
Changes to legislation: There are currently no known outstanding effects for the Finance Act 2013, SCHEDULE 40. (See end of Document for details)

SCHEDULES

SCHEDULE 40

Section 196

STAMP DUTY LAND TAX: RELIEF FROM 15% RATE

1 Part 4 of FA 2003 (stamp duty land tax) is amended as follows.

Amendments of FA 2003

- 2 (1) Schedule 4A (higher rate for certain transactions) is amended as follows.
- (2) In paragraph 2(6) (treatment of certain transactions as two separate chargeable transactions) for “and 5” substitute “, 5 to 5K and 6A to 6H”.
- (3) For paragraph 5 (property developers) and the cross-heading preceding it substitute—

“Businesses of letting, trading in or redeveloping properties

- 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;
 - (b) development or redevelopment and resale in the course of a property development trade;
 - (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 the dwelling.
- (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—

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- (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.”

(4) After paragraph 5 insert—

“Meaning of “non-qualifying individual”

- 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

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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;
 - “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

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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.

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.

Dwellings for occupation by certain employees etc

- 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-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 trade.
- (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 trade.
- (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.
- (4) “Relievable trade” means a trade that is carried on 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).

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More about the condition in paragraph 5D(2)(a)

- 5E (1) In a case where the person carrying on the relievable trade 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 qualifying trade.
- (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.
- (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 trade 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 trade, 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

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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.

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.
- (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).

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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 the dwelling.
- (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.
- 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

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- (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 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.
- 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.
- (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—

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- (a) the purchaser, or a relevant group member (as defined in paragraph 5D(6)), carries on a trade on a commercial basis and with a view to profit,
 - (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 trade mentioned in paragraph (a) of this sub-paragraph.
 - (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.
- 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

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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.”

- (5) After paragraph 6 insert—

“Modifications for cases involving alternative finance arrangements

- 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) and 5F(1) (disregarding the exemptions in sections 71A(3), 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) or 5F(1) 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).
- 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

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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) and 5F(1).

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 the dwelling.
- (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);

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- (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).
- 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.

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- (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.
- 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 qualifying trade,
 - (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 trade 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

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- (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.
- 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.
- (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);

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- (c) references to a major interest in land include an undivided share in a major interest in land.”
- (6) In paragraph 9 (interpretation), at the appropriate places insert—
- ““financial institution” has the same meaning as in sections 71A to 73B (see section 73BA);”
 - ““property development trade” has the meaning given by paragraph 5(3);”
 - ““property rental business” has the meaning given by section 133(4) of the Finance Act 2013;”
 - ““property trading business” has the meaning given by paragraph 5(3);”
 - ““qualifying farm worker” has the meaning given by paragraph 5F(4);”
 - ““qualifying trade” has the meaning given by paragraph 5B(3);”
 - ““qualifying trade of farming” has the meaning given by paragraph 5F(5);”.

Minor and consequential amendments

- 3 (1) Section 81 (further return where relief withdrawn) is amended as follows.
- (2) After subsection (1) insert—
- “(1A) Where relief is withdrawn to any extent under any of paragraphs 5G to 5K of Schedule 4A (higher rate for certain transactions) 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;
 - (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;
 - (e) in the case of relief under paragraph 5F of that Schedule (farmhouses), the first day in the period mentioned in paragraph

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5K(2) on which a requirement under paragraph 5K(3) was not met in the case of the chargeable interest in question.”

- (3) In subsection (2A), for “Tax” substitute “ Where subsection (1) applies any tax ”.
- (4) In subsection (3) for “this section” substitute “ subsection (1) ”.
- (5) After subsection (4) insert—

“(5) The provisions of Schedule 10 apply to a return under subsection (1A) as they apply to a return under section 76, but with the adaptation that references to the effective date of the transaction are to be read as references to the relevant date (as defined in subsection (1B)).”

- 4 After section 81 insert—

“81ZA 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 or 6H of Schedule 4A (higher rate of tax: alternative finance arrangements)—
 - (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 by reference to the rates in force at the effective date of the transaction in respect of which the relief was allowed.
- (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 make land transaction return), but with the following adaptations—
 - (a) references to the effective date of the transaction are to be read as references to the date of the disqualifying event;
 - (b) 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).
- (3) In this section “the date of the disqualifying event” means the first day in the control period on which a relevant requirement was not met.
- (4) In subsection (3) “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;

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- (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 subsection (3) “the control period” has the same meaning as in paragraph 5G, 5H, 5I, 5J or 5K (as the case requires) of Schedule 4A.
- (6) In this section—
“alternative finance arrangements” means any arrangements such as are mentioned in section 71A, 72, 72A or 73;
“the relevant person” means the person (other than the financial institution) who entered into the arrangements in question.”
- 5 In section 85 (liability for tax), after subsection (2) insert—
“(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 and 6H of Schedule 4A (higher rate: alternative finance arrangements)—
(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 person is liable to pay that additional tax.
(4) In subsection (3) “the relevant person” means the person (other than the financial institution) who entered into the arrangements in question.”
- 6 In section 86 (payment of tax), after subsection (2) insert—
“(2A) Tax payable as a result of a withdrawal of relief under any of paragraphs 6D, 6F, 6G and 6H of Schedule 4A (higher rate: alternative finance arrangements) must be paid not later than the filing date for the return relating to the withdrawal (see section 81ZA(1)).”
- 7 In the table in section 122 (index of defined expressions), in second column of the entry for “settlement”, after “paragraph 1(1)” insert “(except as otherwise expressly provided) ”.

Application of amendments

- 8 The amendments made by paragraphs 1 to 7 have effect in relation to transactions with an effective date on or after the day on which this Act is passed.

Transactions to which section 29 of the Scotland Act 2012 applies

- 9 (1) In relation to transactions in relation to which section 29 of the Scotland Act 2012 (disapplication of UK stamp duty land tax) has effect, FA 2003 as amended by this Schedule has effect subject to the following further amendments.
- (2) In section 81ZA, in subsection (6), in the definition of “alternative finance arrangements”, omit “72, 72A”.
- (3) In Schedule 4A—

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- (a) in paragraph 6A—
 - (i) in sub-paragraph (1)(a), omit “section 72 (land in Scotland sold to financial institution and leased to person)”,
 - (ii) omit sub-paragraph (2)(b),
 - (iii) in sub-paragraph (4), omit “, 72(3)”, and
 - (iv) in sub-paragraph (6), omit “, 72”,
- (b) omit paragraph 6B,
- (c) in paragraph 6C—
 - (i) in sub-paragraph (1), omit “or 6B (“the modifying paragraph”)” and for “in the modifying paragraph” substitute “in paragraph 6A”, and
 - (ii) accordingly, in the heading omit “and 6B”,
- (d) in paragraph 6D—
 - (i) in sub-paragraph (1), omit “or 6B(3)”,
 - (ii) in sub-paragraph (3)(a), omit “and (6)”,
 - (iii) in sub-paragraph (5)(b), omit “or 72(1)(c)”,
 - (iv) omit sub-paragraph (6), and
 - (v) in sub-paragraph (7), in the definition of “relevant person”, omit “, 72(1), 72A(1)”,
- (e) in paragraph 6E(4)(b), for “sub-paragraph (5)(a) or (6)(a) of paragraph 6D (as the case requires)” substitute “paragraph 6D(5)(a)”,
- (f) in paragraph 6F—
 - (i) in sub-paragraph (1), omit “or 6B(3)”, and
 - (ii) in sub-paragraph (7)(a), omit “, 72(1), 72A(1)”,
- (g) in paragraph 6G—
 - (i) in sub-paragraph (1), omit “or 6B(3)”, and
 - (ii) in sub-paragraph (9)(b), omit “72(1), 72A(1)”, and
- (h) in paragraph 6H—
 - (i) in sub-paragraph (1), omit “or 6B(3), and
 - (ii) in sub-paragraph (8)(b), omit “72(1), 72A(1)”.

Changes to legislation:

There are currently no known outstanding effects for the Finance Act 2013, SCHEDULE 40.