
Changes to legislation: There are currently no known outstanding effects for the Finance (No. 2) Act 2005, Cross Heading: Group relief. (See end of Document for details)

SCHEDULES

SCHEDULE 10

STAMP DUTY LAND TAX: MISCELLANEOUS AMENDMENTS

PART 1

AMENDMENTS COMING INTO FORCE IN ACCORDANCE WITH PARAGRAPH 16

Group relief

- 3 In paragraph 1 of Schedule 7 (group relief), in sub-paragraph (7) for “paragraph 3” substitute “ paragraphs 3 and 4A ”.
- 4 In paragraph 3 of Schedule 7 (withdrawal of group relief)—
- (a) for sub-paragraph (2) substitute—
- “(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.”, and
- (b) at the end of sub-paragraph (5) insert “ and paragraph 4A (withdrawal of group relief in certain cases involving successive transactions) ”.
- 5 In paragraph 4 of Schedule 7 (cases in which group relief is not withdrawn)—
- (a) in sub-paragraph (3), for paragraph (b) substitute—
- “(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.”, and
- (b) in sub-paragraph (5), for “this purpose” substitute “ the purposes of sub-paragraphs (3) and (4) ”.
- 6 After paragraph 4 of Schedule 7 insert—
- “Withdrawal of group relief in certain cases involving successive transactions*
- 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—

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- (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 - (c) apart from this paragraph, group relief in relation to the relevant transaction would not be withdrawn under paragraph 3, and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 and 4 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.
- (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 sub-paragraph (1)(a) 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 this sub-paragraph shall be construed in accordance with section 416 of the Taxes Act 1988.
- (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.”

- 7 In Schedule 17A (further provisions relating to leases) in paragraph 11(5)(a) for the words from “the purchaser” to the end substitute “ 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 ”.

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