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**Changes to legislation:** There are currently no known outstanding effects for the Finance Act 2013, Cross Heading: Leases that continue after a fixed term. (See end of Document for details)

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## SCHEDULES

### SCHEDULE 41

#### STAMP DUTY LAND TAX ON LEASES

##### *Leases that continue after a fixed term*

- 2 (1) In Schedule 17A (further provisions about leases), paragraph 3 (leases that continue after a fixed term) is amended as follows.
- (2) In sub-paragraph (3)—
- (a) after “continuation of the lease” insert “ for a period (or further period) of one year ”, and
- (b) in paragraph (a), for “that term” substitute “ that one year period ”.
- (3) After that sub-paragraph insert—
- “(3A) But no tax or additional tax is payable in respect of a transaction as a result of 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.”
- (4) After sub-paragraph (3A) insert—
- “(3B) Sub-paragraph (2) is subject to paragraph 3A.”
- (5) In sub-paragraph (4), for the words from “the day” to the end substitute “ the last day of the one year period for which the lease is continued or (as the case may be) further continued. ”
- (6) After sub-paragraph (5) insert—
- “(6) Where—
- (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.”
- 3 After that paragraph insert—
- “3A (1) This paragraph applies where—
- (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,

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- (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).
  - (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.”
- 4 In section 87 (interest on unpaid tax), in subsection (3)—
- (a) after paragraph (aa) insert—
    - “(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),” and
  - (b) in paragraph (ab) omit “3(3) or” and “leases that continue after a fixed term and”.
- 5 In section 119 (meaning of “effective date” of a transaction), in subsection (2), at the appropriate place in the list insert— “ paragraph 3(4) of Schedule 17A (leases that continue after a fixed term), ”.

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