR MORE THAN MARKET VALUE

#### Application of this Chapter

446X This Chapter applies if—

- (a) employment-related securities are disposed of by an associated person so that no associated person is any longer beneficially entitled to them, and
- (b) the disposal is for a consideration which exceeds the market value of the employment-related securities at the time of the disposal.

#### Amount treated as income

446(1) Where this Chapter applies the amount determined under subsection (3) counts as employment income of the employee for the relevant tax year.

- (2) The “relevant tax year” is the tax year in which the disposal occurs.
- (3) The amount is—

### CD - MV - DA

where—

CD is the amount of the consideration given on the disposal,

MV is the market value of the employment-related securities at the time of the disposal, and

DA is the amount of any expenses incurred in connection with the disposal.

#### Definitions

446(1) In this Chapter “market value” has the meaning indicated in section 421(1).

- (2) For the purposes of this Chapter sections 421(2) and 421A apply for determining the amount of the consideration given for anything.
- (3) In this Chapter—  
“the employee”, and  
“employment-related securities”,  
have the meaning indicated in section 421B(8).
- (4) In this Chapter “associated person” has the meaning indicated in section 421C.”.

(2) Sub-paragraph (1) has effect in relation to securities, and interests in securities, disposed of on or after 16th April 2003.

9 (1) For Chapter 4 of Part 7 substitute—

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## “CHAPTER 4

### POST-ACQUISITION BENEFITS FROM SECURITIES

#### **Charge on other chargeable benefits from securities**

- 447 (1) This Chapter applies if an associated person receives a benefit by virtue of the ownership of employment-related securities by that person or another associated person.
- (2) The taxable amount determined under section 448 counts as employment income of the employee for the relevant tax year.
- (3) The “relevant tax year” is the tax year in which the benefit is received.
- (4) This section does not apply if the benefit is otherwise chargeable to income tax.
- (5) This section is subject to section 449 (case outside this Chapter).

#### **Amount of charge**

- 448 The taxable amount for the purposes of section 447 (charge on other chargeable benefits) is the amount or market value of the benefit.

#### **Case outside this Chapter**

- 449 (1) This Chapter does not apply if—
- (a) the employment-related securities are shares (or an interest in shares) in a company of a class,
  - (b) a similar benefit is received by the owners of all the company’s shares of the class, and
  - (c) subsection (2) or (3) is satisfied.
- (2) This subsection is satisfied if, immediately before the receipt of the benefit, the company is employee-controlled by virtue of holdings of shares of the class.
- (3) This subsection is satisfied if, immediately before the receipt of the benefit, the majority of the company’s shares of the class are not held by or for the benefit of any of the following—
- (a) employees of the company,
  - (b) persons who are related to an employee of the company,
  - (c) associated companies of the company,
  - (d) employees of any associated company of the company, or
  - (e) persons who are related to an employee of any such associated company.
- (4) For the purposes of subsection (3) a person is related to an employee if—
- (a) the person acquired the shares pursuant to a right or opportunity available by reason of the employee’s employment, or

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- (b) the person is connected with a person who so acquired the shares or with the employee and acquired the shares otherwise than by or under a disposal made by way of a bargain at arm's length from the employee or another person who is related to the employee.

### Definitions

450 (1) In this Chapter—

“interest”, in relation to shares, and

“shares”,

have the meaning indicated in section 420(8).

(2) In this Chapter “market value” has the meaning indicated in section 421(1).

(3) In this Chapter—

“the employee” (except in section 449), and

“employment-related securities”,

have the meaning indicated in section 421B(8).

(4) In this Chapter “associated person” has the meaning indicated in section 421C.

(5) In this Chapter—

“associated company”, and

“employee-controlled”,

have the meaning indicated in section 421H.”.

(2) Subject to sub-paragraph (3), sub-paragraph (1) has effect on and after 16th April 2003 (so that it applies on and after that date in relation to employment-related securities irrespective of the date of the acquisition).

(3) The provisions of Chapter 4 as originally enacted which are mentioned in sub-paragraph (4)—

(a) continue to apply in relation to shares, and interests in shares, acquired before 16th April 2003, and

(b) apply in relation to shares, and interests in shares, acquired on or after that date until the day appointed under paragraph 3(2).

In this sub-paragraph “shares” means shares in a company or securities as defined in section 254(1) of the Taxes Act 1988 issued by a company.

(4) The provisions are—

section 450(1), (2), (3)(a), (4), (5) and (6)(a), and

sections 447 to 449, section 451, section 452(1) to (3), section 461(1) and (2),

section 462, sections 464 to 466 and sections 468 to 470, so far as relevant

for the purposes of those provisions of section 450 (or the other provisions

mentioned in this subsection so far as so relevant).

10 (1) For Chapter 5 of Part 7 substitute—

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## “CHAPTER 5

### SECURITIES OPTIONS

#### *Introduction*

#### **Options to which this Chapter applies**

- 471 (1) This Chapter applies to a securities option acquired by a person where the right or opportunity to acquire the securities option is available by reason of an employment of that person or any other person.
- (2) For the purposes of subsection (1) “employment” includes a former or prospective employment.
- (3) A right or opportunity to acquire a securities option made available by a person’s employer, or a person connected with a person’s employer, is to be regarded for the purposes of subsection (1) as available by reason of an employment of that person unless—
- (a) the person by whom the right or opportunity is made available is an individual, and
  - (b) the right or opportunity is made available in the normal course of the domestic, family or personal relationships of that person.
- (4) A right or opportunity to acquire a securities option available by reason of holding employment-related securities is to be regarded for the purposes of subsection (1) as available by reason of the same employment as that by reason of which the right or opportunity to acquire the employment-related securities was available.
- (5) In this Chapter—
- “the acquisition”, in relation to an employment-related securities option, means the acquisition of the employment-related securities option pursuant to the right or opportunity available by reason of the employment,
- “the employment” means the employment by reason of which the right or opportunity to acquire the employment-related securities option is available (“the employee” and “the employer” being construed accordingly), and
- “employment-related securities option” means a securities option to which this Chapter applies.

#### **Associated persons**

- 472 (1) For the purposes of this Chapter the following are “associated persons” in relation to an employment-related securities option—
- (a) the person who acquired the employment-related securities option on the acquisition,
  - (b) (if different) the employee, and
  - (c) any relevant linked person.

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- (2) A person is a relevant linked person if—
  - (a) that person (on the one hand), and
  - (b) either the person who acquired the employment-related securities option on the acquisition or the employee (on the other),are connected or, although not connected, are members of the same household.
- (3) But a company which would otherwise be a relevant linked person is not if it is—
  - (a) the employer,
  - (b) the person from whom the employment-related securities option was acquired, or
  - (c) the person by whom the right or opportunity to acquire the employment-related securities option was made available.

### **Introduction to taxation of securities options**

- 473 (1) The starting-point is that section 475 contains an exemption from the liability to tax that might otherwise arise under—
  - (a) Chapter 1 of Part 3 (earnings), or
  - (b) Chapter 10 of that Part (taxable benefits: residual liability to charge),when an employment-related securities option is acquired.
- (2) Liability to tax may arise, when securities are acquired pursuant to the employment-related securities option, under—
  - (a) section 446B (charge on acquisition where market value of securities or interest artificially depressed),
  - (b) Chapter 3C of this Part (acquisition of securities for less than market value), or
  - (c) section 476 (acquisition of securities pursuant to securities option).
- (3) Liability to tax may also arise by virtue of section 476 when—
  - (a) the employment-related securities option is assigned or released, or
  - (b) a benefit is received in connection with the employment-related securities option.
- (4) There are special rules relating to share options acquired under—
  - (a) approved SAYE option schemes (see Chapter 7 of this Part),
  - (b) approved CSOP schemes (see Chapter 8 of this Part), or
  - (c) enterprise management incentives (see Chapter 9 of this Part).

### **Cases where this Chapter does not apply**

- 474 (1) This Chapter (apart from sections 473 and 483) does not apply in relation to an employment-related securities option if, at the time of the acquisition, the earnings from the employment were not (or would not have been if there had been any) general earnings to which section 15 or 21 applies (earnings for year when employee resident and ordinarily resident in the UK).

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- (2) This Chapter (apart from sections 473 and 483) does not apply in the case of a former employment if it would not apply if the acquisition had taken place in the last tax year in which the employment was held.
- (3) This Chapter (apart from sections 473 and 483) does not apply in the case of a prospective employment if it would not apply if the acquisition had taken place in the first tax year in which the employment is held.
- (4) Where the employment-related securities option is a new option (within the meaning of section 483), the references in this section to the acquisition are to the acquisition of the old option (within the meaning of that section).

#### *Tax relief on acquisition of option*

##### **No charge in respect of acquisition of option**

- 475 (1) No liability to income tax arises in respect of the acquisition of an employment-related securities option.
- (2) Subsection (1) is subject to section 526 (approved CSOP schemes: charge where share option granted at a discount).

#### *Tax charge on post-acquisition chargeable events*

##### **Charge on occurrence of chargeable event**

- 476 (1) This section applies if a chargeable event occurs in relation to an employment-related securities option.
- (2) The taxable amount determined under section 478 counts as employment income of the employee for the relevant tax year (but subject to subsection (5)).
  - (3) The “relevant tax year” is the tax year in which the chargeable event occurs.
  - (4) Section 477 explains what are chargeable events for the purposes of this section.
  - (5) If the employee has been divested of the employment-related securities option by operation of law, the person who is the relevant person in relation to the chargeable event (see section 477(7)) is chargeable to tax under Case VI of Schedule D on the amount determined under section 478.
  - (6) This section is subject to—
    - section 519 (approved SAYE option schemes: no charge in respect of exercise of share option by employee),
    - section 524 (approved CSOP schemes: no charge in respect of exercise of share option by employee), and
    - section 530 (enterprise management incentives: no charge on exercise by employee of option to acquire shares at market value).



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### **Chargeable events**

- 477 (1) This section applies for the purposes of section 476 (charge on occurrence of chargeable event).
- (2) Any of the events mentioned in subsection (3) is a “chargeable event” in relation to the employment-related securities option unless it occurs on or after the death of the employee.
- (3) The events are—
- (a) the acquisition of securities pursuant to the employment-related securities option by an associated person,
  - (b) the assignment for consideration of the employment-related securities option by an associated person otherwise than to another associated person or the release for consideration of the employment-related securities option by an associated person, or
  - (c) the receipt by an associated person of a benefit in money or money’s worth in connection with the employment-related securities option (other than securities acquired pursuant to the employment-related securities option or consideration for its assignment or release).
- (4) For the purposes of subsection (3)(a) securities are acquired at the time when a beneficial interest is acquired (and not, if different, the time when the securities are conveyed or transferred).
- (5) A benefit received on account of any disability (within the meaning of the Disability Discrimination Act 1995) of the employee is to be disregarded for the purposes of subsection (3)(c).
- (6) A benefit in money or money’s worth received in consideration for or otherwise in connection with—
- (a) failing or undertaking not to acquire securities pursuant to the employment-related securities option, or
  - (b) granting or undertaking to grant to another person a right to acquire securities which are subject to the employment-related securities option or any interest in them,
- is to be regarded for the purposes of subsection (3)(c) as received in connection with the employment-related securities option.
- (7) For the purposes of section 476(5) (charge under Case VI of Schedule D) the relevant person in relation to a chargeable event is—
- (a) in the case of an event that is a chargeable event by virtue of subsection (3)(a), the person by whom the securities are acquired, and
  - (b) in the case of an event that is a chargeable event by virtue of subsection (3)(b) or (c), the person by whom the consideration or benefit is received.

### **Amount of charge**

- 478 (1) The taxable amount for the purposes of section 476 (charge on occurrence of chargeable event) is—

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## AG - DA

where—

AG is the amount of any gain realised on the occurrence of the chargeable event, and

DA is the total of any deductible amounts.

- (2) Section 479 explains what is the amount of any gain realised on the occurrence of a chargeable event.
- (3) Section 480 specifies what are deductible amounts.

### **Amount of gain realised on occurrence of chargeable event**

- 479 (1) This section applies for the purposes of section 478 (amount of charge on occurrence of chargeable event).
- (2) The amount of the gain realised on the occurrence of an event that is a chargeable event by virtue of section 477(3)(a) (acquisition of securities) is (subject to subsection (4))—

## MV - C

- (3) In subsection (2)—
  - MV is the market value of the securities that are acquired at the time when they are acquired, and
  - C is the amount of any consideration given for the securities that are acquired.
- (4) But the amount of the gain realised on the occurrence of an event that is a chargeable event by virtue of section 477(3)(a) (acquisition of securities) is calculated—
  - (a) if section 531 (enterprise management incentives: limitation of charge on exercise of option to acquire shares below market value) applies, in accordance with that section, and
  - (b) if section 532 (enterprise management incentives: modified tax consequences following disqualifying events) applies, in accordance with that section.
- (5) The amount of the gain realised on the occurrence of an event that is a chargeable event by virtue of section 477(3)(b) (assignment or release of option) is the amount of the consideration given for the assignment or release.
- (6) The amount of the gain realised on the occurrence of an event that is a chargeable event by virtue of section 477(3)(c) (receipt of benefit in connection with option) is the amount or market value of the benefit.
- (7) But if—
  - (a) the consideration mentioned in subsection (5), or
  - (b) the benefit mentioned in subsection (6),

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consists (in whole or in part) in the provision of securities or an interest in securities the market value of which has been reduced by at least 10% as a result of things done otherwise than for genuine commercial purposes within the period of 7 years ending with the receipt of the consideration or benefit, its market value is to be taken to be what it would be but for the reduction.

- (8) The following are among the things that are, for the purposes of subsection (7), done otherwise than for genuine commercial purposes—
- (a) anything done as part of a scheme or arrangement the main purpose, or one of the main purposes, of which is the avoidance of tax or national insurance contributions, and
  - (b) any transaction between companies which are members of the same group on terms which are not such as might be expected to be agreed between persons acting at arm's length (other than a payment for group relief).
- (9) In subsection (8)(b)—
- (a) “group” means a company and its 51% subsidiaries, and
  - (b) “group relief” has the same meaning as in section 402(6) of ICTA.

### **Deductible amounts**

480 (1) This section applies for the purposes of section 478 (amount of charge on occurrence of chargeable event).

- (2) The amount of—
- (a) any consideration given for the acquisition of the employment-related securities option, and
  - (b) the amount of any expenses incurred in connection with the acquisition of securities, assignment, release or receipt which constitutes the chargeable event,
- is a deductible amount.
- (3) Where in consequence of—
- (a) the acquisition of the employment-related securities option,
  - (b) the acquisition of securities pursuant to the employment-related securities option, or
  - (c) a transaction of which the acquisition of the employment-related securities option or the acquisition of securities pursuant to the employment-related securities option forms part,
- there is a reduction in the market value of any employment-related securities to which an associated person is beneficially entitled, the amount of the reduction is to be treated for the purposes of subsection (2) as consideration (or additional consideration) given for the acquisition of the employment-related securities option.
- (4) If an amount counts as employment income of the employee under section 526 (approved CSOP schemes: charge where option granted at a discount) in respect of the employment-related securities option, so much of that amount as is attributable to the shares in question is a deductible amount.
- (5) The following are also deductible amounts—

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- (a) any amount that constituted earnings from the employment under Chapter 1 of Part 3 (earnings) in respect of the acquisition of the employment-related securities option,
  - (b) any amount that was treated as earnings from the employment under Chapter 10 of that Part (taxable benefits: residual liability to charge) in respect of the acquisition of the employment-related securities option, and
  - (c) the amount of any gain by a previous holder on an assignment of the employment-related securities option which would have been a deductible cost by virtue of subsection (2)(c) of section 479 (as originally enacted) on an exercise of the option at a time when that section was in force.
- (6) If there has been a previous chargeable event in relation to the employment-related securities option (or if section 476 or 477 as originally enacted applied to the option by virtue of an earlier event), so much of any deductible amount as was deducted in calculating the taxable amount on the occasion of that event is to be regarded as not being a deductible amount.
- (7) Sections 481 and 482 (deductible amounts in respect of secondary Class 1 contributions or special contribution met by the employee) specify further deductible amounts.

#### **Deductible amount in respect of secondary Class 1 contributions met by employee**

- 481 (1) The amount calculated under subsection (2) is a deductible amount if—
- (a) an agreement having effect under paragraph 3A of Schedule 1 to the Contributions and Benefits Act has been entered into allowing the secondary contributor to recover from the employee the whole or part of any secondary Class 1 contributions in respect of the gain, or
  - (b) an election having effect under paragraph 3B of Schedule 1 to that Act is in force which has the effect of transferring to the employee the whole or part of the liability to pay secondary Class 1 contributions in respect of the gain.
- (2) The amount is the sum of—
- (a) any amount that under the agreement referred to in subsection (1) (a) is recovered in respect of the gain by the secondary contributor before 5th June in the tax year following that in which the gain is realised, and
  - (b) the amount of any liability in respect of the gain that, by virtue of the election referred to in subsection (1)(b), has become the employee's liability.
- (3) If notice of withdrawal of approval of the election is given, the amount of any liability in respect of the gain for the purposes of subsection (2)(b) is limited to the amount of the liability met before 5th June in the tax year following that in which the gain is realised.
- (4) Subsection (1) does not apply in respect of a liability to pay Class 1 contributions which is prevented from arising by virtue of section 2(1)(a) of the Social Security Contributions (Share Options) Act 2001 (liability to pay

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Class 1 contributions in respect of gains replaced by liability to pay special contribution).

(5) In this section—

“approval”, in relation to an election, means approval by the Board of Inland Revenue under paragraph 3B of Schedule 1 to the Contributions and Benefits Act, and

“secondary contributor” has the same meaning as in that Act (see section 7).

### **Deductible amount in respect of special contribution met by employee**

482 (1) The amount of the liability referred to in subsection (4) is a deductible amount if conditions A to D are met.

(2) Condition A is that a notice in respect the employment-related securities option was given to the Board of Inland Revenue in accordance with section 1 of the Social Security Contributions (Share Options) Act 2001 before 11th August 2001.

(3) Condition B is that the person, or one of the persons, who gave that notice is a person who (apart from that Act) was liable, or would have become liable, by virtue of an election under paragraph 3B of Schedule 1 to the Contributions and Benefits Act, to pay secondary Class 1 contributions in respect of an event which is a chargeable event for the purposes of section 476.

(4) Condition C is that that person became liable to pay a special contribution under section 2 of the Social Security Contributions (Share Options) Act 2001 in respect of the employment-related securities option.

(5) Condition D is that that person met that liability before 11th August 2001 or before the end of such further period as the Board of Inland Revenue directed under section 2(5) of that Act.

### *Supplementary provisions*

### **Application of this Chapter where option exchanged for another**

483 (1) This section applies if—

- (a) the employment-related securities option (the “old option”) is assigned or released, and
- (b) the whole or part of the consideration for the assignment or release consists of or includes another securities option (the “new option”).

(2) For the purposes of section 479(5) (amount of gain realised by assigning or releasing option) the new option is not to be treated as consideration given for the assignment or release of the old option.

(3) This Chapter applies to the new option as it applies to the old option.

(4) For the purposes of section 480(2) (consideration for acquisition of option) the amount of the consideration given for the acquisition of the new option is to be treated as being the sum of—

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- (a) the amount by which the amount of the consideration given for the acquisition of the old option exceeds the amount of any consideration given for the assignment or release of the old option, apart from the new option, and
  - (b) any valuable consideration given for the acquisition of the new option, apart from the old option.
- (5) Two or more transactions are to be treated for the purposes of subsection (1) as a single transaction by which one option is assigned for a consideration which consists of or includes another option if—
- (a) the transactions result in—
    - (i) a person ceasing to hold an option, and
    - (ii) that person or a connected person coming to hold another option, and
  - (b) one or more of the transactions is effected under arrangements to which two or more persons holding options, in respect of which there may be liability to tax under this Chapter, are parties.
- (6) Subsection (5) applies regardless of the order in which the assignments and the acquisition occur.

### Definitions

484 (1) In this Chapter—

“securities”, and  
“securities option”,  
have the meaning indicated in section 420.

- (2) In this Chapter “market value” has the meaning indicated in section 421(1).
- (3) For the purposes of this Chapter sections 421(2) and 421A apply for determining the amount of consideration given for anything.
- (4) In this Chapter “employment-related securities” has the same meaning as in Chapter 1 of this Part (see section 421B(8)).
- (5) In this Chapter—
  - “the acquisition”,
  - “the employee”,
  - “the employer”,
  - “the employment”, and
  - “employment-related securities option”,
 have the meaning indicated in section 471(5).
- (6) In this Chapter “associated person” has the meaning indicated in section 472.
- (7) In this Chapter—
  - “secondary Class 1 contributions” has the same meaning as in the Contributions and Benefits Act (see section 1 of that Act), and
  - “the Contributions and Benefits Act” means SSCBA 1992 or SSCB(NI)A 1992.”.

(2) Sub-paragraph (1) has effect—

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- (a) on and after 16th April 2003 in relation to employment-related securities options which are not share options, and
  - (b) on and after the day appointed under paragraph 3(2) in relation to employment-related securities options which are share options;
- and for this purpose “share options” means rights to acquire shares in a company or securities as defined in section 254(1) of the Taxes Act 1988 issued by a company.

#### PAYE

- 11 (1) Section 509 (modification of section 696 where charge on shares ceasing to be subject to plan) is amended as follows.
- (2) In subsection (4), for “subsection (5)” substitute “ subsections (5) and (6) ”.
- (3) After subsection (5) insert—
- “(6) In determining for the purposes of this section (and of section 696 in its application in accordance with this section) whether the shares are readily convertible assets, section 702 has effect with the omission of subsections (5A) to (5D).”.
- 12 (1) For sections 698 and 699 (PAYE: conditional interests in shares and convertible shares) substitute—

#### “698 PAYE: special charges on employment-related securities

- (1) This section applies where by reason of the operation of—
- (a) section 426 (chargeable events in relation to restricted securities and restricted interests in securities),
  - (b) section 438 (chargeable events in relation to convertible securities and interests in convertible securities),
  - (c) section 446B (charge on acquisition where market value of securities or interest artificially depressed),
  - (d) section 446L (charge where market value of securities artificially enhanced),
  - (e) section 446U (securities or interest acquired for less than market value: charge on discharge of notional loan),
  - (f) section 446Y (charge where securities or interest disposed of for more than market value), or
  - (g) section 447 (chargeable benefit from securities or interest),
- in relation to employment-related securities, an amount counts as employment income of an employee.
- (2) Sections 684 to 691 and 696 have effect as if—
- (a) the employee were provided with PAYE income in the form of the employment-related securities by the employer on the relevant date, and
  - (b) the reference in subsection (2) of section 696 to the amount of income likely to be PAYE income in respect of the provision of the asset were to the amount likely to count as employment income.
- (3) In a case in which the employment-related securities are not readily convertible assets, if—

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- (a) the amount counts as income by virtue of section 427(3)(c), 439(3)(b), (c) or (d), 446Y or 447, and
  - (b) the whole or any part of the consideration or benefit concerned takes the form of a payment or consists in the provision of an asset, subsection (4) applies.
- (4) Sections 684 to 691 and 696 have effect —
- (a) to the extent that the consideration or benefit takes the form of a payment, as if it were a payment of PAYE income of the employee by the employer, and
  - (b) to the extent that the consideration or benefit consists in the provision of an asset, as if the provision of the asset were the provision of PAYE income in the form of the asset by the employer on the relevant date.
- (5) Section 696 as applied by subsection (4)(b) has effect as if the reference in subsection (2) of that section to the amount of income likely to be PAYE income were to the same proportion of the amount likely to count as employment income as so much of the consideration or benefit as consists in the provision of the asset bears to the whole of the consideration or benefit.
- (6) In this section “the relevant date” means—
- (a) in relation to an amount counting as employment income under section 426 or 438, the date on which the chargeable event in question occurs,
  - (b) in relation to an amount counting as employment income under section 446B, the date of the acquisition of the securities or interest in securities in question,
  - (c) in relation to an amount counting as employment income under section 446L, the valuation date in question,
  - (d) in relation to an amount counting as employment income under section 446U, the date on which the notional loan in question is treated as discharged,
  - (e) in relation to an amount counting as employment income under section 446Y, the date of the disposal of the securities or interest in securities in question, and
  - (f) in relation to an amount counting as employment income under section 447, the date on which the benefit in question is received.
- (7) In this section “employment-related securities” has the same meaning as in Chapters 1 to 4 of Part 7.”
- (2) Sub-paragraph (1) has effect on and after the day appointed under paragraph 3(2) but does not affect the operation of section 698 as originally enacted in relation to any securities, or interests in securities, acquired before 16th April 2003.
- 13 (1) For section 700 (PAYE: gains from share options) substitute—

**“700 PAYE: gains from securities options**

- (1) This section applies where by reason of the operation of section 476 (acquisition of securities pursuant to securities option etc) in relation to



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an employment-related securities option an amount counts as employment income of an employee.

- (2) In a case where the amount counts as employment income by virtue of section 477(3)(a) (acquisition of securities), sections 684 to 691 and 696 have effect as if—
  - (a) the employee were provided with PAYE income in the form of the securities by the employer on the relevant date, and
  - (b) the reference in subsection (2) of section 696 to the amount of income likely to be PAYE income in respect of the provision of the asset were to the amount likely to count as employment income.
- (3) In a case where the amount counts as income by virtue of section 477(3)(b) or (c) (assignment or release for consideration or receipt of benefit), sections 684 to 691 and 696 have effect—
  - (a) to the extent that the consideration or benefit takes the form of a payment, as if it were a payment of PAYE income of the employee by the employer, and
  - (b) to the extent that the consideration or benefit consists in the provision of an asset, as if the provision of the asset were the provision of PAYE income in the form of the asset by the employer on the relevant date.
- (4) Section 696 as applied by subsection (3)(b) has effect as if the reference in subsection (2) of that section to the amount of income likely to be PAYE income were to the same proportion of the amount likely to count as employment income as so much of the consideration or benefit as consists in the provision of the asset bears to the whole of the consideration or benefit.
- (5) In this section “the relevant date” means the date on which the chargeable event in question occurs.
- (6) In this section—

“employment-related securities option”, and  
“securities”,  
have the same meaning as in Chapter 5 of Part 7.”.

(2) Sub-paragraph (1) has effect on and after the day appointed under paragraph 3(2).

14 (1) In section 701(2)(b) (“asset” not to include vouchers or credit-tokens), omit “subject to section 700(6).”.

(2) Sub-paragraph (1) has effect on and after the day appointed under paragraph 3(2).

15 (1) Section 702 (meaning of “readily convertible asset”) is amended as follows.

(2) After subsection (5) insert—

“(5A) An asset consisting in securities which is not a readily convertible asset apart from this subsection is to be treated as a readily convertible asset unless the securities are shares that are corporation tax deductible.

(5B) For the purposes of subsection (5A) shares are corporation tax deductible if they are acquired by a person—

- (a) by reason of that, or another person's, employment with a company,  
or

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- (b) pursuant to an option granted by reason of that, or another person's, employment with a company,  
and the company is entitled to corporation tax relief in respect of the shares under Schedule 23 to the Finance Act 2003 (corporation tax relief for employee share acquisition).
- (5C) If a person acquires additional shares by virtue of holding shares that are corporation tax deductible, the additional shares are to be treated for the purposes of subsection (5A) as if they were corporation tax deductible.
- (5D) If—
- (a) on a person ceasing to be beneficially entitled to shares that are corporation tax deductible, that person acquires other shares, and
- (b) the circumstances are such that the shares to which the person ceases to be beneficially entitled constitute “original shares” and the other shares constitute a “new holding” for the purposes of sections 127 to 130 of TCGA 1992,  
the shares that constitute the new holding are to be treated for the purposes of subsection (5A) as if they were corporation tax deductible.”.
- (3) In subsection (6), after the definition of “money debt” insert—
- ““securities” has the same meaning as in Chapters 1 to 5 of Part 7 (employment income from securities) (see section 420),  
“shares” includes—
- (a) an interest in shares, and
- (b) stock or an interest in stock.”.
- (4) For the purposes of section 702, shares are to be treated as corporation tax deductible during an accounting period which began before 1st January 2003 if they would have been corporation tax deductible had the accounting period begun on or after that date.

#### *Consequential amendments*

- 16 (1) In section 3(1) (structure of employment income Parts), in the entry relating to Part 7, for “share-related income and exemptions” substitute “ income and exemptions relating to securities and securities options acquired in connection with an employment ”.
- (2) Sub-paragraph (1) has effect on and after 16th April 2003.
- 17 (1) In section 7(6)(b) (employment income), for “(share-related income and exemptions)” substitute “ (income and exemptions relating to securities and securities options) ”.
- (2) Sub-paragraph (1) has effect on and after 16th April 2003.
- 18 (1) In section 19(2) (year in which earnings treated as received), omit the entries relating to Chapters 8 and 9 of Part 3.
- (2) Sub-paragraph (1) has effect—
- (a) so far as relating to Chapter 8 of Part 3, in accordance with the provision made for the repeal of that Chapter, and

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- (b) so far as relating to Chapter 9 of Part 3, in accordance with the provision made for the repeal of that Chapter.
- 19 (1) In section 32(2) (receipt of non-money earnings), omit the entries relating to Chapters 8 and 9 of Part 3.
- (2) Sub-paragraph (1) has effect—
- (a) so far as relating to Chapter 8 of Part 3, in accordance with the provision made for the repeal of that Chapter, and
- (b) so far as relating to Chapter 9 of Part 3, in accordance with the provision made for the repeal of that Chapter.
- 20 (1) In section 63(1) (the benefits code), omit the entries relating to Chapters 8 and 9 of Part 3.
- (2) Sub-paragraph (1) has effect—
- (a) so far as relating to Chapter 8 of Part 3, in accordance with the provision made for the repeal of that Chapter, and
- (b) so far as relating to Chapter 9 of Part 3, in accordance with the provision made for the repeal of that Chapter.
- 21 (1) In section 64 (relationship between earnings and benefits code), omit subsections (5) and (6).
- (2) Sub-paragraph (1) has effect in accordance with the provision made for the repeal of Chapter 8 of Part 3.
- 22 (1) Omit Chapter 8 of Part 3.
- (2) Sub-paragraph (1) has effect in relation to shares, and interests in shares, acquired on or after 16th April 2003.
- 23 (1) Omit Chapter 9 of Part 3.
- (2) Sub-paragraph (1) has effect in relation to shares, and interests in shares, disposed of on or after 16th April 2003.
- 24 (1) Section 216 (provisions not applicable to lower-paid employments) is amended as follows.
- (2) In subsection (4), omit the entries relating to Chapters 8 and 9 of Part 3.
- (3) In subsection (6), omit the entries relating to section 195(3) and section 199(4).
- (4) Sub-paragraphs (1) to (3) have effect—
- (a) so far as relating to Chapter 8 of Part 3, in accordance with the provision made for the repeal of that Chapter, and
- (b) so far as relating to Chapter 9 of Part 3, in accordance with the provision made for the repeal of that Chapter.
- 25 (1) Section 227(4) (employment income: exemptions) is amended as follows.
- (2) For paragraphs (a) and (b) substitute—
- “(a) section 425 (restricted securities: no charge in respect of acquisition in certain circumstances),
- (b) section 475 (no charge in respect of acquisition of securities option),”.

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- (3) Omit paragraphs (d), (f) and (h).
- (4) This paragraph has effect—
  - (a) so far as relating to section 425, in accordance with the provision made for the substitution of Chapter 2 of Part 7, and
  - (b) otherwise, in accordance with the provision made for the substitution of Chapter 5 of Part 7.
- 26 (1) Omit section 491 (no charge under Chapter 8 of Part 3 in respect of acquisition of approved share incentive plan shares).
- (2) Sub-paragraph (1) has effect in accordance with the provision made for the repeal of Chapter 8 of Part 3.
- 27 (1) Omit section 494 (no charge on removal of restrictions applying to approved share incentive plan shares).
- (2) Sub-paragraph (1) has effect—
  - (a) so far as relating to section 427, in accordance with the provision made for the substitution of Chapter 2 of Part 7, and
  - (b) so far as relating to section 449, in accordance with the provision made for the substitution of Chapter 4 of Part 7.
- 28 (1) Omit section 495 (approved share incentive plan shares: value of shares in dependent subsidiary).
- (2) Sub-paragraph (1) has effect on 16th April 2003.
- 29 (1) Omit section 518 (no charge in respect of acquisition of approved SAYE share scheme option).
- (2) Sub-paragraph (1) has effect on the day appointed under paragraph 3(2).
- 30 (1) In section 519 (no charge in respect of exercise of approved SAYE share scheme option), omit subsection (4).
- (2) Sub-paragraph (1) has effect on the day appointed under paragraph 3(2).
- 31 (1) Omit section 520 (approved SAYE option schemes: no charge in respect of post-acquisition benefits).
- (2) Sub-paragraph (1) has effect in accordance with the provision made for the substitution of Chapter 4 of Part 7.
- 32 (1) Omit section 523 (no charge in respect of acquisition of approved CSOP scheme option).
- (2) Sub-paragraph (1) has effect on the day appointed under paragraph 3(2).
- 33 (1) In section 524 (no charge in respect of exercise of approved CSOP scheme option), omit subsection (4).
- (2) Sub-paragraph (1) has effect on the day appointed under paragraph 3(2).
- 34 (1) Omit section 525 (approved CSOP schemes: no charge in respect of post-acquisition benefits).
- (2) Sub-paragraph (1) has effect in accordance with the provision made for the substitution of Chapter 4 of Part 7.

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- 35 (1) In section 526(4) (charge where approved CSOP scheme option granted at a discount: deductions of charge from amount chargeable under other provisions), for the words from the beginning to “deductions” substitute “ Section 480(4) (gain realised on acquisition of securities pursuant to option etc) provides for a deduction ”.
- (2) Sub-paragraph (1) has effect—
- (a) so far as relating to section 194, in accordance with the provision made for the repeal of Chapter 8 of Part 3, and
- (b) otherwise, on and after the day appointed under paragraph 3(2).
- 36 (1) Omit section 528 (enterprise management incentives: no charge in respect of acquisition of qualifying option).
- (2) Sub-paragraph (1) has effect on the day appointed under paragraph 3(2).
- 37 (1) In section 531(4) (enterprise management incentives: limitation of charge on exercise of qualifying option to acquire shares below market value), for the words after “which” substitute “ under section 478 (amount of charge under section 476) is to be regarded as the taxable amount for the purposes of section 476 in respect of the acquisition of the shares pursuant to the option. ”.
- (2) Sub-paragraph (1) has effect on and after the day appointed under paragraph 3(2).
- 38 (1) In section 532(5) (enterprise management incentives: modified tax consequences following disqualifying events), for the words after “which” substitute “ under section 478 (amount of charge under section 476) is to be regarded as the taxable amount for the purposes of section 476 in respect of the acquisition of the shares pursuant to the option. ”.
- (2) Sub-paragraph (1) has effect on and after the day appointed under paragraph 3(2).
- 39 (1) In section 538 (share conversions excluded for purposes of section 536), for subsection (4) substitute—
- “(4) In this section—
- “associated company” has the same meaning as, by virtue of section 416 of ICTA, it has for the purposes of Part 11 of ICTA,
- “director” has the same meaning as in the benefits code (see section 67) but also includes a person who is to be or has been a director,
- “employee” includes a person who is to be or has been an employee, and
- “employee-controlled” has the same meaning as in Chapters 1 to 4 of this Part (see section 421H(1)).”.
- (2) Sub-paragraph (1) has effect on and after the day appointed under paragraph 3(2).
- 40 (1) In section 540(1) (enterprise management incentives: notional loan provisions not to apply in relation to acquisition of shares by exercise of qualifying option), for “Chapter 8 of Part 3” substitute “ Chapter 3C of this Part ”.
- (2) Sub-paragraph (1) has effect in accordance with the provision made for the repeal of Chapter 8 of Part 3.
- 41 (1) In section 541 (enterprise management incentives: effect on other income tax charges), for subsections (1) and (2) substitute—

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- “(1) Nothing in the EMI code affects—
- (a) the operation of Chapters 2 to 4 of this Part in relation to shares acquired under a qualifying option, or
  - (b) the operation of Chapter 5 of this Part otherwise than in relation to the acquisition of shares under a qualifying option.
- (2) But in calculating the taxable amount for the purposes of section 426 (post-acquisition charge on restricted securities) in respect of shares acquired under a qualifying option, the amount of relief on the exercise of the option is to be regarded as a deductible amount for the purposes of section 428 (amount of charge).”.

- (2) So far as relating to—
- (a) Chapter 9 of Part 3 (which is repealed and replaced by provisions inserted in Part 7),
  - (b) any of the new Chapters substituted or inserted in Part 7 by this Schedule, and
  - (c) each of the Chapters of that Part as originally enacted for which new Chapters are substituted by this Schedule,
- sub-paragraph (1) has effect in accordance with the provision made for the taking effect of the repeal, substitution or insertion.

42 (1) Part 2 of Schedule 1 (index of defined expressions) is amended as follows.

- (2) Omit the entries relating to—
- “acquisition (in Chapter 8 of Part 3)”,
  - “the acquisition (in Chapter 8 of Part 3)”,
  - “acquisition (in Chapter 9 of Part 3)”,
  - “the acquisition (in Chapter 4 of Part 7)”,
  - “as a director or employee, in relation to the acquisition of an interest in shares (in Chapter 2 of Part 7)”,
  - “as a director or employee, in relation to the acquisition of shares or an interest in shares (in Chapter 3 of Part 7)”,
  - “as a director or employee, in relation to the acquisition of shares or an interest in shares (in Chapter 4 of Part 7)”,
  - “assign, in relation to a share option (in Chapter 5 of Part 7)”,
  - “associated company (in Chapter 4 of Part 7)”,
  - “company (in Chapter 5 of Part 7)”,
  - “the Contributions and Benefits Act (in Chapter 5 of Part 7)”,
  - “convertible, in relation to shares (in Chapter 3 of Part 7)”,
  - “dependent subsidiary (in Chapter 4 of Part 7)”,
  - “director (in Chapter 2 of Part 7)”,
  - “director (in Chapter 3 of Part 7)”,
  - “director (in Chapter 4 of Part 7)”,
  - “director (in Chapter 5 of Part 7)”,
  - “employee (in Chapter 8 of Part 3)”,
  - “employee (in Chapter 9 of Part 3)”,
  - “employee (in Chapter 2 of Part 7)”,
  - “the employee (in Chapter 2 of Part 7)”,
  - “employee (in Chapter 3 of Part 7)”,

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“the employee (in Chapter 3 of Part 7)”,  
“employee (in Chapter 4 of Part 7)”,  
“the employee (in Chapter 4 of Part 7)”,  
“employee (in Chapter 5 of Part 7)”,  
“the employee (in Chapter 5 of Part 7)”,  
“employee-controlled (in relation to a company) (in Chapter 4 of Part 7)”,  
“the employee’s interest (in Chapter 2 of Part 7)”,  
“the employer company (in Chapter 2 of Part 7)”,  
“the employer company (in Chapter 3 of Part 7)”,  
“the employer company (in Chapter 4 of Part 7)”,  
“employment-related shares (in Chapter 9 of Part 3)”,  
“the employment-related shares (in Chapter 8 of Part 3)”,  
“held by outside shareholders (in Chapter 4 of Part 7)”,  
“interest in shares (in Chapter 8 of Part 3)”,  
“interest in shares (in Chapter 9 of Part 3)”,  
“interest in shares (in Chapter 4 of Part 7)”,  
“market value (in Chapter 8 of Part 3)”,  
“market value (in Chapter 9 of Part 3)”,  
“market value (in Chapter 2 of Part 7)”,  
“only conditional (interest in shares) (in Chapter 2 of Part 7)”,  
“payment for the employment-related shares (in Chapter 8 of Part 3)”,  
“release, in relation to a share option (in Chapter 5 of Part 7)”,  
“secondary Class 1 contributions (in Chapter 5 of Part 7)”,  
“share option (in Chapter 5 of Part 7)”,  
“the share option (in Chapter 5 of Part 7)”,  
“shares (in Chapter 8 of Part 3)”,  
“shares (in Chapter 9 of Part 3)”,  
“shares (in Chapter 2 of Part 7)”,  
“the shares (in Chapter 2 of Part 7)”,  
“shares (in Chapter 3 of Part 7)”,  
“the shares (in Chapter 3 of Part 7)”,  
“shares (in Chapter 4 of Part 7)”,  
“the shares (in Chapter 4 of Part 7)”,  
“shares (in Chapter 5 of Part 7)”,  
“terms (in Chapter 2 of Part 7)”,  
“terms (in Chapter 3 of Part 7)”, and  
“value (in relation to shares) (in Chapter 4 of Part 7)”.

(3) At the appropriate places insert—

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“the acquisition (in Chapters 1 to 4 of Part 7) section 421B(8) (see also section 446Q(4))”,

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“the acquisition (in Chapter 5 of Part 7) section 471(5)”,

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“associated company (in section 421H(1) and section 421H(2)),  
Chapters 2 to 4 of Part 7)

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“associated person (in Chapters 1 to 4 of Part section 421C”,  
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“associated person (in Chapter 5 of Part 7) section 472”,

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“chargeable event (in Chapter 3B of Part 7) section 446P(5)”,

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“the Contributions and Benefits Act (in section 484(7)”,  
Chapter 5 of Part 7)

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“consideration (in Chapters 2 to 5 of Part 7) sections 421(2) and 421A”,

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“consideration given for the acquisition of section 421I”,  
employment-related securities (in Chapters 2  
to 3A of Part 7)

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“convertible securities (in Chapters 2 to 3A section 436”,  
of Part 7)

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“the employee (in Chapters 1 to 4 of Part 7) section 421B(8)”,

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“the employee (in Chapter 5 of Part 7) section 471(5)”,

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“employee-controlled (in Chapters 2 to 4 of section 421H(1)”,  
Part 7)

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“the employer (in Chapters 1 to 4 of Part 7) section 421B(8)”,

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“the employer (in Chapter 5 of Part 7) section 471(5)”,

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“the employment (in Chapters 1 to 4 of Part 7) section 421B(8)”,

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“the employment (in Chapter 5 of Part 7) section 471(5)”,

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“employment-related securities (in Chapters 1 to 5 of Part 7) section 421B(8) (see also section 484(4))”,

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“employment-related securities option (in Chapter 5 of Part 7) section 471(5)”,

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“interest, in relation to securities (or shares) (in Chapters 1 to 5 of Part 7) section 420(8)”,

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“market value (in Chapters 1 to 5 of Part 7) section 421(1)”,

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“non-commercial increase (in Chapter 3B of Part 7) section 446K(4)”,

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“non-commercial reduction (in Chapter 3B of Part 7) section 446K(4)”,

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“the notional loan (in Chapter 3C of Part 7) section 446S(1)”,

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“recognised stock exchange section 841 of ICTA”,

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“relevant period (in Chapter 3B of Part 7) section 446O”,

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“restricted securities and restricted interest in securities (in Chapters 2, 3A and 3B of Part 7) sections 423 and 424”,

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“restriction (in Chapters 2, 3A and 3B of Part 7) section 432(8)”,

“secondary Class 1 contributions (in Chapter 5 of Part 7) section 484(7)”,

“securities (in Chapters 1 to 5 of Part 7) section 420”,

“securities option (in Chapters 1 to 5 of Part 7) section 420(8)”,

“shares (in Chapters 1 to 5 of Part 7) section 420(8)”,

“valuation date (in Chapter 3B of Part 7) section 446O”, and

“variation, in relation to a restriction (in Chapter 2 of Part 7) section 427(4)”.

- (4) So far as relating to—
- (a) Chapters 8 and 9 of Part 3 (which are repealed and replaced by provisions inserted in Part 7),
  - (b) each of the new Chapters substituted or inserted in Part 7, and
  - (c) each of the Chapters of that Part as originally enacted for which new provisions are substituted,
- sub-paragraphs (1) to (3) have effect in accordance with the provision made for the taking effect of the repeal, substitution or insertion.
- 43 (1) In paragraph 35 of Schedule 2 (approved share incentive plans: maximum annual award), for sub-paragraphs (3) and (4) substitute—
- “(3) For the purposes of this paragraph the market value of restricted shares is to be determined as if they were not.
- (4) Shares are “restricted shares” if there is any contract, agreement, arrangement or condition which makes provision to which any of subsections (2) to (4) of section 423 (restricted securities) would apply if the references in those subsections to the employment-related securities were to the shares.”.
- (2) Sub-paragraph (1) has effect in accordance with the provision made for the substitution of Chapter 2 of Part 7.
- 44 (1) In paragraph 42(3) of Schedule 3 (approved SAYE option schemes: withdrawal of approval), for paragraph (b) substitute—

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- “(b) section 421G(b) (exemption from Chapters 2 to 4 of Part 7),”.
- (2) Sub-paragraph (1) has effect in accordance with the provision made for the substitution of Chapter 4 of Part 7.
- 45 (1) Schedule 5 (enterprise management incentives) is amended as follows.
- (2) In paragraph 5, for sub-paragraphs (7) and (8) substitute—
- “(7) For the purposes of this paragraph the market value of restricted shares is to be determined as if they were not.
- (8) Shares are “restricted shares” if there is any contract, agreement, arrangement or condition which makes provision to which any of subsections (2) to (4) of section 423 (restricted securities) would apply if the references in those subsections to the employment-related securities were to the shares.”.
- (3) In paragraph 37, for sub-paragraphs (4) to (6) substitute—
- “(4) Where the shares that may be acquired by the employee are restricted shares, the agreement must contain details of the restrictions.
- (5) For the purposes of sub-paragraph (4)—
- (a) shares are “restricted shares” if there is any contract, agreement, arrangement or condition which makes provision to which any of subsections (2) to (4) of section 423 (restricted securities) would apply if the references in those subsections to the employment-related securities were to the shares, and
- (b) “restrictions” means that provision.”.
- (4) Sub-paragraphs (1) to (3) have effect in accordance with the provision made for the substitution of Chapter 2 of Part 7.
- 46 (1) Schedule 7 (transitionals and savings) is amended as follows.
- (2) Omit paragraphs 30 and 31.
- (3) In the heading of Part 6, for “share-related” substitute “ related to securities ”.
- (4) In the heading of Part 7, for “share-related income” substitute “ income related to securities ”.
- (5) Before paragraph 44 insert—

*“Pre-6th April 2003 acquisitions*

- 43A(1) This paragraph relates to the operation of section 421E (exclusions from Chapters 2 to 4 of Part 7: residence) in relation to an acquisition made before 6th April 2003.
- (2) Section 421E(1) has effect with the substitution of “ the employee was not chargeable under Case I of Schedule E in respect of the employment ” for the words from “the earnings”.
- (3) Section 421E(2) has effect with the substitution of “ the emoluments of the employment did not fall to be charged to income tax under Schedule E ” for the words from “the earnings”.”.

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- (6) In paragraph 44, after “Part 7” insert “, as originally enacted,”.
- (7) In paragraph 45(1), at end insert “, as originally enacted.”.
- (8) In paragraph 46(1), after “disposal” insert “, as originally enacted,”.
- (9) Omit paragraphs 47 and 48.
- (10) In paragraph 49, for “shares” substitute “ securities ”.
- (11) Omit paragraphs 50 to 52.
- (12) Omit paragraph 53.
- (13) In paragraph 54, after “Part 7” insert “, both as originally enacted and as substituted by the Finance Act 2003,”.
- (14) In paragraph 55—
  - (a) after “Part 7” insert “, as originally enacted,” and
  - (b) omit sub-paragraph (2)(a).
- (15) In paragraph 56, after “section 449” insert “, as originally enacted,”.
- (16) In paragraph 58(1), at end insert “, as originally enacted.”
- (17) Omit paragraph 59.
- (18) Omit paragraphs 60 and 61.
- (19) After paragraph 61 insert—

*“Securities disposed of for more than market value*

61A Chapter 3D of Part 7 does not apply in relation to securities, or an interest in securities, acquired on or before 6th April 1976.”.

- (20) Omit paragraph 62.
- (21) For paragraph 63 substitute—
  - “63 (1) This paragraph relates to the operation of section 474 (exclusions from Chapter 5 of Part 7: residence) in relation to an acquisition made before 6th April 2003.
  - (2) Section 474(1) has effect with the substitution of “ the employee was not chargeable under Case I of Schedule E in respect of the employment ” for the words from “the earnings”.”.
- (22) In paragraph 64—
  - (a) for “share” (in both places) substitute “ securities ”,
  - (b) for “obtained” substitute “ acquired ”, and
  - (c) for “receipt” substitute “ acquisition ”.
- (23) In paragraph 65—
  - (a) in sub-paragraph (1), for “479 (amount of gain realised by exercising option) in relation to a share option obtained” substitute “ 478 in relation to an event that is a chargeable event by virtue of section 477(3)(a) or (b) (acquisition

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- of securities pursuant to an option and assignment and release of option) in the case of a share option acquired”, and
- (b) in sub-paragraph (2), for “479(1)” substitute “ 478(1) ” and for “cost” substitute “ amount ”.
- (24) Omit paragraph 66.
- (25) Omit paragraph 67.
- (26) In this paragraph—
- (a) sub-paragraphs (2) and (19) have effect in relation to securities, and interests in securities, disposed of on or after 16th April 2003,
- (b) sub-paragraphs (5) and (13) to (17) have effect on and after 16th April 2003,
- (c) sub-paragraphs (6) to (8), (10), (11), (20), (23) and (24) have effect on the day appointed under paragraph 3(2), and
- (d) sub-paragraphs (21) and (22) have effect in accordance with the provision made for the substitution of Chapter 5 of Part 7.

*Consequential amendments of other enactments*

- 47 (1) In section 98 of the Taxes Management Act 1970 (c. 9) (penalties for failure to furnish information etc)—
- (a) in the first column of the Table, at the appropriate place insert “ Section 421J(4) of ITEPA 2003. ”, and
- (b) in the second column of the Table, for the entries relating to sections 432, 433, 445, 465, 466 and 486 of the Income Tax (Earnings and Pensions) Act 2003 (c. 1) substitute “ Section 421J(3) of ITEPA 2003. ”.
- (2) Sub-paragraph (1) has effect in accordance with the provision made for the substitution of Chapter 1 of Part 7 of the Income Tax (Earnings and Pensions) Act 2003.
- 48 (1) In section 4(4)(a) of—
- (a) the Social Security Contributions and Benefits Act 1992 (c. 4) (payments treated as earnings), and
- (b) the Social Security Contributions and Benefits (Northern Ireland) Act 1992 (c. 7) (corresponding provision for Northern Ireland),
- for the words after “479” substitute “ of ITEPA 2003 in respect of which an amount counts as employment income of the earner under section 476 of that Act (charge on acquisition of securities pursuant to option etc), reduced by any amounts deducted under section 480(1) to (6) of that Act in arriving at the amount counting as such employment income; ”.
- (2) Sub-paragraph (1) has effect in accordance with the provision made for the substitution of Chapter 5 of Part 7 of the Income Tax (Earnings and Pensions) Act 2003.
- 49 The Taxation of Chargeable Gains Act 1992 (c. 12) is amended as follows.
- 50 (1) After section 119 insert—

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### **“119A Increase in expenditure by reference to tax charged in relation to employment-related securities**

- (1) This section applies to a disposal of an asset consisting of employment-related securities if the disposal—
  - (a) is an event giving rise to a relevant income tax charge, or
  - (b) is the first disposal after an event, other than a disposal, giving rise to a relevant income tax charge.
- (2) Section 38(1)(a) applies as if the relevant amount had formed part of the consideration given by the person making the disposal for his acquisition of the employment-related securities.
- (3) For the purposes of this section an event gives rise to a relevant income tax charge if it results in an amount counting as employment income—
  - (a) under section 426 of ITEPA 2003 (restricted securities),
  - (b) under section 438 of ITEPA 2003 by virtue of section 439(3)(a) of that Act (conversion of convertible securities),
  - (c) under section 446U of ITEPA 2003 (securities acquired for less than market value: discharge of notional loan), or
  - (d) under section 476 of ITEPA 2003 by virtue of section 477(3)(a) of that Act (acquisition of securities pursuant to employment-related securities option),
 in respect of the employment-related securities.
- (4) For the purposes of this section “the relevant amount” is the aggregate of the amounts counting as employment income as mentioned in subsection (3) above by reason of events occurring—
  - (a) not later than the disposal, and
  - (b) where this section has applied to an earlier disposal of the employment-related securities, after the last disposal to which this section applied.
- (5) But where the relevant amount consists of or includes an amount counting as employment income under section 476 of ITEPA 2003, it is to be increased by the aggregate of any amounts deducted under section 480(5)(a) or (b), 481 or 482 of that Act in arriving at the amount of that employment income.
- (6) Where securities or interests in securities cease to be employment-related securities—
  - (a) by reason of subsection (6) of section 421B of ITEPA 2003 in circumstances in which, immediately before the employee’s death, the employment-related securities are held otherwise than by the employee, or
  - (b) by reason of subsection (7) of that section,
 they are to be regarded for the purposes of this section as remaining employment-related securities until the next occasion on which they are disposed of.
- (7) In this section—
 

“employment-related securities”, and

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“employee”, in relation to employment-related securities,  
have the same meaning as in Chapters 1 to 4 of Part 7 of ITEPA  
2003.

(8) References in this section to ITEPA 2003 are to that Act as amended by  
Schedule 22 to the Finance Act 2003.”.

(2) Sub-paragraph (1) has effect in relation to disposals on or after 16th April 2003.

51 In section 120 (increase in expenditure by reference to tax charged in relation to  
shares etc), after subsection (8) insert—

“(9) References in this section to ITEPA 2003 are to that Act as originally  
enacted.”.

52 (1) After section 149A insert—

**“149AA Restricted and convertible employment-related securities**

(1) Where an individual has acquired an asset consisting of employment-related  
securities which are—

- (a) restricted securities or a restricted interest in securities, or
- (b) convertible securities or an interest in convertible securities,

the consideration for the acquisition shall (subject to section 119A) be taken  
to be equal to the aggregate of the actual amount or value given for the  
employment-related securities and any amount that constituted earnings  
under Chapter 1 of Part 3 of ITEPA 2003 (earnings) in respect of the  
acquisition.

(2) Subsection (1) above applies only to the individual making the acquisition  
and, accordingly, is to be disregarded in calculating the consideration  
received by the person from whom the employment-related securities are  
acquired.

(3) This section has effect in relation to acquisitions on or after the day appointed  
under paragraph 3(2) of Schedule 22 to the Finance Act 2003.

(4) In this section “employment-related securities” has the same meaning as in  
Chapters 1 to 4 of Part 7 of ITEPA 2003 (as substituted by Schedule 22 to  
the Finance Act 2003).

(5) In this section—

“restricted interest in securities”, and  
“restricted securities”,

have the same meaning as in Chapter 2 of that Part of ITEPA 2003  
(as so substituted).

(6) In this section “convertible securities” has the same meaning as in Chapter 3  
of that Part of ITEPA 2003 (as so substituted).”.

53 In section 149B (employee incentive schemes: conditional interests in shares), after  
subsection (4) insert—

“(5) This section does not apply to acquisitions on or after the day appointed  
under paragraph 3(2) of Schedule 22 to the Finance Act 2003.

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(6) References in this section to ITEPA 2003 are to that Act as originally enacted.”.

54 (1) In section 288 (interpretation), after subsection (1) insert—

“(1A) If any employment-related securities option would not otherwise be regarded as an option for the purposes of this Act, it shall be so regarded; and the acquisition of securities by an associated person pursuant to an employment-related securities option is to be treated for the purposes of this Act as the exercise of the option.

Expressions used in this subsection and Chapter 5 of Part 7 of ITEPA 2003 have the same meaning in this subsection as in that Chapter.”.

(2) Sub-paragraph (1) has effect in accordance with the provision made for the substitution of Chapter 5 of Part 7 of the Income Tax (Earnings and Pensions) Act 2003 (c. 1).

55 (1) The Social Security Contributions (Share Options) Act 2001 (c. 20) is amended as follows.

(2) The amendments of that Act have effect on and after the day appointed under paragraph 3(2).

56 In section 2(3)(b) (effect of notice under section 1), insert at the end “ (less any deductible amounts under section 480(1) to (6) of that Act). ”.

57 (1) Section 3 (special provision for roll-overs) is amended as follows.

(2) In subsection (4)—

- (a) in paragraph (a), for “section 485(1) to (4)” substitute “ section 483(1) to (4) ”, and
- (b) insert at the end of paragraph (b)(i) “ (less any deductible amounts under section 480(1) to (6) of that Act). ”.

(3) In subsection (6), for “485(1) to (3)” substitute “ 483(1) to (3) ”.

(4) In subsection (11)(a), insert at the end “ (less any deductible amounts under section 480(1) to (6)); ”.

58 In section 5(2)(c) (interpretation), for “483(1)” substitute “ 477(6) ”.

F1077 59 .....

**Textual Amendments**  
 F1077 Sch. 22 paras. 59-73 repealed (with effect in accordance with s. 1329(1) of the amending Act) by Corporation Tax Act 2009 (c. 4), s. 1329(1), Sch. 3 Pt. 1 (with Sch. 2 Pts. 1, 2)

F1077 60 .....

**Textual Amendments**  
 F1077 Sch. 22 paras. 59-73 repealed (with effect in accordance with s. 1329(1) of the amending Act) by Corporation Tax Act 2009 (c. 4), s. 1329(1), Sch. 3 Pt. 1 (with Sch. 2 Pts. 1, 2)



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F1077 61 .....

**Textual Amendments**

F1077Sch. 22 paras. 59-73 repealed (with effect in accordance with s. 1329(1) of the amending Act) by Corporation Tax Act 2009 (c. 4), s. 1329(1), **Sch. 3 Pt. 1** (with Sch. 2 Pts. 1, 2)

F1077 62 .....

**Textual Amendments**

F1077Sch. 22 paras. 59-73 repealed (with effect in accordance with s. 1329(1) of the amending Act) by Corporation Tax Act 2009 (c. 4), s. 1329(1), **Sch. 3 Pt. 1** (with Sch. 2 Pts. 1, 2)

F1077 63 .....

**Textual Amendments**

F1077Sch. 22 paras. 59-73 repealed (with effect in accordance with s. 1329(1) of the amending Act) by Corporation Tax Act 2009 (c. 4), s. 1329(1), **Sch. 3 Pt. 1** (with Sch. 2 Pts. 1, 2)

F1077 64 .....

**Textual Amendments**

F1077Sch. 22 paras. 59-73 repealed (with effect in accordance with s. 1329(1) of the amending Act) by Corporation Tax Act 2009 (c. 4), s. 1329(1), **Sch. 3 Pt. 1** (with Sch. 2 Pts. 1, 2)

F1077 65 .....

**Textual Amendments**

F1077Sch. 22 paras. 59-73 repealed (with effect in accordance with s. 1329(1) of the amending Act) by Corporation Tax Act 2009 (c. 4), s. 1329(1), **Sch. 3 Pt. 1** (with Sch. 2 Pts. 1, 2)

F1077 66 .....

**Textual Amendments**

F1077Sch. 22 paras. 59-73 repealed (with effect in accordance with s. 1329(1) of the amending Act) by Corporation Tax Act 2009 (c. 4), s. 1329(1), **Sch. 3 Pt. 1** (with Sch. 2 Pts. 1, 2)

F1077 67 .....

**Textual Amendments**

F1077Sch. 22 paras. 59-73 repealed (with effect in accordance with s. 1329(1) of the amending Act) by Corporation Tax Act 2009 (c. 4), s. 1329(1), **Sch. 3 Pt. 1** (with Sch. 2 Pts. 1, 2)

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F107768 .....

**Textual Amendments**

F1077Sch. 22 paras. 59-73 repealed (with effect in accordance with s. 1329(1) of the amending Act) by Corporation Tax Act 2009 (c. 4), s. 1329(1), **Sch. 3 Pt. 1** (with Sch. 2 Pts. 1, 2)

F107769 .....

**Textual Amendments**

F1077Sch. 22 paras. 59-73 repealed (with effect in accordance with s. 1329(1) of the amending Act) by Corporation Tax Act 2009 (c. 4), s. 1329(1), **Sch. 3 Pt. 1** (with Sch. 2 Pts. 1, 2)

F107770 .....

**Textual Amendments**

F1077Sch. 22 paras. 59-73 repealed (with effect in accordance with s. 1329(1) of the amending Act) by Corporation Tax Act 2009 (c. 4), s. 1329(1), **Sch. 3 Pt. 1** (with Sch. 2 Pts. 1, 2)

F107771 .....

**Textual Amendments**

F1077Sch. 22 paras. 59-73 repealed (with effect in accordance with s. 1329(1) of the amending Act) by Corporation Tax Act 2009 (c. 4), s. 1329(1), **Sch. 3 Pt. 1** (with Sch. 2 Pts. 1, 2)

F107772 .....

**Textual Amendments**

F1077Sch. 22 paras. 59-73 repealed (with effect in accordance with s. 1329(1) of the amending Act) by Corporation Tax Act 2009 (c. 4), s. 1329(1), **Sch. 3 Pt. 1** (with Sch. 2 Pts. 1, 2)

F107773 .....

**Textual Amendments**

F1077Sch. 22 paras. 59-73 repealed (with effect in accordance with s. 1329(1) of the amending Act) by Corporation Tax Act 2009 (c. 4), s. 1329(1), **Sch. 3 Pt. 1** (with Sch. 2 Pts. 1, 2)

.....

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**Textual Amendments**

**F1078**Sch. 23 repealed (with effect in accordance with s. 1329(1) of the amending Act) by [Corporation Tax Act 2009 \(c. 4\)](#), s. 1329(1), Sch. 1 para. 566, **Sch. 3 Pt. 1** (with Sch. 2 Pts. 1, 2)

**F1079**SCHEDULE 24

Section 143

**Textual Amendments**

**F1079**Sch. 24 repealed (with effect in accordance with s. 1329(1) of the amending Act) by [Corporation Tax Act 2009 \(c. 4\)](#), s. 1329(1), Sch. 1 para. 567, **Sch. 3 Pt. 1** (with Sch. 2 Pts. 1, 2)

**F1080**SCHEDULE 25

Section 149(3)

**Textual Amendments**

**F1080**Sch. 25 repealed (with effect in accordance with s. 1329(1) of the amending Act) by [Corporation Tax Act 2009 \(c. 4\)](#), s. 1329(1), **Sch. 3 Pt. 1** (with Sch. 2 Pts. 1, 2)

**F1081**SCHEDULE 26

Section 152

**Textual Amendments**

**F1081**Sch. 26 repealed (with effect in accordance with s. 1184(1) of the amending Act) by [Corporation Tax Act 2010 \(c. 4\)](#), s. 1184(1), Sch. 1 para. 421, **Sch. 3 Pt. 1** (with Sch. 2)

SCHEDULE 27

Section 155

PERMANENT ESTABLISHMENT ETC: CONSEQUENTIAL AMENDMENTS

*Taxes Act 1988*

1 (1) The Taxes Act 1988 is amended as follows.

**F1082**(2) .....

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F1083 (3) .....

(4) In Schedule 15 (qualifying policies), in paragraph 24 (policies issued by non-resident companies), in sub-paragraph (3)(b) (twice) and (c) for “branch” substitute “ permanent establishment ”.

**Textual Amendments**

F1082 Sch. 27 para. 1(2) repealed (6.4.2006) by Finance Act 2004 (c. 12), Sch. 42 Pt. 3 (with Sch. 36)

F1083 Sch. 27 para. 1(3) repealed (with effect in accordance with s. 381(1) of the amending Act) by Taxation (International and Other Provisions) Act 2010 (c. 8), s. 381(1), Sch. 10 Pt. 1 (with Sch. 9 paras. 1-9, 22)

*Taxation of Chargeable Gains Act 1992*

2 (1) The Taxation of Chargeable Gains Act 1992 (c. 12) is amended as follows.

(2) In section 10 (non-resident with United Kingdom branch or agency)—

- (a) omit subsection (3); and
- (b) in subsection (4), omit “or corporation tax”.

(3) In sections 13(5)(d), 25(7)(b), <sup>F1084</sup>... 139(1A), 140A(2), 159(4)(b), 171(1A), 175(2AA), 179(1A), 190(2)(b) and (3)(b), 199(6)(b) and 228(6)(b), and in Schedule 7A, paragraph 1(3A), for “10(3)” substitute “ 10B ”.

**Textual Amendments**

F1084 Words in Sch. 27 para. 2(3) repealed (with effect in accordance with Sch. 26 Pt. 3(9) Note 2 of the amending Act) by Finance Act 2006 (c. 25), Sch. 26 Pt. 3(9)

*Finance Act 1993*

F1085 3 .....

**Textual Amendments**

F1085 Sch. 27 para. 3 repealed (with effect in accordance with s. 52(3) of the amending Act) by Finance Act 2004 (c. 12), Sch. 42 Pt. 2(6)

*Finance Act 1995*

F1086 4 .....

**Textual Amendments**

F1086 Sch. 27 para. 5 repealed (1.4.2010) by Taxation (International and Other Provisions) Act 2010 (c. 8), s. 381(1), Sch. 10 Pt. 11 (with Sch. 9 paras. 1-9, 22)

F1086 5 .....

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**Textual Amendments**

**F1086**Sch. 27 para. 5 repealed (1.4.2010) by [Taxation \(International and Other Provisions\) Act 2010 \(c. 8\)](#), s. 381(1), [Sch. 10 Pt. 11](#) (with [Sch. 9](#) paras. 1-9, 22)

**F1087**<sup>6</sup> .....

**Textual Amendments**

**F1087**Sch. 27 para. 6 repealed (6.4.2007) by [Income Tax Act 2007 \(c. 3\)](#), s. 1034(1), [Sch. 3 Pt. 1](#) (with [Sch. 2](#))

7 Omit section 129 of the Finance Act 1995 (c. 4) (limit on income chargeable on non-residents: corporation tax).

*Finance Act 1996*

8 In Schedule 15 to the Finance Act 1996 (c. 8) (loan relationships: transitional provisions), in paragraph 8(6)(c)—  
(a) for “10(3)” substitute “ 10B ”, and  
(b) for “on a disposal by a branch or agency” substitute “ attributable to a permanent establishment ”.

*Finance Act 2000*

9 In Schedule 15 to the Finance Act 2000 (c. 17) (corporate venturing scheme), in paragraph 79(5) (gain accruing on chargeable event), for “section 10” substitute “ section 10B ”.

SCHEDULE 28

Section 159

CAPITAL GAINS TAX: REPORTING LIMITS AND ANNUAL EXEMPT AMOUNT

**PART 1**

REPORTING LIMITS

1 After section 3 of the Taxation of Chargeable Gains Act 1992 (c. 12) insert—

**“3A Reporting limits**

- (1) Where in the case of an individual—
- (a) the amount of chargeable gains accruing to him in any year of assessment does not exceed the exempt amount for that year, and
  - (b) the aggregate amount or value of the consideration for all chargeable disposals of assets made by him in that year does not exceed four times the exempt amount for that year,
- a statement to that effect is sufficient compliance with so much of any notice under section 8 of the Management Act as requires information for the

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purposes of establishing the amount in which he is chargeable to capital gains tax for that year.

- (2) For the purposes of subsection (1)(a) above—
    - (a) the amount of chargeable gains accruing to an individual in a year of assessment for which no deduction falls to be made in respect of allowable losses is the amount after any reduction for taper relief;
    - (b) the amount of chargeable gains accruing to an individual in a year of assessment for which such a deduction does fall to be made is the amount before deduction of losses or any reduction for taper relief.
  - (3) For the purposes of subsection (1)(b) above a “chargeable disposal” is any disposal other than—
    - (a) a disposal on which any gain accruing is not a chargeable gain, or
    - (b) a disposal the consideration for which is treated by virtue of section 58 (husband and wife) as being such that neither a gain nor a loss would accrue.
  - (4) Subsection (1) above applies to personal representatives (for the year of assessment in which the individual in question dies and for the next 2 following years) as it applies to an individual.
  - (5) Subsection (1) above applies to the trustees of a settlement in accordance with Schedule 1.
  - (6) In this section “exempt amount” has the meaning given by section 3 (read, where appropriate, with Schedule 1).”
- 2
- (1) In the heading to Schedule 1 to that Act (application of exempt amount in cases involving settled property) after “EXEMPT AMOUNT” insert “ AND REPORTING LIMITS ”.
  - (2) In paragraph 1 of that Schedule (trustees for person with a disability) after sub-paragraph (5) insert—
 

“(5A) In its application to the trustees of a settlement, section 3A(1) has effect with the substitution for the reference to section 8 of the Management Act of a reference to section 8A of that Act.”.
  - (3) In paragraph 2 of that Schedule (other trustees) after sub-paragraph (6) insert—
 

“(6A) In its application to the trustees of a settlement, section 3A(1) has effect with the substitution for the reference to section 8 of the Management Act of a reference to section 8A of that Act.”.

## PART 2

### ANNUAL EXEMPT AMOUNT

- 3
- (1) Section 3 of the Taxation of Chargeable Gains Act 1992 (c. 12) is amended as follows.
  - (2) Omit subsection (6).
  - (3) In subsection (7) for “subsections (1) to (6)” substitute “ subsections (1) to (5C) ”.
  - (4) After that subsection insert—

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- “(7A) As they apply by virtue of subsection (7) above—
  - (a) subsection (5A) has effect with the omission of paragraph (b), and
  - (b) subsection (5B) has effect with the omission of the words “or (b)”.”

- 4 (1) Paragraph 1 of Schedule 1 to that Act is amended as follows.
  - (2) In sub-paragraph (1), in the words following paragraph (b)—
    - (a) for “section 3(1) to (6)” substitute “ sections 3(1) to (5C) and 3A ”;
    - (b) at the end insert “ , but with the modifications specified in this paragraph ”.
  - (3) After sub-paragraph (2) insert—
    - “(2A) As they apply by virtue of sub-paragraph (1) above—
      - (a) section 3(5A) has effect with the omission of paragraph (b), and
      - (b) section 3(5B) has effect with the omission of the words “or (b)”.”
  - (4) In sub-paragraph (3)—
    - (a) for “section 3” substitute “ sections 3 and 3A(1)(a) ”;
    - (b) after “the exempt amount for the year”, where it first occurs, insert “ (except the one in section 3(2)) ”.

<sup>F1088</sup>(5) .....

**Textual Amendments**

<sup>F1088</sup>Sch. 28 para. 4(5) omitted (13.8.2009) by virtue of [The Finance Act 2009, Schedule 47 \(Consequential Amendments\) Order 2009 \(S.I. 2009/2035\)](#), art. 1, [Sch. para. 60\(i\)](#)

- 5 (1) Paragraph 2 of that Schedule is amended as follows.
  - (2) In sub-paragraph (1) for “section 3(1) to (6)” substitute “ sections 3(1) to (5C) and 3A ”.
  - (3) In sub-paragraph (2)—
    - (a) for “subsections (1) and (5)” substitute “ section 3(1), (5A), (5B) and (5C) ”;
    - (b) after “section 3(1), (5A), (5B) and (5C)” insert “ and section 3A(1)(a) ”.
  - (4) After sub-paragraph (2) insert—
    - “(2A) As they apply by virtue of sub-paragraph (1) above—
      - (a) section 3(5A) has effect with the omission of paragraph (b), and
      - (b) section 3(5B) has effect with the omission of the words “or (b)”.”
  - (5) Omit sub-paragraph (3).

<sup>F1089</sup>(6) .....

**Textual Amendments**

<sup>F1089</sup>Sch. 28 para. 5(6) omitted (13.8.2009) by virtue of [The Finance Act 2009, Schedule 47 \(Consequential Amendments\) Order 2009 \(S.I. 2009/2035\)](#), art. 1, [Sch. para. 60\(i\)](#)

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- 6 In the first column of the Table in section 98 of the Taxes Management Act 1970 (c. 9) (penalty for failure to furnish particulars etc), at the appropriate place insert — “ Paragraph 1(7) of Schedule 1 to the 1992 Act. ”.

### PART 3

#### COMMENCEMENT

- 7 The amendments in paragraphs 1, 2, 3(2) and (3), 4(2)(a) and (4)(a) and 5(2), (3) (b) and (5) of this Schedule apply in relation to any notice under section 8 or, as the case may be, section 8A of the Taxes Management Act 1970 given in relation to the year 2003-04 or any subsequent year of assessment.
- 8 The amendments in paragraphs 3(4), 4(2)(b), (3) and (4)(b) and 5(3)(a) and (4) of this Schedule shall be deemed always to have had effect.
- 9 The amendments in paragraphs 4(5), 5(6) and 6 of this Schedule have effect in relation to any notice given in respect of the year 2002-03 or any subsequent year of assessment, except that the amendment in paragraph 6 has effect only in relation to such a notice given after the passing of this Act.

#### SCHEDULE 29

Section 163(2)

#### TRANSFERS OF VALUE: ATTRIBUTION OF GAINS TO BENEFICIARIES

##### *Introduction*

- 1 Schedule 4C to the Taxation of Chargeable Gains Act 1992 (c. 12) (transfers of value: attribution of gains to beneficiaries) is amended as follows.

##### *Scope and scheme of Schedule*

- 2 For paragraphs 1 and 2 (introduction and general scheme of Schedule) substitute—

##### *“Introduction*

- 1 (1) This Schedule applies where the trustees of a settlement (“the transferor settlement”) make a transfer of value to which Schedule 4B applies (“the original transfer”).
- (2) Where this Schedule applies, the following gains—
- (a) any Schedule 4B trust gains accruing by virtue of the transfer (see paragraphs 3 to 7), and
  - (b) any outstanding section 87/89 gains of the transferor settlement at the end of the year of assessment in which the transfer is made (see paragraph 7A),
- are pooled for the purpose of attributing them, in accordance with this Schedule, to beneficiaries who receive capital payments. Paragraph 7B provides for further gains to be brought into the pool in the case of a further transfer of value.



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- (3) The gains mentioned in sub-paragraph (2) are referred to in this Schedule as “Schedule 4C gains” and the pool is referred to as the transferor settlement’s “Schedule 4C pool”.
- (4) Paragraphs 8 to 9 provide for the attribution of gains in a settlement’s Schedule 4C pool.
- (5) References in this Schedule to a transfer to which Schedule 4B applies include any such transfer, whether or not any chargeable gain or allowable loss accrues under that Schedule by virtue of the transfer.”

*Other gains to be brought into Schedule 4C pool*

F1090<sup>3</sup> .....

**Textual Amendments**

**F1090**Sch. 29 para. 3 omitted (with effect in accordance with Sch. 7 para. 147 of the amending Act) by virtue of Finance Act 2008 (c. 9), **Sch. 7 para. 146** (with Sch. 7 para. 155)

*Attribution of gains to beneficiaries*

- 4 (1) For paragraphs 8 and 9 (attribution of gains to beneficiaries) substitute—

*“Attribution of Schedule 4C gains to beneficiaries*

- 8 (1) The gains in a settlement’s Schedule 4C pool at the end of any year of assessment are treated as chargeable gains accruing in that year to beneficiaries who receive in that year, or have received in an earlier year, capital payments from the trustees of any settlement that is a relevant settlement in relation to the pool.  
  
Paragraph 8A defines “relevant settlement” for this purpose.
- (2) The attribution of chargeable gains to beneficiaries under this paragraph shall be made in proportion to, but shall not exceed, the amounts of the capital payments made to them.  
  
Paragraphs 8B and 8C provide for the matching of gains with available capital payments.
- (3) A chargeable gain shall not be treated as accruing to a beneficiary under this Schedule unless he is chargeable to tax for that year of assessment.
- (4) For the purposes of this Schedule a beneficiary is “chargeable to tax” for a year of assessment if, and only if—
  - (a) he is resident in the United Kingdom for any part of that year or is ordinarily resident in the United Kingdom for that year, and
  - (b) he is domiciled in the United Kingdom for any part of that year.
- (5) Any gains in a settlement’s Schedule 4C pool that are not attributed to beneficiaries in a year of assessment are carried forward to the following year of assessment, when this paragraph applies again.

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### *Relevant settlements*

- 8A (1) This paragraph specifies what settlements are relevant settlements in relation to a Schedule 4C pool.
- (2) The transferor and transferee settlements in relation to the original transfer of value are relevant settlements.
- (3) If the trustees of any settlement that is a relevant settlement in relation to a Schedule 4C pool—
- (a) make a transfer of value to which Schedule 4B applies, or
  - (b) make a transfer of settled property to which section 90 applies,
- any settlement that is a transferee settlement in relation to that transfer is also a relevant settlement in relation to that pool.
- (4) If the trustees of a settlement that is a relevant settlement in relation to a Schedule 4C pool make a transfer of value to which Schedule 4B applies, any other settlement that is a relevant settlement in relation to that pool is also a relevant settlement in relation to the Schedule 4C pool arising from the further transfer.

### *Attribution of gains in Schedule 4C pool*

- 8B (1) The following rules apply as regards the attribution of the gains in a settlement's Schedule 4C pool to beneficiaries of relevant settlements.
- This paragraph has effect subject to paragraph 8C (order of attribution as between gains in Schedule 4C pool and other trust gains).
- (2) Gains of earlier years are attributed to beneficiaries before gains of later years.
- (3) For the purposes of this Schedule the year of a gain is determined as follows—
- (a) a Schedule 4B trust gain is a gain of the year of assessment in which the transfer of value in question takes place;
  - (b) a section 87/89 gain is a gain of the year of assessment in which it first forms part of a settlement's trust gains in accordance with section 87(2).
- (4) Gains of the same year are matched with available capital payments made at any time by trustees of any relevant settlement.
- (5) If gains of one year are wholly matched, gains of the next year are then matched, and so on.
- (6) The gains are attributed to beneficiaries in proportion to, but not so as to exceed, the amount of available capital payments received by them.

### *Attribution of gains: Schedule 4C pool gains and other gains*

- 8C (1) Where in a year of assessment—
- (a) gains in a settlement's Schedule 4C pool fall to be attributed to beneficiaries of relevant settlements, and

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- (b) one or more of those settlements also have gains that fall to be attributed to beneficiaries under section 87(4) or 89(2), the provisions of paragraph 8B have effect as follows.
- (2) The rules in that paragraph apply in relation to all the gains falling to be so attributed.
- (3) As between gains of the same year, Schedule 4C gains are attributed to beneficiaries before other gains.

*Attribution of gains: available capital payments*

- 9 (1) In any year of assessment capital payments made to a beneficiary by the trustees of a relevant settlement, in that year or any earlier year, are available for the purposes of paragraphs 8 to 8C subject to the following provisions.
- (2) A capital payment is no longer available to the extent that chargeable gains have, by reason of it, been treated as accruing to the recipient in an earlier year of assessment—
  - (a) under this Schedule, or
  - (b) under section 87(4) or 89(2).
- (3) Capital payments received—
  - (a) before 21st March 2000, or
  - (b) before the year of assessment preceding the year of assessment in which the original transfer of value was made,shall be disregarded.”.
- (2) After paragraph 12 insert—

**Attribution of gains to beneficiaries in section 10A cases**

- “12A(1) This paragraph applies where by virtue of section 10A an amount of gains would (apart from this Schedule) be treated under section 87 as accruing to a person (“the beneficiary”) in the year of return by virtue of a capital payment made to him in an intervening year.
- (2) Where this paragraph applies, a capital payment equal to so much of that capital payment as exceeds the amount otherwise charged shall be deemed for the purposes of this Schedule to be made to the beneficiary in the year of return.
- (3) The “amount otherwise charged” means the total of any chargeable gains attributed to the beneficiary under section 87(4) or 89(2) by virtue of the capital payment.
- (4) For the purposes of paragraph 13(5)(b) a deemed capital payment under this paragraph shall be treated as made when the actual capital payment mentioned in sub-paragraph (1) above was made.
- (5) Expressions used in this paragraph and section 10A have the same meanings in this paragraph as in that section”.

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*Gains attributed to settlor*

F1091<sup>5</sup> .....

**Textual Amendments**  
F1091 Sch. 29 para. 5 omitted (with effect in accordance with Sch. 2 para. 56(3) of the amending Act) by virtue of Finance Act 2008 (c. 9), Sch. 2 para. 55(f)(ii)

*Minor and consequential amendments*

6 (1) In paragraph 10(1) for “of the transferor settlement, or of any transferee settlement,” substitute “ of any relevant settlement ”.

F1092(2) .....

F1093(3) .....

(4) After paragraph 13 insert—

*“Effect of settlement ceasing to exist after transfer of value*

13A Where a settlement ceases to exist after the trustees have made a transfer of value to which Schedule 4B applies, this Schedule has effect as if a year of assessment had ended immediately before the settlement ceased to exist.”.

**Textual Amendments**  
F1092 Sch. 29 para. 6(2) omitted (with effect in accordance with Sch. 7 para. 147 of the amending Act) by virtue of Finance Act 2008 (c. 9), Sch. 7 para. 146 (with Sch. 7 para. 155)  
F1093 Sch. 29 para. 6(3) omitted (with effect in accordance with Sch. 7 para. 147 of the amending Act) by virtue of Finance Act 2008 (c. 9), Sch. 7 para. 146 (with Sch. 7 para. 155)

SCHEDULE 30

FIRST-YEAR ALLOWANCES FOR EXPENDITURE ON ENVIRONMENTALLY BENEFICIAL PLANT OR MACHINERY

*Introductory*

1 The Capital Allowances Act 2001 (c. 2) is amended as follows.

*Types of expenditure for which first-year allowances available*

2 In section 39—

- (a) after “under” insert “ any of the following provisions ”;
- (b) at the end of the entry relating to section 45E, omit “or”;

F1094(c) .....

*Status: Point in time view as at 15/03/2023.*

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**Textual Amendments**

**F1094**Sch. 30 para. 2(c) repealed (with effect in accordance with s. 33(5) of the amending Act) by [Finance Act 2019 \(c. 1\), s. 33\(2\)\(c\)\(ii\)](#)

*First-year qualifying expenditure on environmentally beneficial plant or machinery*

**F1095**<sub>3</sub> .....

**Textual Amendments**

**F1095**Sch. 30 para. 3 repealed (with effect in accordance with s. 33(5) of the amending Act) by [Finance Act 2019 \(c. 1\), s. 33\(2\)\(c\)\(ii\)](#)

*General exclusions affecting first-year qualifying expenditure*

- 4 (1) In section 46(1)—
- (a) after “under” insert “ any of the following provisions ”;
  - (b) at the end of the entry relating to section 45E, omit “or”;
- F1096**(c) .....

**F1097**(2) .....

**Textual Amendments**

**F1096**Sch. 30 para. 4(1)(c) repealed (with effect in accordance with s. 33(5) of the amending Act) by [Finance Act 2019 \(c. 1\), s. 33\(2\)\(c\)\(ii\)](#)

**F1097**Sch. 30 para. 4(2) repealed (with effect in accordance with Sch. 26 Pt. 3(13) Note of the amending Act) by [Finance Act 2006 \(c. 25\), Sch. 26 Pt. 3\(13\)](#); Sch. 30 para. 4(2) repealed (with effect in accordance with s. 33(5) of the amending Act) by [Finance Act 2019 \(c. 1\), s. 33\(2\)\(c\)\(ii\)](#)

*Amount of first-year allowances*

**F1098**<sub>5</sub> .....

**Textual Amendments**

**F1098**Sch. 30 paras. 5-7 repealed (with effect in accordance with s. 33(5) of the amending Act) by [Finance Act 2019 \(c. 1\), s. 33\(2\)\(c\)\(ii\)](#)

*Penalty for failure to provide information etc*

**F1098**<sub>6</sub> .....

*Status: Point in time view as at 15/03/2023.*

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**Textual Amendments**

**F1098**Sch. 30 paras. 5-7 repealed (with effect in accordance with s. 33(5) of the amending Act) by [Finance Act 2019 \(c. 1\), s. 33\(2\)\(c\)\(ii\)](#)

*Transitory provision: expenditure incurred etc before first order made*

**F1098**<sup>7</sup> .....

**Textual Amendments**

**F1098**Sch. 30 paras. 5-7 repealed (with effect in accordance with s. 33(5) of the amending Act) by [Finance Act 2019 \(c. 1\), s. 33\(2\)\(c\)\(ii\)](#)

**F1099**SCHEDULE 31

Section 168

**Textual Amendments**

**F1099**Sch. 31 repealed (with effect in accordance with s. 1329(1) of the amending Act) by [Corporation Tax Act 2009 \(c. 4\), s. 1329\(1\), Sch. 3 Pt. 1](#) (with Sch. 2 Pts. 1, 2)

SCHEDULE 32

Section 169

TONNAGE TAX: RESTRICTIONS ON CAPITAL ALLOWANCES FOR LESSORS OF SHIPS

*The ring fence: amendments to the provisions about capital allowances and ship leasing*

- 1 (1) In Schedule 22 to the Finance Act 2000 (c. 17) (tonnage tax), Part 10 (the ring fence: capital allowances: ship leasing) is amended as follows.
- (2) Omit the word “finance” from the expression “finance lease” in paragraphs 89(1), 90(1), 92(1), 93(1), 94(1), 98(1)(a) and 99(1)(a).
- (3) At the end of sub-paragraph (1) of paragraph 89 (introduction to Part 10) insert—  
“ This is subject to paragraph 89A (exception for ordinary charters). ”.
- (4) For sub-paragraph (2) of that paragraph substitute—  
“(2) In this Part of this Schedule “lease” means any arrangements that provide for a ship to be leased or otherwise made available by a person (“the lessor”) to another person (“the lessee”).”.
- (5) After that paragraph insert—

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*“Quantitative restrictions not to apply to ordinary charters*

89A(1) Paragraphs 94 to 102, and paragraph 89(1) so far as relating to those paragraphs, do not apply in the following cases.

- (2) The first case is where the ship is chartered out by a person who is responsible—
- (a) for the operation of the ship, including the appointment of the master and those members of the crew engaged in navigation, throughout the period of the charter, and
  - (b) for defraying all expenses in connection with the ship throughout that period, or substantially all such expenses other than those directly incidental to a particular voyage or to the employment of the ship during that period.

For the purposes of this sub-paragraph a person is “responsible” if he is responsible as principal or if he appoints another person, other than the lessee or a person connected with the lessee, to be responsible in his place.

- (3) The second case is where—
- (a) the ship is chartered out by a person acting in the course of a trade that consists of, or to a significant extent includes, operating ships, and
  - (b) the conditions in sub-paragraph (4) are met.
- (4) Those conditions are—
- (a) that the period of the charter does not exceed seven years, and there is no provision or agreement under which it could be extended beyond seven years;
  - (b) that the period of the charter, together with any other periods in the same ten years during which the ship is chartered out to the lessee or a person connected with him, does not exceed seven years in total;
  - (c) that there are no arrangements under which the lessee or a person connected with him may acquire the ship, whether directly or indirectly, from the lessor.

In paragraph (b) “the same ten years” means any period of ten years that includes the period of the charter mentioned in that paragraph.

- (5) References in this paragraph to the period of a charter are to the term specified in the lease or, if longer, the actual period during which the ship is chartered.
- (6) Section 839 of the Taxes Act 1988 (connected persons) applies for the purposes of this paragraph.”.

*Consequential amendments*

- 2 (1) In paragraph 41(4) of that Schedule (the requirement not to enter into tax avoidance arrangements: exemption for finance leases)—
- (a) in the first sentence omit “finance”;
  - (b) for the second sentence substitute— “ In this sub-paragraph “lease”, and “lessor” in relation to a lease, have the meaning given by paragraph 89(2). ”.

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- (2) In paragraph 147 (index of defined expressions)—
- (a) omit the entry for “finance lease (and lessor and lessee) (in Part X)”;
  - (b) insert at the appropriate place—

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“lease (and lessor and lessee) (in Part X) paragraph 89(2)”.

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*Commencement and temporary provision*

- 3 (1) Subject to paragraph 4(2), the amendments made by paragraphs 1 and 2 apply in relation to any lease entered into on or after 19th December 2002.
- (2) In sub-paragraph (4)(b) of the paragraph 89A inserted by paragraph 1(5) above, the reference to any other periods during which the ship is chartered out does not include any period during which it is chartered out under a lease entered into before 19th December 2002.
- 4 (1) This paragraph applies in relation to any lease entered into on or after 19th December 2002 and before 16 April 2003.
- (2) Part 10 of the Schedule 22 to the Finance Act 2000 (c. 17) has effect as if, instead of the paragraph inserted after paragraph 89 by paragraph 1(5) above, the following paragraph were inserted—

*“Exception for ordinary charters*

- 89A (1) Paragraph 89(1), and the provisions of this Part of this Schedule listed there, do not apply in the following cases.
- (2) The first case is where the ship is chartered out by a person who is responsible—
- (a) for the operation of the ship, including the appointment of the master and those members of the crew engaged in navigation, throughout the period of the charter, and
  - (b) for defraying all expenses in connection with the ship throughout that period, or substantially all such expenses other than those directly incidental to a particular voyage or to the employment of the ship during that period.
- For the purposes of this sub-paragraph a person is “responsible” if he is responsible as principal or if he appoints another person, other than the lessee or a person connected with the lessee, to be responsible in his place.
- (3) The second case is where—
- (a) the ship is chartered out to another person (“the charterer”) because of short-term over-capacity,
  - (b) the person chartering out the ship does so in the course of a trade that consists of or includes operating ships, and
  - (c) the conditions in sub-paragraph (4) are met.
- (4) Those conditions are—



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- (a) that the period of the charter does not exceed three years, and there is no provision or agreement under which it could be extended beyond three years;
  - (b) that the period of the charter, together with any other periods in the same five years during which the ship is chartered out to the charterer or a person connected with him, does not exceed three years in total;
  - (c) that neither the charterer nor any person connected with him has an option to purchase the ship.
- (5) In sub-paragraph (4)(b)—
- (a) the reference to any other periods during which the ship is chartered out does not include any period during which it is chartered out under a lease entered into before 19th December 2002;
  - (b) “the same five years” means any period of five years that includes the period of the charter mentioned in that sub-paragraph.
- (6) References in this paragraph to the period of a charter are to the term specified in the lease or, if longer, the actual period during which the ship is chartered.
- (7) Section 839 of the Taxes Act 1988 (connected persons) applies for the purposes of this paragraph.”.
- (3) Paragraph 93(1) of that Schedule (certificates required to support claim by lessor) has effect as if after paragraph (a) there were inserted—
- “(aa) that the lease is such that, by virtue of paragraph 89A (exception for ordinary charters), paragraph 89(1) does not apply, or”.
- 5 In paragraphs 3 and 4 “lease” means any arrangements that provide for a ship to be leased or otherwise made available by one person to another.

SCHEDULE 33

Section 170

INSURANCE COMPANIES

*Case I profits*

F1100<sub>1</sub> .....

**Textual Amendments**

F1100 Sch. 33 para. 1 omitted (17.7.2012) by virtue of Finance Act 2012 (c. 14), Sch. 16 para. 247(k)

F1101<sub>2</sub> .....

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**Textual Amendments**

**F1101** Sch. 33 para. 2 omitted (17.7.2012) by virtue of Finance Act 2012 (c. 14), Sch. 16 para. 247(k)

F1102<sup>3</sup> .....

**Textual Amendments**

**F1102** Sch. 33 para. 3 omitted (with effect in accordance with Sch. 17 para. 4(1) of the amending Act) by virtue of Finance Act 2008 (c. 9), Sch. 17 para. 3(b)

- 4 (1) In section 83AA of the Finance Act 1989 (c. 26) (amounts added to long-term insurance fund of a company in excess of company’s loss), omit—
  - (a) subsections (3) to (5),
  - (b) subsection (6)(a),
  - (c) subsection (7)(b) and the word “and” before it, and
  - (d) in subsection (10), the definitions of “the relevant accounting period” and “the transferor company”.
- (2) Sub-paragraph (1) has effect for periods of account beginning on or after 1st January 2003.

F1103<sup>5</sup> .....

**Textual Amendments**

**F1103** Sch. 33 para. 5 omitted (17.7.2012) by virtue of Finance Act 2012 (c. 14), Sch. 16 para. 247(k)

6 <sup>F1104</sup>(1) .....

- (2) Section 89 of that Act (meaning of policy holders' share of profits) is amended as follows.
- (3) In subsection (1), for the words after “references to” substitute—
  - “(a) in a case where there are no Case I profits of the company for the period in respect of its life assurance business, the amount of the relevant profits, and
  - (b) in any other case, the amount arrived at in accordance with subsection (1A) below.”.
- (4) After that subsection insert—
  - “(1A) An amount is arrived at in accordance with this subsection by—
    - (a) deducting from any profits of the company for the period chargeable under Case VI of Schedule D under sections 436, 439B and 441 of the Taxes Act 1988 (as reduced by any losses under those sections and any charges on income referable to any category of business other than basic life assurance and general annuity business) so much of the Case I profits of the company for the period in respect of its life assurance business as does not exceed the amount of any profits of the company for the period so chargeable, and

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- (b) deducting any remaining Case I profits of the company for the period in respect of its life assurance business from any BLAGAB profits of the company for the period.
- (1B) For the purposes of this section, the BLAGAB profits of a company for an accounting period are the income and chargeable gains referable to the company’s basic life assurance and general annuity business reduced by the aggregate amount of—
- (a) any non-trading deficit on the company’s loan relationships,
  - (b) expenses of management falling to be deducted under section 76 of the Taxes Act 1988, and
  - (c) charges on income,
- so far as referable to the company’s basic life assurance and general annuity business.”.
- (5) In subsection (2), for “subsection (1)” substitute “ subsections (1) and (1A) ”.
- <sup>F1105</sup>(6) .....
- (7) In—
- <sup>F1106</sup>(a) .....
  - (b) the second sentence of section 434A(3) of that Act (computation of losses and limitation on relief),  
for “88” substitute “ 89 ”.
- (8) In section 434A(2)(a)(i) of the Taxes Act 1988 (computation of losses and limitation on relief), for “for the period, otherwise than in accordance with those provisions, the profits or losses of the company’s life assurance business” substitute “ , otherwise than in accordance with those provisions, the relevant profits (within the meaning of section 88(1) of the Finance Act 1989) of the company for the period ”.
- (9) In section 437(1A) of the Taxes Act 1988 (general annuity business), for “profits for any accounting period of a company’s life assurance business” substitute “ relevant profits (within the meaning of section 88(1) of the Finance Act 1989) of an insurance company for any accounting period ”.
- (10) In paragraph 16(1) of Schedule 7 to the Finance Act 1991 (c. 31) (transitional relief for old general annuity contracts), for “profits for any accounting period of an insurance company’s life assurance business” substitute “ relevant profits (within the meaning of section 88(1) of the Finance Act 1989) of an insurance company for any accounting period ”.
- (11) Section 89(1B) of the Finance Act 1989 (c. 26) (inserted by sub-paragraph (4)) has effect for the purposes of section 210A of the Taxation of Chargeable Gains Act 1992 (c. 12) (inserted by paragraph 14(1)) in relation to any accounting period of a company if it is necessary under that section to determine the company’s BLAGAB profits for the period.
- (12) But, subject to that, this paragraph has effect for accounting periods ending on or after 9th April 2003.

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**Textual Amendments**

- F1104** Sch. 33 para. 6(1) omitted (with effect in accordance with Sch. 17 para. 18(6) of the amending Act) by virtue of [Finance Act 2008 \(c. 9\)](#), [Sch. 17 para. 18\(5\)\(e\)](#)
- F1105** Sch. 33 para. 6(6) repealed (with effect in accordance with s. 42 of the amending Act) by [Finance Act 2004 \(c. 12\)](#), [Sch. 42 Pt. 2\(3\)](#)
- F1106** Sch. 33 para. 6(7)(a) repealed (19.7.2007) by [Finance Act 2007 \(c. 11\)](#), [Sch. 27 Pt. 2\(7\)](#)

**F1107**7 .....

**Textual Amendments**

- F1107** Sch. 33 para. 7 repealed (19.7.2007) by [Finance Act 2007 \(c. 11\)](#), [Sch. 27 Pt. 2\(8\)](#)

**F1108**8 .....

**Textual Amendments**

- F1108** Sch. 33 para. 8 omitted (17.7.2012) by virtue of [Finance Act 2012 \(c. 14\)](#), [Sch. 16 para. 247\(k\)](#)

**F1109**9 .....

**Textual Amendments**

- F1109** Sch. 33 para. 9 repealed (19.7.2007) by [Finance Act 2007 \(c. 11\)](#), [Sch. 27 Pt. 2\(7\)](#)

**F1110**10 .....

**Textual Amendments**

- F1110** Sch. 33 para. 10 omitted (17.7.2012) by virtue of [Finance Act 2012 \(c. 14\)](#), [Sch. 16 para. 247\(k\)](#)

**F1111**11 .....

**Textual Amendments**

- F1111** Sch. 33 para. 11 repealed (with effect in accordance with s. 381(1) of the amending Act) by [Taxation \(International and Other Provisions\) Act 2010 \(c. 8\)](#), s. 381(1), [Sch. 10 Pt. 1](#) (with Sch. 9 paras. 1-9, 22)

**F1112**12 .....

**Textual Amendments**

- F1112** Sch. 33 para. 12 omitted (17.7.2012) by virtue of [Finance Act 2012 \(c. 14\)](#), [Sch. 16 para. 247\(k\)](#)

*Rate of tax on policy holders' share of life assurance profits*

13 (1) The Finance Act 1989 is amended as follows.

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- (2) In section 88(1) (corporation tax rate on policy holders' share of relevant profits of companies carrying on life assurance business to be basic rate of income tax)—
  - (a) omit “and section 88A”, and
  - (b) for “basic” substitute “ lower ”.
- (3) Omit section 88A (cases where tax rate already is lower rate).
- (4) In section 89(1) (meaning of “policy holders' share of profits”)—
  - (a) for “sections 88 and 88A” substitute “ section 88 ”, and
  - (b) omit “or, as the case may be, basic life assurance and general annuity business”.
- (5) The Taxes Act 1988 is amended as follows.
- (6) In section 438B(5) (income or gains arising from property investment LLP)—
  - (a) omit paragraph (b) and the word “and” before it, and
  - <sup>F1113</sup>(b) .....
- (7) Section 755A (controlled foreign companies: chargeable profits and creditable tax apportioned to company carrying on life assurance business) is amended as follows.
- (8) In subsection (3), for “88A(1)” substitute “ 88(1) ”.
- (9) For subsection (11) substitute—
  - “(11) For the purposes of this section the policy holders' part of any BLAGAB apportioned profit is—
    - (a) where subsection (11A) below applies, the whole of that profit, and
    - (b) in any other case, the relevant fraction (within the meaning of subsection (11B) below) of that profit.
  - (11A) This subsection applies if—
    - (a) the UK company’s life assurance business is mutual business,
    - (b) the policy holders' share of the UK company’s relevant profits for the relevant accounting period is equal to all those profits, or
    - (c) the policy holders' share of the UK company’s relevant profits for the relevant accounting period is more than its BLAGAB profits for that period.
  - (11B) The relevant fraction for the purposes of subsection (11)(b) above is the fraction arrived at by dividing—
    - (a) the policy holders' share of the UK company’s relevant profits for the relevant accounting period, by
    - (b) the UK company’s BLAGAB profits for that period.
  - (11C) In subsections (11A) and (11B) above—
    - (a) references to the policy holders' share of the UK company’s share of the relevant profits are to be construed in accordance with sections 88(3) and 89 of the Finance Act 1989, and
    - (b) references to the UK company’s BLAGAB profits are to be construed in accordance with section 89(1B) of that Act.”.

<sup>F1114</sup>(10) .....

*Status: Point in time view as at 15/03/2023.*

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(11) This paragraph has effect for the financial year 2003 and subsequent financial years.

#### Textual Amendments

**F1113** Sch. 33 para. 13(6)(b) repealed (19.7.2007) by [Finance Act 2007 \(c. 11\)](#), [Sch. 27 Pt. 2\(7\)](#)

**F1114** Sch. 33 para. 13(10) repealed (with effect in accordance with s. 37 of the amending Act) by [Finance Act 2004 \(c. 12\)](#), [Sch. 42 Pt. 2\(1\)](#)

#### Chargeable gains

14 (1) In the Taxation of Chargeable Gains Act 1992 (c. 12), after section 210 insert—

##### “210A Ring-fencing of losses

- (1) Section 8(1) has effect in relation to insurance companies subject to the provisions of this section.
- (2) Non-BLAGAB allowable losses accruing to an insurance company are not allowable as a deduction from the policy holders' share of the BLAGAB chargeable gains accruing to the company.
- (3) BLAGAB allowable losses accruing to an insurance company are allowable as a deduction from non-BLAGAB chargeable gains accruing to the company as permitted by the following provisions of this section (and not otherwise).
- (4) They are allowable as a deduction from only so much of non-BLAGAB chargeable gains accruing to the company in an accounting period as exceeds the aggregate of—
  - (a) non-BLAGAB allowable losses accruing to the company in the accounting period, and
  - (b) non-BLAGAB allowable losses previously accruing to the company which have not been allowed as a deduction from chargeable gains accruing in any previous accounting period.
- (5) And they are allowable as a deduction from non-BLAGAB chargeable gains accruing to the company in an accounting period only to the extent that they do not exceed the permitted amount for the accounting period.
- (6) The permitted amount for the first accounting period of an insurance company in relation to which this section has effect is the aggregate of—
  - (a) the amount by which shareholders' share for that accounting period of BLAGAB allowable losses accruing to the company in the accounting period exceeds the shareholders' share of BLAGAB chargeable gains so accruing, and
  - (b) the shareholder's share for the immediately preceding accounting period of BLAGAB allowable losses previously accruing to the company which have not been allowed as a deduction from chargeable gains accruing in that immediately preceding accounting period or any earlier accounting period.
- (7) The permitted amount for any subsequent accounting period of the company is arrived at by—

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- (a) deducting from the permitted amount for the immediately preceding accounting period the amount of any BLAGAB allowable losses allowed as a deduction from non-BLAGAB chargeable gains accruing to the company in the immediately preceding accounting period, and
  - (b) adjusting the result in accordance with subsection (8) or (9) below.
- (8) If the BLAGAB chargeable gains accruing to the company in the subsequent accounting period exceed the BLAGAB allowable losses so accruing, the amount arrived at under subsection (7)(a) above is reduced by a fraction of which—
  - (a) the denominator is the BLAGAB allowable losses accruing to the company in any previous accounting period which have not been allowed as a deduction from chargeable gains accruing to the company in any previous accounting period, and
  - (b) the numerator is so many of those allowable losses as are allowed as a deduction from BLAGAB chargeable gains accruing to the company in the accounting period.
- (9) If the BLAGAB allowable losses accruing to the company in the subsequent accounting period exceed the BLAGAB chargeable gains so accruing, the amount arrived at under subsection (7)(a) above is increased by the shareholders' share of the amount by which those allowable losses exceed those chargeable gains.
- (10) For the purposes of this section the policy holders' share of chargeable gains or allowable losses accruing to an insurance company in an accounting period—
  - (a) if the policy holders' share of the relevant profits for the accounting period exceeds the BLAGAB profits of the company for the period (within the meaning of section 89(1B) of the Finance Act 1989), is the whole amount of the chargeable gains or allowable losses, and
  - (b) otherwise, is the same proportion of that whole amount as the policy holders' share of the relevant profits of the company for the accounting period bears to those relevant profits.
- (11) In arriving at the policy holders' share of chargeable gains accruing to an insurance company under subsection (10) above there is to be ignored—
  - (a) any deduction under section 202(9) (mineral leases: capital losses),
  - (b) any reduction under section 213(3) (spreading of losses from deemed disposal of holdings of unit trust etc), and
  - (c) any amount carried back under paragraph 4(3) of Schedule 11 to the Finance Act 1996 (non-trading deficit on loan relationships).
- (12) For the purposes of this section the shareholders' share of chargeable gains or allowable losses in relation to an accounting period of an insurance company is the proportion of the whole which is not represented by the policy holders' share of them in relation to the accounting period.
- (13) In this section—
  - “BLAGAB allowable losses”, in relation to an insurance company, means allowable losses referable to the company's basic life assurance and general annuity business,

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“BLAGAB chargeable gains”, in relation to an insurance company, means chargeable gains referable to the company’s basic life assurance and general annuity business,

“non-BLAGAB allowable losses”, in relation to an insurance company, means allowable losses of the company which are not BLAGAB allowable losses,

“non-BLAGAB chargeable gains”, in relation to an insurance company, means chargeable gains of the company which are not BLAGAB chargeable gains, and

“the relevant profits” and “the policy holders' share of the relevant profits” have the same meaning as they have for the purposes of subsection (1) of section 88 of the Finance Act 1989 by virtue of subsection (3) of that section and section 89 of that Act.”.

- (2) Sub-paragraph (1) has effect to limit the deductions which may be made from chargeable gains accruing in—
- (a) any accounting period of an insurance company beginning on or after 23rd December 2002, and
  - (b) any accounting period of an insurance company beginning before that date but ending on or after it,
- in respect of allowable losses accruing in any accounting period (whenever beginning or ending).
- (3) In relation to an accounting period within sub-paragraph (2)(b) the limitations imposed by virtue of sub-paragraph (1) apply only as respects chargeable gains accruing on or after 23rd December 2002.
- 15 (1) In the Taxation of Chargeable Gains Act 1992 (c. 12), after section 210A (inserted by paragraph 14(1)) insert—

**“210B Disposal and acquisition of section 440A securities**

- (1) Subsections (2) to (4) below apply in a case where, within a period of 10 days, an insurance company disposes of a number of section 440A securities and (whether subsequently or previously) acquires a number of section 440A securities if—
  - (a) the securities disposed of decrease the size of a chargeable section 440A holding,
  - (b) the securities acquired increase the size of the same chargeable section 440A holding, and
  - (c) (apart from this section) an allowable loss would accrue on the disposal.
- (2) The securities disposed of shall be identified with the securities acquired.
- (3) The securities disposed of shall be identified with securities acquired before the disposal rather than securities acquired after the disposal and—
  - (a) in the case of securities acquired before the disposal, with those acquired later rather than those acquired earlier, and
  - (b) in the case of securities acquired after the disposal, with those acquired earlier rather than those acquired later.



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- (4) Where securities acquired could be identified with securities disposed of either at an earlier or at a later date, they shall be identified with the former rather than the latter; and the identification of securities acquired with securities disposed of on any occasion shall preclude their identification with securities comprised in a later disposal.
- (5) Subsections (2) to (4) above have effect subject to section 105(1).
- (6) Subsections (2) to (4) above do not apply to—
- (a) securities which are section 212 assets within the meaning of section 214(1) (rights under authorised unit trusts and interests in offshore funds), or
  - (b) securities deemed by section 440 of the Taxes Act to be disposed of and immediately re-acquired by virtue of paragraph 3 of Schedule 19AA to the Taxes Act (assets becoming or ceasing to be assets of overseas life assurance fund).
- (7) Subsections (2) to (4) above do not apply if—
- (a) the securities disposed of are linked assets appropriated to a BLAGAB internal linked fund,
  - (b) the securities acquired are, on acquisition, appropriated to that or another internal linked fund, and
  - (c) the disposal and acquisition are made with a view to adjusting the value of the assets of that fund, or of those funds, in order to match its or their liabilities.
- (8) In this section—
- “BLAGAB internal linked fund” means an internal linked fund all the assets appropriated to which are linked solely to basic life assurance and general annuity business,
- “chargeable section 440A holding” means a holding which is a separate holding by virtue of subsection (2)(a)(iii) or (d) of section 440A of the Taxes Act (and subsections (3) and (4) of that section),
- “internal linked fund” has the same meaning as in section 432ZA of the Taxes Act, and
- “section 440A securities” means securities within the meaning of section 440A of the Taxes Act.”.
- (2) Sub-paragraph (1) has effect in relation to disposals on or after 23rd December 2002.
- (3) But sub-paragraph (1) has effect in relation to disposals made by an insurance company during the period—
- (a) beginning with 23rd December 2002, and
  - (b) ending with 31st December 2002,
- only if the amount of the allowable losses referable to the company’s life assurance business which would have accrued to the company on the disposals (but for that sub-paragraph) would have been at least £10 million.
- 16 (1) Section 213 of the Taxation of Chargeable Gains Act 1992 (c. 12) (spreading of gains and losses under section 212) is amended as follows.
- (2) In subsection (3)—

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- (a) for “subsection (3A)” substitute “ subsection (8H) ”,
- (b) in paragraph (b), for “one of the next 6” substitute “ either of the next 2 ” and for “subsection” substitute “ section ”,
- (c) in paragraph (c), for “any intervening accounting period” substitute “ the intervening accounting period (if there is one) ”, and
- (d) in paragraph (ca), for “none of the intervening accounting periods is” substitute “ the intervening accounting period (if there is one) is not ”.

(3) Omit subsections (3A) and (3B).

(4) For subsection (5) substitute—

“(4A) The following provisions apply where an insurance business transfer scheme has effect to transfer business which consists of the effecting or carrying out of contracts of long-term insurance from one person (“the transferor”) to another (“the transferee”).

(5) Subject to subsections (5A) to (7) below, any chargeable gain or allowable loss which (assuming that the transferor had continued to carry on the business transferred) would have accrued to the transferor by virtue of subsection (1) above after the transfer shall instead be deemed to accrue to the transferee.”.

(5) After subsection (8) insert—

“(8A) Subsection (8B) below applies where—

- (a) immediately before the transfer the transferee did not carry on business consisting of the effecting or carrying out of contracts of long-term insurance,
- (b) the transferor and the transferee are, at the time of the transfer, members of the same group,
- (c) the net amount for the accounting period of the transferor ending with the day of the transfer, or for the immediately preceding accounting period of the transferor, (“the relevant pre-transfer period of the transferor”) represents an excess of gains over losses,
- (d) the net amount for the accounting period of the transferee in which the transfer takes place, or for the immediately following accounting period of the transferee, (“the relevant post-transfer period of the transferee”) represents an excess of losses over gains (after taking account of any reductions made by virtue of this section), and
- (e) within 2 years after the end of the relevant post-transfer period of the transferee, the transferor and the transferee make a joint election in respect of the whole or part of the net amount for that period by notice to an officer of the Board.

(8B) Subject to subsections (8C) to (8E) and (8H) below, the net amounts for both the relevant pre-transfer period of the transferor and the relevant post-transfer period of the transferee shall be reduced by the amount in respect of which the election is made.

(8C) Subsection (8B) above does not apply if—

- (a) the relevant post-transfer period of the transferee is the accounting period immediately following that in which the transfer takes place, and

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- (b) the relevant pre-transfer period of the transferor is the accounting period immediately preceding that ending with the day of the transfer.
- (8D) If—
- (a) the relevant post-transfer period of the transferee is the accounting period immediately following that in which the transfer takes place, and
  - (b) the relevant pre-transfer period of the transferor is the accounting period ending with the day of the transfer,
- subsection (8B) above applies only if the conditions in subsection (8F) below are satisfied in relation to the accounting period of the transferee in which the transfer takes place.
- (8E) If—
- (a) the relevant post-transfer period of the transferee is the accounting period in which the transfer takes place, and
  - (b) the relevant pre-transfer period of the transferor is the accounting period immediately preceding that ending with the day of the transfer,
- subsection (8B) above applies only if the conditions in subsection (8F) below are satisfied in relation to the accounting period of the transferor ending with the day of the transfer.
- (8F) The conditions referred to in subsections (8D) and (8E) above are that—
- (a) there is (after taking account of any reductions made by virtue of this section) no net amount for the accounting period, and
  - (b) the company whose accounting period it is did not join a group of companies in the accounting period.
- (8G) A copy of the notice containing an election under subsection (8A)(e) above must accompany the tax return for the relevant post-transfer period of the transferee; and paragraphs 54 to 60 of Schedule 18 to the Finance Act 1998 (claims and elections for corporation tax purposes) do not apply to such an election.
- (8H) Subsections (3) and (8A) and (8B) above have effect where the company, or the transferee, in question joins a group of companies in the accounting period for which the net amount represents an excess of losses over gains as if a claim or election could not be made in respect of that net amount except to the extent (if any) that the net amount is an amount which, assuming there to be gains accruing to the company or transferee immediately after the beginning of that period, would fall to be treated under paragraph 4 of Schedule 7AA as a qualifying loss in relation to those gains.
- (8I) References in this section to a company joining a group of companies are to be construed in accordance with paragraph 1 of Schedule 7AA as if those references were contained in that Schedule; and in subsection (8A)(b) above “group” has the same meaning as in that Schedule.”.
- (6) This paragraph has effect where the accounting period for which the net amount represents an excess of losses over gains is an accounting period beginning on or after 1st January 2003.

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F1115 17 .....

**Textual Amendments**

**F1115** Sch. 33 para. 17 omitted (with effect in accordance with Sch. 12 para. 5 of the amending Act) by virtue of Finance Act 2009 (c. 10), **Sch. 12 para. 4(c)**

*Transfers of business*

F1116 18 .....

**Textual Amendments**

**F1116** Sch. 33 para. 18 repealed (19.7.2007) by Finance Act 2007 (c. 11), **Sch. 27 Pt. 2(9)**

F1117 19 .....

**Textual Amendments**

**F1117** Sch. 33 para. 19 repealed (19.7.2007) by Finance Act 2007 (c. 11), **Sch. 27 Pt. 2(9)**

F1118 20 .....

**Textual Amendments**

**F1118** Sch. 33 para. 20 omitted (17.7.2012) by virtue of Finance Act 2012 (c. 14), **Sch. 16 para. 247(k)**

21 (1) In the Taxation of Chargeable Gains Act 1992 (c. 12), after section 211 insert—

**“211ZA Transfers of business: transfer of unused losses**

- (1) This section applies where—
- (a) an insurance business transfer scheme has effect to transfer business consisting of or including basic life assurance and general annuity business from one person (“the transferor”) to another (“the transferee”) or more than one others (“the transferees”), and
  - (b) the transferor has relevant unused losses.
- (2) For the purposes of subsection (1)(b) above the transferor has relevant unused losses if—
- (a) BLAGAB allowable losses accrue to the transferor in the accounting period ending with the day of the transfer or have so accrued in any earlier accounting period, and
  - (b) they are not deducted from chargeable gains accruing to the transferor in that accounting period and have not been deducted from chargeable gains so accruing in any previous accounting period.
- (3) Subject as follows—
- (a) for the purposes of ascertaining the transferor’s total profits for any accounting period after that in which the transfer takes place,

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the relevant unused losses are deemed not to have accrued to the transferor, but

(b) (instead) they are treated as accruing to the transferee (in accordance with subsection (4) below).

(4) The losses treated as accruing to the transferee under subsection (3)(b) above shall be deemed to be BLAGAB allowable losses accruing to the transferee in the accounting period of the transferee in which the transfer takes place.

(5) But those losses are not allowable as a deduction from chargeable gains accruing before the transfer takes place.

(6) For the purposes of section 210A (ring-fencing of losses), the shareholders' share of those losses is to be taken to be the same proportion as would be the shareholders' share of them if they had remained losses of the transferor.

(7) If only part of the transferor's basic life assurance and general annuity business is transferred, subsection (3) above applies as if the references to the relevant unused losses were to such part of the relevant unused losses as is appropriate.

(8) If the transfer is to more than one others, subsection (3)(b) above applies as if the reference to the relevant unused losses being treated as accruing to the transferee were to such part of the relevant unused losses as is appropriate being treated as accruing to each of the transferees.

(9) Any question arising as to the operation of subsection (7) or (8) above shall be determined by the Special Commissioners who shall determine the question in the same manner as they determine appeals; but both the transferor and the transferee (or the one of the transferees concerned) shall be entitled to appear and be heard or to make representations in writing.

(10) In this section "BLAGAB allowable losses" means allowable losses referable to the transferor's basic life assurance and general annuity business."

(2) Sub-paragraph (1) has effect in relation to insurance business transfer schemes taking place on or after 1st January 2003.

F1119<sup>22</sup> .....

**Textual Amendments**

F1119 Sch. 33 paras. 22-24 omitted (17.7.2012) by virtue of Finance Act 2012 (c. 14), Sch. 16 para. 247(k)

F1119<sup>23</sup> .....

**Textual Amendments**

F1119 Sch. 33 paras. 22-24 omitted (17.7.2012) by virtue of Finance Act 2012 (c. 14), Sch. 16 para. 247(k)

F1119<sup>24</sup> .....

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**Textual Amendments**

**F1119** Sch. 33 paras. 22-24 omitted (17.7.2012) by virtue of [Finance Act 2012 \(c. 14\)](#), **Sch. 16 para. 247(k)**

*Meaning of “investment reserve” etc*

**F1120**25 .....

**Textual Amendments**

**F1120** Sch. 33 para. 25 repealed (with effect in accordance with art. 1 of the amending S.I.) by [The Insurance Companies \(Corporation Tax Acts\) \(Amendment\) Order 2005 \(S.I. 2005/3465\)](#), arts. 1, **10(a)**

**F1121**26 .....

**Textual Amendments**

**F1121** Sch. 33 para. 26 repealed (19.7.2007) by [Finance Act 2007 \(c. 11\)](#), **Sch. 27 Pt. 2(10)**

27 In paragraph 4(5) of Schedule 19AA to the Taxes Act 1988 (overseas life assurance fund), in the definition of “investment reserve”, for paragraphs (a) and (b) substitute—  
    “(a) the value of the liabilities of that business, and  
    (b) any money debts of the company not within paragraph (a) above which are owed in respect of that business;”.

28 Paragraphs 25 to 27 have effect in relation to periods of account beginning on or after 1st January 2003.

*Meaning of “period of account”*

**F1122**29 .....

**Textual Amendments**

**F1122** Sch. 33 para. 29 omitted (17.7.2012) by virtue of [Finance Act 2012 \(c. 14\)](#), **Sch. 16 para. 247(k)**

*Rationalisation of interpretation provisions*

**F1123**30 .....

**Textual Amendments**

**F1123** Sch. 33 paras. 30-32 repealed (19.7.2007) by [Finance Act 2007 \(c. 11\)](#), **Sch. 27 Pt. 2(10)**

**F1123**31 .....

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**Textual Amendments**

F1123 Sch. 33 paras. 30-32 repealed (19.7.2007) by [Finance Act 2007 \(c. 11\)](#), [Sch. 27 Pt. 2\(10\)](#)

F1123<sup>32</sup> .....

**Textual Amendments**

F1123 Sch. 33 paras. 30-32 repealed (19.7.2007) by [Finance Act 2007 \(c. 11\)](#), [Sch. 27 Pt. 2\(10\)](#)

F1124 SCHEDULE 34

Section 171

**Textual Amendments**

F1124 Sch. 34 omitted (with effect in accordance with Sch. 14 para. 18 of the amending Act) by virtue of [Finance Act 2008 \(c. 9\)](#), [Sch. 14 para. 17\(l\)](#)

SCHEDULE 35

Section 173

GAINS ON POLICIES OF LIFE INSURANCE ETC: RATE OF TAX

*Application of the lower rate*

F1125<sup>1</sup> .....

**Textual Amendments**

F1125 Sch. 35 para. 1 repealed (6.4.2007) by [Income Tax Act 2007 \(c. 3\)](#), s. 1034(1), [Sch. 3 Pt. 1](#) (with [Sch. 2](#))

*Method of charging gains from policies of life insurance etc to tax*

F1126<sup>2</sup> .....

**Textual Amendments**

F1126 Sch. 35 para. 2 repealed (6.4.2005) by [Income Tax \(Trading and Other Income\) Act 2005 \(c. 5\)](#), s. 883(1), [Sch. 3](#) (with [Sch. 2](#))

*Relief where gain charged at a higher rate*

F1127<sup>3</sup> .....

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**Textual Amendments**

F1127 Sch. 35 para. 3 repealed (6.4.2005) by [Income Tax \(Trading and Other Income\) Act 2005 \(c. 5\)](#), s. 883(1), [Sch. 3](#) (with [Sch. 2](#))

*Gains included in aggregate income of estate of deceased*

F1128<sup>4</sup> .....

**Textual Amendments**

F1128 Sch. 35 para. 4 repealed (with effect in accordance with s. 1329(1) of the amending Act) by [Corporation Tax Act 2009 \(c. 4\)](#), s. 1329(1), [Sch. 3 Pt. 1](#) (with [Sch. 2 Pts. 1, 2](#))

*Income to be disregarded in determining highest part of person's income*

F1129<sup>5</sup> .....

**Textual Amendments**

F1129 Sch. 35 para. 5 repealed (6.4.2007) by [Income Tax Act 2007 \(c. 3\)](#), s. 1034(1), [Sch. 3 Pt. 1](#) (with [Sch. 2](#))

F1130 SCHEDULE 36

Section 176

**Textual Amendments**

F1130 Sch. 36 repealed (6.4.2005) by [Income Tax \(Trading and Other Income\) Act 2005 \(c. 5\)](#), s. 883(1), [Sch. 1 para. 626](#), [Sch. 3](#) (with [Sch. 2](#))

F1131 SCHEDULE 37

Section 178

**Textual Amendments**

F1131 Sch. 37 repealed (with effect in accordance with s. 1329(1) of the amending Act) by [Corporation Tax Act 2009 \(c. 4\)](#), s. 1329(1), [Sch. 3 Pt. 1](#) (with [Sch. 2 Pts. 1, 2](#))



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SCHEDULE 38

Section 181

SALE AND REPURCHASE OF SECURITIES ETC

*Increase of repurchase price of UK securities by amount of deemed manufactured dividend*

- 1 In section 737C of the Taxes Act 1988 (deemed manufactured payments)—
- (a) in subsection (3)(b) (repurchase price of UK equities to be treated as increased by gross amount of deemed manufactured dividend), omit “gross”, and
  - (b) omit subsection (4) (definition of gross amount).

*Deemed manufactured payment where transferor or connected person makes payment representative of dividend*

F1132<sub>2</sub> .....

**Textual Amendments**

F1132 Sch. 38 para. 2 repealed (19.7.2007) by [Finance Act 2007 \(c. 11\)](#), [Sch. 27 Pt. 2\(14\)](#)

F1133<sub>3</sub> .....

**Textual Amendments**

F1133 Sch. 38 para. 3 repealed (19.7.2007) by [Finance Act 2007 \(c. 11\)](#), [Sch. 27 Pt. 2\(14\)](#)

*Provisions to cover both “put” and “call” options*

F1134<sub>4</sub> .....

**Textual Amendments**

F1134 Sch. 38 para. 4 repealed (6.4.2007) by [Income Tax Act 2007 \(c. 3\)](#), s. 1034(1), [Sch. 3 Pt. 1](#) (with [Sch. 2](#))

F1135<sub>5</sub> .....

**Textual Amendments**

F1135 Sch. 38 para. 5 repealed (19.7.2007) by [Finance Act 2007 \(c. 11\)](#), [Sch. 27 Pt. 2\(14\)](#)

F1136<sub>6</sub> .....

**Textual Amendments**

F1136 Sch. 38 para. 6 omitted (with effect in accordance with s. 66(8) of the amending Act) by virtue of [Finance Act 2008 \(c. 9\)](#), [s. 66\(4\)\(j\)](#)

F1137<sub>7</sub> .....

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**Textual Amendments**

F1137 Sch. 38 paras. 7-14 repealed (19.7.2007) by [Finance Act 2007 \(c. 11\)](#), [Sch. 27 Pt. 2\(14\)](#)

F1137<sub>8</sub> .....

**Textual Amendments**

F1137 Sch. 38 paras. 7-14 repealed (19.7.2007) by [Finance Act 2007 \(c. 11\)](#), [Sch. 27 Pt. 2\(14\)](#)

F1137<sub>9</sub> .....

**Textual Amendments**

F1137 Sch. 38 paras. 7-14 repealed (19.7.2007) by [Finance Act 2007 \(c. 11\)](#), [Sch. 27 Pt. 2\(14\)](#)

*Option premium to be reflected in sale price unless brought into account under derivative contracts provisions*

F1137<sub>10</sub> .....

**Textual Amendments**

F1137 Sch. 38 paras. 7-14 repealed (19.7.2007) by [Finance Act 2007 \(c. 11\)](#), [Sch. 27 Pt. 2\(14\)](#)

*Exchange gains and losses*

F1137<sub>11</sub> .....

**Textual Amendments**

F1137 Sch. 38 paras. 7-14 repealed (19.7.2007) by [Finance Act 2007 \(c. 11\)](#), [Sch. 27 Pt. 2\(14\)](#)

F1137<sub>12</sub> .....

**Textual Amendments**

F1137 Sch. 38 paras. 7-14 repealed (19.7.2007) by [Finance Act 2007 \(c. 11\)](#), [Sch. 27 Pt. 2\(14\)](#)

F1137<sub>13</sub> .....

**Textual Amendments**

F1137 Sch. 38 paras. 7-14 repealed (19.7.2007) by [Finance Act 2007 \(c. 11\)](#), [Sch. 27 Pt. 2\(14\)](#)

F1137<sub>14</sub> .....

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**Textual Amendments**

F1137 Sch. 38 paras. 7-14 repealed (19.7.2007) by [Finance Act 2007 \(c. 11\)](#), [Sch. 27 Pt. 2\(14\)](#)

*Exceptions*

F1138 15 .....

**Textual Amendments**

F1138 Sch. 38 para. 15 repealed (6.4.2007) by [Income Tax Act 2007 \(c. 3\)](#), s. 1034(1), [Sch. 3 Pt. 1](#) (with [Sch. 2](#))

F1139 16 .....

**Textual Amendments**

F1139 Sch. 38 paras. 16-20 repealed (19.7.2007) by [Finance Act 2007 \(c. 11\)](#), [Sch. 27 Pt. 2\(14\)](#)

F1139 17 .....

**Textual Amendments**

F1139 Sch. 38 paras. 16-20 repealed (19.7.2007) by [Finance Act 2007 \(c. 11\)](#), [Sch. 27 Pt. 2\(14\)](#)

F1139 18 .....

**Textual Amendments**

F1139 Sch. 38 paras. 16-20 repealed (19.7.2007) by [Finance Act 2007 \(c. 11\)](#), [Sch. 27 Pt. 2\(14\)](#)

*Connected persons*

F1139 19 .....

**Textual Amendments**

F1139 Sch. 38 paras. 16-20 repealed (19.7.2007) by [Finance Act 2007 \(c. 11\)](#), [Sch. 27 Pt. 2\(14\)](#)

*Correction of section 730A(6B) of the Taxes Act 1988*

F1139 20 .....

**Textual Amendments**

F1139 Sch. 38 paras. 16-20 repealed (19.7.2007) by [Finance Act 2007 \(c. 11\)](#), [Sch. 27 Pt. 2\(14\)](#)

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*Commencement*

- 21 (1) Paragraph 1 has effect in relation to repurchase prices becoming due on or after 9th April 2003.
- (2) Paragraphs 2 to 19 have effect in relation to agreements to sell securities made on or after 9th April 2003.

F1140(3) .....

**Textual Amendments**  
 F1140 Sch. 38 para. 21(3) repealed (19.7.2007) by [Finance Act 2007 \(c. 11\)](#), [Sch. 27 Pt. 2\(14\)](#)

SCHEDULE 39

Section 182

RELEVANT DISCOUNTED SECURITIES: WITHDRAWAL OF RELIEF FOR COSTS AND LOSSES, ETC

*Withdrawal of relief for incidental costs*

F1141<sub>1</sub> .....

**Textual Amendments**  
 F1141 Sch. 39 paras. 1-4 repealed (6.4.2005) by [Income Tax \(Trading and Other Income\) Act 2005 \(c. 5\)](#), s. 883(1), [Sch. 3](#) (with [Sch. 2](#))

*Withdrawal of relief for losses*

F1141<sub>2</sub> .....

**Textual Amendments**  
 F1141 Sch. 39 paras. 1-4 repealed (6.4.2005) by [Income Tax \(Trading and Other Income\) Act 2005 \(c. 5\)](#), s. 883(1), [Sch. 3](#) (with [Sch. 2](#))

*Withdrawal of loss relief: exception for strips of government securities*

F1141<sub>3</sub> .....

**Textual Amendments**  
 F1141 Sch. 39 paras. 1-4 repealed (6.4.2005) by [Income Tax \(Trading and Other Income\) Act 2005 \(c. 5\)](#), s. 883(1), [Sch. 3](#) (with [Sch. 2](#))

*Extension of provisions about strips to strips of foreign government securities*

F1141<sub>4</sub> .....

*Status: Point in time view as at 15/03/2023.*

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**Textual Amendments**

**F1141** Sch. 39 paras. 1-4 repealed (6.4.2005) by [Income Tax \(Trading and Other Income\) Act 2005 \(c. 5\)](#), s. 883(1), [Sch. 3](#) (with [Sch. 2](#))

*Consequential amendments*

- 5 **F1142**(1) .....
- F1142**(2) .....
- F1142**(3) .....
- F1143**(4) .....

**Textual Amendments**

**F1142** Sch. 39 para. 5(1)-(3) repealed (6.4.2005) by [Income Tax \(Trading and Other Income\) Act 2005 \(c. 5\)](#), s. 883(1), [Sch. 3](#) (with [Sch. 2](#))

**F1143** Sch. 39 para. 5(4) repealed (6.4.2007) by [Income Tax Act 2007 \(c. 3\)](#), s. 1034(1), [Sch. 3 Pt. 1](#) (with [Sch. 2](#))

*Commencement and transitional provisions*

- F1144**<sub>6</sub> .....

**Textual Amendments**

**F1144** Sch. 39 para. 6 repealed (6.4.2005) by [Income Tax \(Trading and Other Income\) Act 2005 \(c. 5\)](#), s. 883(1), [Sch. 3](#) (with [Sch. 2](#))

SCHEDULE 40

Section 195

ACQUISITION BY COMPANY OF ITS OWN SHARES

*Venture capital trusts*

- F1145**<sub>1</sub> .....

**Textual Amendments**

**F1145** Sch. 40 para. 1 repealed (6.4.2007) by [Income Tax Act 2007 \(c. 3\)](#), s. 1034(1), [Sch. 3 Pt. 1](#) (with [Sch. 2](#))

*Stamp duty and stamp duty reserve tax*

- 2 In section 66 of the Finance Act 1986 (c. 41) (stamp duty: company's purchase of own shares)—

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- (a) in subsection (2)—
  - (i) for “The return which relates to the shares” substitute “ Any return which relates to any of the shares ”,
  - (ii) after “169” insert “ (1) or (1B) ”, and
  - (iii) after “transferring the shares” insert “ to which it relates ”,
- <sup>F1146</sup>(b) .....
- (c) in subsection (3), after “169” insert “ (1) or (1B) ”.

**Textual Amendments**  
**F1146** Sch. 40 para. 2(b) omitted (with effect in accordance with s. 99(2) of the amending Act) by virtue of [Finance Act 2008 \(c. 9\)](#), [Sch. 32 para. 21](#)

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**Commencement Information**  
**I106** Sch. 40 para. 2 has effect as specified by [The Finance Act 2003, Section 195 and Schedule 40 \(Appointed Day\) Order 2003 \(S.I. 2003/3077\)](#), [art. 2](#)

- 3 In section 90 of that Act (exemptions from stamp duty reserve tax), after subsection (7) insert—
  - “(7A) Section 87 above does not apply as regards an agreement to transfer any shares in a company which are held by the company (whether in accordance with section 162A of the Companies Act 1985 (treasury shares) or otherwise).”.

**Commencement Information**  
**I107** Sch. 40 para. 3 has effect as specified by [The Finance Act 2003, Section 195 and Schedule 40 \(Appointed Day\) Order 2003 \(S.I. 2003/3077\)](#), [art. 2](#)

- 4 (1) Section 92 of that Act (stamp duty reserve tax: repayment or cancellation of tax) is amended as follows.
  - (2) After subsection (1B) insert—
    - “(1C) If, as regards an agreement to transfer shares in a company to that company (“the own-shares agreement”)—
      - (a) tax is charged under section 87 above, and
      - (b) it is proved to the Board’s satisfaction that at a time in the period of six years beginning on the relevant day (as defined in section 87(3)) the conditions mentioned in subsection (1D) have been fulfilled in respect of those shares,
 subsections (2) to (4A) apply.
    - (1D) The conditions referred to in subsection (1C) are—
      - (a) that, in relation to the transfer made in pursuance of the own-shares agreement, a return has been made in respect of each of those shares in accordance with section 169(1) or (1B) of the Companies Act 1985 (disclosure by company of purchase of own shares), and
      - (b) that any such return has been duly stamped in accordance with section 66.”.

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(3) In subsection (2), after “subsection (1)” insert “ or, as the case may be, (1C) ”.

**Commencement Information**

**I108** Sch. 40 para. 4 has effect as specified by [The Finance Act 2003, Section 195 and Schedule 40 \(Appointed Day\) Order 2003 \(S.I. 2003/3077\)](#), **art. 2**

5 In Schedule 13 to the Finance Act 1999 (c. 16) (stamp duty: instruments chargeable and rates of duty), in Part 1 (conveyance or transfer on sale), in paragraph 1 (stamp duty charge), after sub-paragraph (2) insert—

“(3) Sub-paragraph (1) is subject to sub-paragraphs (4) to (6).

(4) Where a company acquires any shares in itself by virtue of section 162 of the Companies Act 1985 (power of company to purchase own shares) or otherwise, sub-paragraph (1) does not apply to any instrument by which the shares are transferred to the company.

(5) Where a company holds any shares in itself by virtue of section 162A of that Act (treasury shares) or otherwise, any instrument to which sub-paragraph (6) applies is to be treated for the purposes of this Schedule as a conveyance otherwise than on sale, and paragraph 16 applies accordingly.

(6) This sub-paragraph applies to any instrument for the sale or transfer of any of the shares by the company, other than an instrument which, in the absence of sub-paragraph (5), would be an instrument in relation to which—

- (a) section 67(2) of the Finance Act 1986 (transfer to person whose business is issuing depositary receipts etc), or
- (b) section 70(2) of that Act (transfer to person who provides clearance services etc),

applied.”.

**Commencement Information**

**I109** Sch. 40 para. 5 has effect as specified by [The Finance Act 2003, Section 195 and Schedule 40 \(Appointed Day\) Order 2003 \(S.I. 2003/3077\)](#), **art. 2**

SCHEDULE 41

Section 196

COMPANIES IN ADMINISTRATION

*Accounting period for company in administration*

F1147<sup>1</sup>

.....

*Status: Point in time view as at 15/03/2023.*

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**Textual Amendments**

**F1147** Sch. 41 para. 1 repealed (with effect in accordance with s. 1329(1) of the amending Act) by [Corporation Tax Act 2009 \(c. 4\)](#), s. 1329(1), **Sch. 3 Pt. 1** (with Sch. 2 Pts. 1, 2)

*Responsibility of officers of company in administration*

- 2 (1) Section 108 of the Taxes Management Act 1970 (c. 9) (responsibility of company officers) is amended as follows.
- (2) In subsection (3)(a)—
  - (a) after first “liquidator” insert “ or administrator ”, and
  - (b) after second “liquidator” insert “ or, as the case may be, administrator ”.
- (3) After subsection (3) insert—
  - “(4) For the purposes of subsection (3)(a), where two or more persons are appointed to act jointly or concurrently as the administrator of a company, the proper officer is—
    - (a) such one of them as is specified in a notice given to the Board by those persons for the purposes of this section, or
    - (b) where the Board is not so notified, such one or more of those persons as the Board may designate as the proper officer for those purposes.”.

*Tax on companies in administration*

**F1148**3 .....

**Textual Amendments**

**F1148** Sch. 41 para. 3 repealed (with effect in accordance with s. 1184(1) of the amending Act) by [Corporation Tax Act 2010 \(c. 4\)](#), s. 1184(1), **Sch. 3 Pt. 1** (with Sch. 2)

*Debit for bad debt where parties connected and creditor insolvent*

**F1149**4 .....

**Textual Amendments**

**F1149** Sch. 41 para. 4 repealed (with effect in accordance with s. 1329(1) of the amending Act) by [Corporation Tax Act 2009 \(c. 4\)](#), s. 1329(1), **Sch. 3 Pt. 1** (with Sch. 2 Pts. 1, 2)

*Commencement*

- 5 (1) Subject to sub-paragraph (2), this Schedule has effect in relation to companies which enter administration (whether under the Insolvency Act 1986 (c. 45) or otherwise) on or after the commencement of section 248 of the Enterprise Act 2002 (c. 40) (which substitutes Part 2 of the Insolvency Act 1986 (administration)).



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F1150(2) .....

**Textual Amendments**

**F1150** Sch. 41 para. 5(2) repealed (with effect in accordance with s. 1329(1) of the amending Act) by Corporation Tax Act 2009 (c. 4), s. 1329(1), **Sch. 3 Pt. 1** (with Sch. 2 Pts. 1, 2)

SCHEDULE 42

Section 200

CONTROLLED FOREIGN COMPANIES: EXEMPT ACTIVITIES

*Introductory*

1 Part 2 of Schedule 25 to the Taxes Act 1988 (controlled foreign companies: exempt activities) is amended as follows.

*Companies engaged in wholesale, distributive, financial or service business*

2 (1) Paragraph 6 (meaning of “engaged in exempt activities”) is amended as follows.

F1151(2) .....

(3) In sub-paragraph (2A) (persons from whom less than 50% of the gross trading receipts of a wholesale etc business of the controlled foreign company must be derived) omit the word “and” immediately preceding paragraph (c) and at the end of that paragraph add “;

- (d) persons not falling within paragraphs (a) to (c) above which are companies resident in the United Kingdom;
- (e) persons not falling within paragraphs (a) to (c) above which are companies not resident in the United Kingdom which carry on business through a branch or agency in the United Kingdom;
- (f) persons not falling within paragraphs (a) to (c) above who are individuals habitually resident in the United Kingdom;

but where the company is a controlled foreign company falling within sub-paragraph (2B) below, paragraphs (d) to (f) above shall be disregarded.”.

(4) After sub-paragraph (2A) insert—

- “(2B) A controlled foreign company falls within this sub-paragraph if either—
- (a) its main business is the effecting or carrying out of contracts of long-term insurance, other than protection business; or
  - (b) it is a member of an insurance group and its main business is insuring or reinsuring large risks.

Paragraph 11A below has effect for the interpretation of this sub-paragraph.

(2C) For the purposes of sub-paragraph (2)(b) above, a company’s gross trading receipts from a business shall be regarded as directly or indirectly derived from a person falling within sub-paragraph (2A)(e) above only to the extent that they are derived directly or indirectly from contracts or other

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arrangements relating to that person's branch or agency in the United Kingdom.”.

- (5) In sub-paragraph (4C) (which defines for the purposes of sub-paragraph (2)(b) a “25 per cent assessable interest”, an expression not used in sub-paragraph (2)(b) but used in sub-paragraph (2A)(b)) for “(2)(b)” substitute “(2A)(b)”.

#### Textual Amendments

**F1151** Sch. 42 para. 2(2) omitted (with effect in accordance with Sch. 16 para. 12 of the amending Act) by virtue of Finance Act 2009 (c. 10), Sch. 16 para. 11(c) (with Sch. 16 paras. 13-20)

#### *Companies engaged in business of banking etc*

- 3 (1) Paragraph 11 (provisions relating to wholesale, distributive, financial or service business) is amended as follows.
- (2) In sub-paragraph (3) (controlled foreign company engaged in business of banking etc) for paragraph (a) (interest from UK company not to be regarded as receipt derived from connected or associated persons) substitute—
- “*(a)* no payment of interest received from a company resident in the United Kingdom which is connected or associated with the controlled foreign company shall be regarded for the purposes of paragraph 6(2)(b) above as a receipt derived directly or indirectly from a person falling within paragraph 6(2A) above, but”.
- (3) At the end of paragraph (b) of that sub-paragraph (the capitalisation test) add “, and
- (c)* it shall also be conclusively presumed that the condition in paragraph 6(2)(b) is not fulfilled if 10% or more of the company's gross trading receipts from all businesses carried on by it in the accounting period in question, taken together, are receipts other than interest and are directly or indirectly derived from persons—
- (i)* which are companies resident in the United Kingdom,
- (ii)* which are companies not resident in the United Kingdom but which carry on business through a branch or agency in the United Kingdom, or
- (iii)* who are individuals habitually resident in the United Kingdom,
- but for this purpose a company's gross trading receipts shall be regarded as directly or indirectly derived from a person falling within sub-paragraph *(ii)* above only to the extent that they are derived directly or indirectly from contracts or other arrangements relating to that person's branch or agency in the United Kingdom.”.

#### *Interpretation of paragraph 6(2B)*

- 4 After paragraph 11 insert—
- “11A(1) This paragraph has effect for the interpretation of paragraph 6(2B) above.
- (2) “Contract of long-term insurance” means any contract falling within Part II of Schedule 1 to the Financial Services and Markets Act 2000 (Regulated Activities) Order 2001.

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- (3) “Protection business” means contracts of long-term insurance where—
- (a) either—
    - (i) the contract has no surrender value; or
    - (ii) the consideration consists of a single premium and the surrender value does not exceed the amount of that premium; and
  - (b) the contract makes no provision for its conversion or extension in a manner which would result in its ceasing to fall within paragraph (a) above;
- and references to protection business include a reference to reinsurance of protection business.
- (4) “Insurance group” shall be construed in accordance with section 255A(5) of the Companies Act 1985 (meaning of “insurance group” in Part 7) but reading Part 7 of that Act—
- (a) as if it extended to Northern Ireland, and
  - (b) as if any reference to a company (within the meaning of that Act) included a reference to a company as defined in Article 3 of the Companies (Northern Ireland) Order 1986,
- but does not include such an insurance group if it falls within sub-paragraph (5) below.
- (5) Such an insurance group falls within this sub-paragraph if (within the meaning of that Part as so read) the parent company is a subsidiary undertaking of a parent company which is neither—
- (a) the parent company of an insurance group; nor
  - (b) a subsidiary undertaking of the parent company of an insurance group.
- (6) A controlled foreign company is, in accordance with sub-paragraphs (4) and (5) above, a “member of an insurance group” if (within the meaning of that Part as so read) it is the parent company, or a subsidiary undertaking of the parent company, of an insurance group which is by virtue of sub-paragraph (4) above an insurance group for the purposes of paragraph 6(2B) above.
- (7) A company’s main business is “insuring or reinsuring large risks” if (and only if)—
- (a) the company’s main business is the effecting or carrying out of contracts of insurance; and
  - (b) 50% or more of its gross trading receipts from that business are derived from insuring or reinsuring large risks.
- “Large risks” is defined in paragraph 11B below.
- (8) In this paragraph—
- “contract of insurance” has the meaning given by article 3(1) of the Financial Services and Markets Act 2000 (Regulated Activities) Order 2001;
  - “contract of long-term insurance” has the meaning given by sub-paragraph (2) above.

11B (1) In paragraph 11A above “large risks” means—

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- (a) risks falling within classes 4, 5, 6, 7, 11 and 12 of Part I of Schedule 1 to the Financial Services and Markets Act 2000 (Regulated Activities) Order 2001;
  - (b) risks falling within classes 14 and 15 of that Part which relate to a business carried on by the policy holder;
  - (c) risks falling within classes 3, 8, 9, 10, 13 and 16 of that Part where the policy holder carries on a business in respect of which the condition specified in sub-paragraph (2) below is satisfied.
- (2) The condition referred to in sub-paragraph (1)(c) above is that, in the case of that business of the policy holder, at least two of the three following criteria were exceeded in the most recent financial year beginning on or after 1st January 1999 for which the information is available—
- (a) balance sheet total: 6.2 million euros;
  - (b) net turnover: 12.8 million euros;
  - (c) number of employees: 250.
- (3) For the purposes of sub-paragraph (2) above as it applies where the policy holder is a company, within the meaning of section 735(1) of the Companies Act 1985 or Article 3 of the Companies (Northern Ireland) Order 1986,—
- (a) “balance sheet total” has the meaning given by section 247(5) of that Act or Article 255(5) of that Order;
  - (b) “net turnover” has the meaning given to “turnover” by section 262(1) of that Act or Article 270(1) of that Order; and
  - (c) “number of employees” has the meaning given by section 247(6) of that Act or Article 255(6) of that Order;
- and for a financial year which is a company’s financial year but not in fact a year, the net turnover of the company shall be proportionately reduced.
- (4) Where the policy holder is a member of a group for which consolidated accounts (within the meaning of Directive [83/349/EEC](#)) are drawn up, the question whether the condition in sub-paragraph (2) above is met shall be determined by reference to those accounts.
- (5) For the purposes of sub-paragraph (1)(c) above as it applies where the policy holder is a professional association, joint venture or temporary grouping, the question whether the condition in sub-paragraph (2) above is met shall be determined by reference to the aggregate of the figures of the description in question for all the members of the professional association, joint venture or temporary grouping.
- (6) In sub-paragraphs (1) to (5) above “business” includes a trade or profession and, for the purposes of sub-paragraph (1)(c) above, any activity of a professional association, joint venture or temporary grouping.
- (7) For the purposes of this paragraph, where an amount is denominated in any accounts in a currency other than the euro, it shall be converted into its equivalent in euros using the London closing exchange rate for that currency and the euro for the last day of the period to which the accounts relate.
- (8) In this paragraph—

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“euro” means the single currency adopted or proposed to be adopted as its currency by a member State in accordance with the Treaty establishing the European Community;

“financial year”, in relation to any person, means the period (not exceeding 12 months) for which that person makes up accounts.”.

## SCHEDULE 43

Section 216

### REPEALS

#### PART 1

#### EXCISE DUTIES

##### (1) GENERAL BETTING DUTY

<i>Short title and chapter</i>	<i>Extent of repeal</i>
Betting and Gaming Duties Act 1981 (c. 63)	Section 5A. In section 5C, subsections (2) and (3) and, in subsection (4), the words “In the case of a bet which is excluded from subsection (2) by virtue of subsection (3),”.
1	The repeal of section 5A has effect in accordance with section 6(6) of this Act.
2	The repeals in section 5C have effect in accordance with section 7(5) and (6) of this Act.

##### (2) BINGO DUTY

<i>Short title and chapter</i>	<i>Extent of repeal</i>
Betting and Gaming Duties Act 1981 (c. 63)	In Schedule 3— (a) paragraphs 11, 12 and 15; (b) paragraph 16(2)(b) and the word “or” preceding it.

These repeals have effect in accordance with section 9 of this Act.

##### (3) AMUSEMENT MACHINE LICENCE DUTY

<i>Short title and chapter</i>	<i>Extent of repeal</i>
Betting and Gaming Duties Act 1981 (c. 63)	In section 26— (a) the definition of “coin” in subsection (2); (b) subsection (4).

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These repeals have effect in accordance with section 11(3) of this Act.

(4) VEHICLE EXCISE DUTY

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<i>Short title and chapter</i>	<i>Extent of repeal</i>
Vehicle Excise and Registration Act 1994 (c. 22)	Section 16.

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This repeal has effect in accordance with section 16 of this Act.

**PART 2**

VALUE ADDED TAX

FACE-VALUE VOUCHERS

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<i>Short title and chapter</i>	<i>Extent of repeal</i>
Value Added Tax Act 1994 (c. 23)	In Schedule 6, paragraph 5.

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This repeal has effect in accordance with paragraph 4 of Schedule 1 to this Act.

**PART 3**

INCOME TAX, CORPORATION TAX AND CAPITAL GAINS TAX

(1) PROVISION OF SERVICES THROUGH INTERMEDIARY

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<i>Short title and chapter</i>	<i>Extent of repeal</i>
Income Tax (Earnings and Pensions) Act 2003 (c. 1)	Section 49(2). In section 56(7), paragraph (c) and the word “and” preceding it.

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These repeals have effect in accordance with section 136(4) of this Act.

(2) TAXABLE BENEFITS: CARS: CO<sub>2</sub> EMISSIONS

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<i>Short title and chapter</i>	<i>Extent of repeal</i>
Income Tax (Earnings and Pensions) Act 2003 (c. 1)	In the table in section 139(4), in the entry for 2004-05 and subsequent tax years, the words “and subsequent tax years”.

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### (3) APPROVED SHARE PLANS AND SCHEMES

<i>Short title and chapter</i>	<i>Extent of repeal</i>
Income Tax (Earnings and Pensions) Act 2003 (c. 1)	In section 701(2)(c)(i), the words “or 4 (approved CSOP schemes)”. In Schedule 2, paragraphs 18(1)(a) and 47(3). In Schedule 3, in paragraph 34(5), the words following paragraph (b).

### (4) EMPLOYEE SECURITIES AND OPTIONS

<i>Short title and chapter</i>	<i>Extent of repeal</i>
Income Tax (Earnings and Pensions) Act 2003 (c. 1)	In section 19(2), the entries relating to Chapters 8 and 9 of Part 3. In section 32(2), the entries relating to Chapters 8 and 9 of Part 3. In section 63(1), the entries relating to Chapters 8 and 9 of Part 3. Section 64(5) and (6). Chapters 8 and 9 of Part 3. In section 216— (a) in subsection (4), the entries relating to Chapters 8 and 9 of Part 3; (b) in subsection (6), the entries relating to sections 195(3) and 199(4). Section 227(4)(d), (f) and (h). Section 491. Sections 494 and 495. Section 518. Section 519(4). Section 520. Section 523. Section 524(4). Section 525. Section 528. In section 701(2)(b), the words “subject to section 700(6),”. In Part 2 of Schedule 1, the entries listed in paragraph 42(2) of Schedule 22 to this Act. In Schedule 7, paragraphs 30, 31, 47, 48, 50 to 53, 55(2)(a), 59 to 62, 66 and 67.
Finance Act 2003	In Schedule 23, in paragraph 31, the entry relating to “subject to forfeiture”.

These repeals have effect in accordance with Schedule 22 to this Act.

### (5) DEDUCTIONS FOR EMPLOYEE BENEFIT CONTRIBUTIONS

<i>Short title and chapter</i>	<i>Extent of repeal</i>
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*Status: Point in time view as at 15/03/2023.*

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Finance Act 2002 (c. 23)	In Schedule 29, in paragraph 113(3)(a) the words “or benefits” and “, or held by an intermediary,”.
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These repeals have effect in accordance with paragraph 11(1) of Schedule 24 to this Act.

(6) REFERENCES TO BRANCH OR AGENCY

<i>Short title and chapter</i>	<i>Extent of repeal</i>
Taxes Management Act 1970 (c. 9)	In section 118(1), the definitions of “branch or agency” and “branch or agent”.
Income and Corporation Taxes Act 1988 (c. 1)	Section 95(1A)(e).
Taxation of Chargeable Gains Act 1992 (c. 12)	In section 10— (a) subsection (3); (b) in subsection (4), the words “or corporation tax”.
Finance Act 1994 (c. 9)	In section 219(4A), the words “11(2)(a) or”.
Finance Act 1995 (c. 4)	In section 126— (a) in subsection (1), the words “, corporation tax”; (b) in subsection (2)(c), the words from “or fall” to “non-resident”; (c) in subsection (2), paragraph (d) and the word “and” preceding it; (d) in subsection (9), paragraph (b) and the word “and” preceding it. In section 127— (a) in subsection (5)(b), the words “or 129”; (b) in subsection (19), paragraph (b) and the word “and” preceding it. Section 129.
Finance (No. 2) Act 1997 (c. 58)	Section 24(3)(e).

These repeals have effect in relation to accounting periods beginning on or after 1st January 2003.

(7) CAPITAL GAINS TAX: REPORTING LIMITS AND ANNUAL EXEMPT AMOUNT

<i>Short title and chapter</i>	<i>Extent of repeal</i>
Taxation of Chargeable Gains Act 1992 (c. 12)	Section 3(6). In Schedule 1, paragraph 2(3).

These repeals have effect in accordance with paragraph 7 of Schedule 28 to this Act.



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#### (8) CHARGEABLE GAINS: EARN-OUT RIGHTS

<i>Short title and chapter</i>	<i>Extent of repeal</i>
Taxation of Chargeable Gains Act 1992 (c. 12)	In section 138A— (a) in subsection (2), paragraph (c) and the word “and” preceding it; (b) in subsection (4), paragraph (e) and the word “and” preceding it.

These repeals have effect in accordance with section 161 of this Act.

#### (9) FIRST-YEAR ALLOWANCES FOR EXPENDITURE ON ECO-FRIENDLY PLANT OR MACHINERY

<i>Short title and chapter</i>	<i>Extent of repeal</i>
Capital Allowances Act 2001 (c. 2)	In section 39, the word “or” at the end of the entry relating to section 45E. In section 46(1), the word “or” at the end of the entry relating to section 45E. In Part 2 of Schedule 1, in the first column of the entry relating to the expression “long life asset expenditure”, the words “Chapter 10 of”.

These repeals have effect in accordance with section 167 of this Act.

#### (10) RELIEF FOR RESEARCH AND DEVELOPMENT

<i>Short title and chapter</i>	<i>Extent of repeal</i>
Finance Act 2000 (c. 17)	In Schedule 20, in paragraph 5(3)— (a) the words “the following rules apply”; (b) paragraphs (a) and (b); (c) in paragraph (c), the words “in any other case”.
Finance Act 2002 (c. 23)	In Schedule 12— (a) in paragraph 7(2), the word “and” preceding paragraph (b); (b) in paragraph 11(3), the word “and” preceding paragraph (b); (c) in paragraph 15(1), the word “or” preceding paragraph (c); (d) in paragraph 17, the word “and” preceding paragraph (c). In Schedule 13, in paragraph 5(3), the word “and” preceding paragraph (d).

These repeals have effect in accordance with section 168 of this Act.

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(11) TONNAGE TAX: CAPITAL ALLOWANCES FOR LESSORS

<i>Short title and chapter</i>	<i>Extent of repeal</i>
Finance Act 2000 (c. 17)	<p>In Schedule 22—</p> <ul style="list-style-type: none"> <li>(a) the word “finance” in the first sentence of paragraph 41(4), in paragraphs 89(1), 90(1), 92(1), 94(1), 98(1)(a) and 99(1) (a) and in the heading to paragraph 93;</li> <li>(b) in paragraph 93(1), the words “finance” and “either”;</li> <li>(c) in paragraph 147, the entry for “finance lease (and lessor and lessee) (in Part X)”.</li> </ul>

These repeals have effect in relation to any lease (within the meaning given by paragraph 5 of Schedule 32 to this Act) entered into on or after 19th December 2002.

(12) INSURANCE COMPANIES

<i>Short title and chapter</i>	<i>Extent of repeal</i>
Income and Corporation Taxes Act 1988 (c. 1)	<p>Section 432A(9B).</p> <p>In section 432E(2), paragraph (a) and, in paragraph (b), the words “in any other case,”.</p> <p>In section 436(3)(a), the words after “modifications”.</p> <p>In section 438B(5), paragraph (b) and the word “and” before it.</p> <p>In section 439B(3)(a), the words “and in particular with the omission of the words “and any amounts of tax which are expended on behalf of” in section 82(1)(a)”.</p> <p>In section 441—</p> <ul style="list-style-type: none"> <li>(a) in subsections (1) and (2), the words “and section 441A”;</li> <li>(b) in subsection (4)(a), the words “and in particular with the omission of the words “and any amounts of tax which are expended on behalf of” in section 82(1)(a)”.</li> </ul> <p>In section 442A(4), the words “to the company”.</p> <p>In Schedule 28AA, in paragraph 5(6)(b), the words “or 88A”.</p>
Finance Act 1989 (c. 26)	<p>In section 83—</p> <ul style="list-style-type: none"> <li>(a) in subsection (5), paragraph (b) and the word “but” before it;</li> <li>(b) subsection (6A);</li> <li>(c) in subsection (8), in the definition of “total reinsurance”, the words “before the making of the contract</li> </ul>

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	<p>of reinsurance (or, in a case where there are two or more contracts of reinsurance, the last of them)”.</p> <p>In section 83AA—</p> <ul style="list-style-type: none"><li>(a) subsections (3) to (5) and (6)(a);</li><li>(b) in subsection (7), paragraph (b) and the word “and” before it;</li><li>(c) in subsection (10), the definitions of “the relevant accounting period” and “the transferor company”.</li></ul> <p>Section 83AB(1)(c)(i).</p> <p>In section 83A(2), the second sentence.</p> <p>Section 84(1).</p> <p>In section 87(6)(b), the words “, disregarding section 76(1)(e) of that Act (as set out in subsection (2) above),”.</p> <p>In section 88(1), the words “and section 88A”.</p> <p>Section 88A.</p> <p>In section 89—</p> <ul style="list-style-type: none"><li>(a) in subsection (1), the words “or, as the case may be, basic life assurance and general annuity business”;</li><li>(b) in subsection (7), the definition of “the Prudential Sourcebook (Insurers)”.</li></ul>
Finance Act 1990 (c. 29)	<p>Section 43.</p> <p>Section 45(5).</p>
Finance Act 1991 (c. 31)	<p>In Schedule 7—</p> <ul style="list-style-type: none"><li>(a) in paragraph 1(a), the words “and (e)”;</li><li>(b) paragraph 11.</li></ul>
Taxation of Chargeable Gains Act 1992 (c. 12)	<p>In section 204(4), the words from “and in subsection (3)” onwards.</p> <p>Section 211(1A).</p> <p>In section 212(7), the words following paragraph (b).</p> <p>Section 213(3A) and (3B).</p> <p>In Schedule 7AD, in paragraph 10(1), the definitions of “insurance company”, “long-term business” and “long-term insurance fund”.</p> <p>In Schedule 7B, in paragraph 1, the words “(as defined in section 431(2) of the Taxes Act)”.</p>
Finance Act 1996 (c. 8)	<p>In Schedule 6, paragraph 26.</p> <p>In Schedule 11, in paragraph 4—</p> <ul style="list-style-type: none"><li>(a) in sub-paragraph (2), the word “net” (in both places);</li><li>(b) in sub-paragraph (16), the definition of “net income and gains”.</li></ul>
Finance Act 1998 (c. 36)	<p>Section 137(4) and (7).</p>

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Finance Act 2000 (c. 17)	In Schedule 30, paragraph 18(3).
Finance Act 2002 (c. 23)	In Schedule 25, paragraph 46.

- 1 The repeals in sections 432A, 436, 439B and 441(4)(a) of the Taxes Act 1988, the repeals in sections 83(5), 83AA and 83AB of the Finance Act 1989, the repeal of section 43 of the Finance Act 1990 and the repeals in the Finance Act 2000 and the Finance Act 2002 have effect for periods of account beginning on or after 1st January 2003.
- 2 The repeals in section 432E of the Taxes Act 1988 have effect in accordance with paragraph 10(5) of Schedule 33 to this Act.
- 3 The repeals in section 438B of, and in Schedule 28AA to, the Taxes Act 1988, the repeal in section 88 of the Finance Act 1989, the repeal of section 88A of that Act, the repeal in section 89(1) of that Act and the repeal in Schedule 6 to the Finance Act 1996 have effect for the financial year 2003 and subsequent financial years.
- 4 The repeal in section 442A of the Taxes Act 1988 has effect in accordance with paragraph 23(5) of Schedule 33 to this Act.
- 5 The repeal in section 83(8) of the Finance Act 1989 has effect in accordance with paragraph 2(11) of that Schedule.
- 6 The repeals in section 87 of the Finance Act 1989, paragraph 1(a) of Schedule 7 to the Finance Act 1991 and Schedule 11 to the Finance Act 1996 have effect in accordance with paragraph 8(4) of that Schedule.
- 7 The repeal of section 45(5) of the Finance Act 1990 has effect in relation to distributions on or after 9th April 2003.
- 8 The repeals in section 213 of the Taxation of Chargeable Gains Act 1992 and the Finance Act 1998 have effect in accordance with paragraph 16(6) of Schedule 33 to this Act.

(13) LIFE INSURANCE POLICIES ETC

<i>Short title and chapter</i>	<i>Extent of repeal</i>
Income and Corporation Taxes Act 1988 (c. 1)	In section 1A(2), the word “and” at the end of paragraph (b). Section 540(2). In Schedule 15, in paragraph 3(8), the words from “and” preceding paragraph (b)(iii) to the end of paragraph (c).

- 1 The repeal in section 1A of the Taxes Act 1988 has effect in accordance with section 173 of this Act.
- 2 The repeal of section 540(2) of that Act has effect in accordance with section 171 of, and Part 4 of Schedule 34 to, this Act.
- 3 The repeal in Schedule 15 to that Act has effect in accordance with section 172(6) of this Act.

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(14) LOAN RELATIONSHIPS: LATE INTEREST

<i>Short title and chapter</i>	<i>Extent of repeal</i>
Finance Act 1996 (c. 8)	In Schedule 9, in paragraph 2(6), in the definition of “participator”, the word “close”.

This repeal has effect in accordance with paragraph 2(4) of Schedule 37 to this Act.

(15) REPOS ETC

<i>Short title and chapter</i>	<i>Extent of repeal</i>
Income and Corporation Taxes Act 1988 (c. 1)	In section 737C— (a) in subsection (3)(b), the word “gross”; (b) subsection (4).
Finance Act 1996 (c. 8)	In Schedule 9, in paragraph 15(3)(b), the words “, or a person connected with him,”.

- 1 The repeals in the Taxes Act 1988 have effect in accordance with sub-paragraph (1) of paragraph 21 of Schedule 38 to this Act.
- 2 The repeal in the Finance Act 1996 has effect in accordance with sub-paragraph (2) of that paragraph.

(16) RELEVANT DISCOUNTED SECURITIES

<i>Short title and chapter</i>	<i>Extent of repeal</i>
Finance Act 1996 (c. 8)	In Schedule 13— (a) in paragraph 1(3)(a), the words “reduced by the amount of any relevant costs”; (b) paragraph 1(4); (c) paragraph 2; (d) paragraph 6(4) to (6); (e) paragraphs 7, 9A and 11; (f) in paragraph 14(2) and (3), the words “gilt-edged”; (g) in paragraph 14(4), the words after paragraph (c).
Finance Act 2002 (c. 23)	Section 104(3).

These repeals have effect in accordance with paragraph 6 of Schedule 39 to this Act.

(17) COURT COMMON INVESTMENT FUNDS

<i>Short title and chapter</i>	<i>Extent of repeal</i>
Income and Corporation Taxes Act 1988 (c. 1)	In section 469A—

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- (a) in subsection (2), the words “(subject to subsection (3) below)”;
- (b) subsection (3).

These repeals have effect in relation to income arising to a common investment fund (within the meaning of section 183 of this Act) on or after 6th April 2003.

## PART 4

### OTHER TAXES

#### (1) INHERITANCE TAX: AUTHORISED UNIT TRUSTS

<i>Short title and chapter</i>	<i>Extent of repeal</i>
Inheritance Tax Act 1984 (c. 51)	In section 178(1), in the definition of “qualifying investments”, the words “(as defined in section 468 of the Taxes Act 1988)”.
Income and Corporation Taxes Act 1988 (c. 1)	In Schedule 29, in the table in paragraph 32, the entry relating to section 178(1) of the Inheritance Tax Act 1984.

These repeals have effect in relation to transfers of value and other events occurring on or after 16th October 2002.

#### (2) CLIMATE CHANGE LEVY

<i>Short title and chapter</i>	<i>Extent of repeal</i>
Finance Act 2000 (c. 17)	In Schedule 6— <ul style="list-style-type: none"> <li>(a) paragraph 15(5);</li> <li>(b) in paragraph 41(1)(c), the words “for any period”;</li> <li>(c) in paragraph 100(1), the words “for an accounting period”;</li> <li>(d) paragraph 148(6);</li> <li>(e) in paragraph 149(1), the words “the percentage that is to be stated in a certificate under paragraph 148 as”.</li> </ul>

These repeals, except the ones in paragraphs 41(1)(c) and 100(1), have effect in accordance with section 189(5) of this Act.

*Status: Point in time view as at 15/03/2023.*

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## PART 5

### MISCELLANEOUS

#### (1) EXCHANGE OF INFORMATION BETWEEN TAX AUTHORITIES OF MEMBER STATES

<i>Short title and chapter</i>	<i>Extent of repeal</i>
Finance Act 1978 (c. 42)	Section 77.
Finance Act 1980 (c. 48)	Section 17.
Finance Act 1990 (c. 29)	In section 125, subsection (5) and the words after “appoint” in subsection (6).
Finance Act 1993 (c. 34)	Section 22.

#### (2) CONTROLLED FOREIGN COMPANIES: EXEMPT ACTIVITIES

<i>Short title and chapter</i>	<i>Extent of repeal</i>
Income and Corporation Taxes Act 1988 (c. 1)	In Part 2 of Schedule 25, in paragraph 6(2A), the word “and” preceding paragraph (c).

This repeal has effect in accordance with section 200 of this Act.

#### (3) AUTHORISED UNIT TRUSTS: INTEREST DISTRIBUTIONS

<i>Short title and chapter</i>	<i>Extent of repeal</i>
Income and Corporation Taxes Act 1988 (c. 1)	Section 468O(2) to (4). In section 468P— (a) subsection (4); (b) in subsection (5), the words “or (4)” and the words “or, as the case may be, resident” (in both places); (c) subsections (8) and (9).
Finance Act 1996 (c. 8)	In Schedule 7, paragraph 17.
Finance Act 2002 (c. 23)	Section 96(3)(a).

These repeals have effect in relation to interest distributions made on or after 16th October 2002.

#### (4) NATIONAL SAVINGS

<i>Short title and chapter</i>	<i>Extent of repeal</i>
Finance Act 1980 (c. 48)	In section 120, subsections (4), (5) and (8) and, in subsection (9), the words “and subsection (8) above from the passing of this Act”.

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Finance Act 1998 (c. 36)	In section 162, subsection (1)(a), and the word “and” before it, and subsections (2) and (5).
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(5) OTHER FINANCIAL MATTERS

<i>Short title and chapter</i>	<i>Extent of repeal</i>
National Loans Act 1968 (c. 13)	Section 15(3). Section 19(3). Section 21(3). In Schedule 5A— (a) paragraph 8 (and the heading before it); (b) paragraph 13(2).
Finance Act 1982 (c. 39)	Section 152(3).

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The repeal of section 21(3) of the National Loans Act 1968 has effect in accordance with section 212(5) of this Act.



**Status:**

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**Changes to legislation:**

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