



Finance Act 2013

2013 CHAPTER 29

PART 3

ANNUAL TAX ON ENVELOPED DWELLINGS

Exemptions

151 Charitable companies

- (1) A charitable company that is entitled to a single-dwelling interest is regarded as not meeting the ownership condition with respect to the interest on any day on which the interest is held by the company for qualifying charitable purposes, other than an excluded day.
- (2) The interest is “held for qualifying charitable purposes” if it is held—
 - (a) for use in furtherance of the charitable purposes of the charitable company or of another charity, or
 - (b) as an investment from which the profits are (or are to be) applied to the charitable purposes of the charitable company.
- (3) A day is an “excluded day” if the following conditions are met—
 - (a) a person (“the donor”) has on or before that day made, or agreed to make, a gift to the charitable company or to a charity that is connected with it,
 - (b) there exist on that day arrangements under which or as a result of which a linked individual is permitted, or is to be or may in the future be permitted, to occupy the dwelling, and
 - (c) it is reasonable to assume from either or both of—
 - (i) the likely effects of the gift and the arrangements, or
 - (ii) the circumstances in which the gift was made and the circumstances in which the arrangements were entered into,that the gift would not have been made and the arrangements would not have been entered into independently of one another;but see the exception in subsection (5).

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- (4) In subsection (3)(b) “linked individual” means an individual who—
- (a) is the donor, or
 - (b) was, when the arrangements were entered into, an associate of the donor.
- (5) A day is not an “excluded day” if the first, second or third condition is met on that day.
- The first condition is that the activities undertaken for carrying out the primary purposes of the charitable company include, or normally include, opening the dwelling to the public.
- The second condition is that the dwelling is being exploited through commercial activities that involve, or normally involve, opening the dwelling to the public.
- The third condition is that steps are being taken—
- (a) to secure that the first or second condition will be met without undue delay, or
 - (b) to secure that the single-dwelling interest will be sold without undue delay.
- (6) In subsection (5)—
- (a) “opening the dwelling to the public” means offering the public the opportunity to make use of, stay in or otherwise enjoy, on at least 28 days in any year, areas that constitute a significant part of the interior of the dwelling or of the dwelling’s garden or grounds;
 - (b) “without undue delay” means without delay, except so far as delay is justified by commercial considerations or for the sake of a primary purpose of the charitable company.
- (7) For the purposes of subsection (6)(a), the size (relative to the size of the whole dwelling or of the whole garden or grounds), nature, and function of the areas concerned are to be taken into account in determining whether they form a significant part of the interior of the dwelling or (as the case may be) of the garden or grounds.
- (8) For the purposes of subsection (3)(a)—
- (a) “connected” means connected in a matter relating to the structure, administration or control of the charitable company, and
 - (b) section 172 does not apply.

152 Section 151: supplementary

- (1) In section 151 “associate”, in relation to the donor, means any of the following—
- (a) an individual (“a connected person”) who is connected with the donor,
 - (b) an individual who is the settlor in relation to a settlement of which a trustee is (in the capacity of trustee) connected with the donor,
 - (c) the spouse or civil partner of a connected person or of a relevant settlor,
 - (d) 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,
 - (e) a relative of the spouse or civil partner of a connected person or of a relevant settlor, or
 - (f) the spouse or civil partner of a person falling within paragraph (e).
- (2) In subsection (1)—
- “relative” means brother, sister, ancestor or lineal descendant;

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“settlement” and “settlor” have the same meaning as in Chapter 5 of Part 5 of ITTOIA 2005 (see section 620 of that Act).

- (3) In subsection (1)(b) “trustee” is to be read in accordance with section 1123(3) of CTA 2010 (“connected persons”: supplementary).
- (4) For the purposes of section 151 occupation of any part of a dwelling is regarded as occupation of the dwelling.
- (5) For the purposes of section 151(3)—
 - (a) the making of a gift is disregarded if it is made before the day on which this Act is passed, and
 - (b) an agreement to make a gift is disregarded if the agreement is made before that day.
- (6) Arrangements entered into before the day on which this Act is passed are disregarded for the purposes of section 151(3) unless a material alteration has been made to them on or after that date.

“Material alteration” means an alteration affecting anything in the arrangements that relates to the individual's having (at any time), or potentially having, permission to occupy the dwelling.
- (7) References in section 151 and this section to a gift include the disposal of an asset for consideration of an amount or value which is less than the market value of the asset.
- (8) In section 151 and this section “arrangements” includes any scheme, arrangement or understanding of any kind, whether or not legally enforceable, involving a single transaction or two or more transactions.

153 Public bodies

- (1) A public body is not regarded as a company for the purposes of this Part.
- (2) In this section—
 - (a) “public body” means any body corporate that is a public body for the purposes of section 66 of FA 2003, and
 - (b) references to a public body accordingly include a company such as is mentioned in subsection (5) of that section (companies wholly owned by the listed bodies).
- (3) The power of the Treasury to prescribe persons by an order under section 66(4) of FA 2003 may be exercised so as to make different provision for purposes relating to annual tax on enveloped dwellings and stamp duty land tax.
- (4) In paragraph (b) of subsection (2) “company” means a company as defined by section 1 of the Companies Act 2006 (and subsection (1) is to be ignored in interpreting that paragraph).

154 Bodies established for national purposes

- (1) A body listed in subsection (2) is not regarded as a company for the purposes of this Part.
- (2) The bodies are—

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the Historic Buildings and Monuments Commission for England;
the Trustees of the British Museum;
the Trustees of the National Heritage Memorial Fund;
the Trustees of the Natural History Museum.

155 Dwelling conditionally exempt from inheritance tax

- (1) Subsection (2) applies to a single-dwelling interest if—
 - (a) the whole or part of the dwelling has been designated under section 31 of IHTA 1984 (buildings of outstanding historic or architectural interest etc),
 - (b) an undertaking has been made with respect to the dwelling under section 30 of that Act (conditionally exempt transfers), and
 - (c) a transfer of value is exempt from inheritance tax by virtue of that designation and that undertaking.
- (2) The taxable value of the single-dwelling interest on any day is taken to be zero if no chargeable event has occurred with respect to the dwelling in the time between the transfer of value and the beginning of that day.
- (3) Subsection (4) applies to a single-dwelling interest if—
 - (a) the whole or part of the dwelling has been designated under section 31 of IHTA 1984,
 - (b) an undertaking has been made with respect to the dwelling under section 78 of that Act (settled property: conditionally exempt occasions), and
 - (c) a transfer of property or other event is a conditionally exempt occasion by virtue of that designation and that undertaking.
- (4) The taxable value of the single-dwelling interest on any day is taken to be zero if no chargeable event has occurred with respect to the dwelling in the time between the conditionally exempt occasion and the beginning of that day.
- (5) In this section—
 - “chargeable event” means an event which is a chargeable event under section 32 of IHTA 1984;
 - “conditionally exempt occasion” is to be read in accordance with section 78(2) of that Act;
 - “transfer of value” has the same meaning as in that Act.

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