



# Finance Act 2018

## 2018 CHAPTER 3

### PART 2

#### INDIRECT TAXES

##### *Value added tax*

### **38 Online marketplaces**

- (1) VATA 1994 is amended as follows.
- (2) In section 69(1) (breaches of regulatory provisions) after paragraph (g) insert “or—
  - (h) section 77E (display of VAT registration numbers on online marketplaces),”.
- (3) Before section 77B insert— “ Online marketplaces ”.
- (4) In section 77B (joint and several liability: operators of online marketplaces)—
  - (a) in the heading for “operators of online marketplaces” substitute “ sellers identified as non-compliant by the Commissioners ”;
  - (b) in subsection (1) omit “who is not UK-established”;
  - (c) omit subsection (10);
  - (d) in subsection (12) omit “, and  
“UK-established””.
- (5) After section 77B insert—

#### **“77BA Joint and several liability: non-UK sellers in breach of Schedule 1A registration requirement**

- (1) This section applies where—

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- (a) a person (“P”) who makes taxable supplies of goods through an online marketplace is in breach of a Schedule 1A registration requirement, and
  - (b) the operator of the online marketplace knows, or should know, that P is in breach of a Schedule 1A registration requirement.
- (2) If the operator of the online marketplace does not secure the result in subsection (3), subsection (4) applies.
- (3) The result referred to in subsection (2) is that P does not offer goods for sale through the online marketplace in any period between—
- (a) the end of the period of 60 days beginning with the day on which the operator first knew, or should have known, that P was in breach of a Schedule 1A registration requirement, and
  - (b) P ceasing to be in breach of a Schedule 1A registration requirement.
- (4) The operator is jointly and severally liable to the Commissioners for the amount of VAT payable by P in respect of all taxable supplies of goods made by P through the online marketplace in the relevant period.
- (5) The relevant period is the period—
- (a) beginning with the day on which the operator first knew, or should have known, that P was in breach of a Schedule 1A registration requirement, and
  - (b) ending with P ceasing to be in breach of a Schedule 1A registration requirement.
- (6) But if the operator has been given a notice under section 77B in respect of P, the relevant period does not include—
- (a) any period for which the operator is jointly and severally liable for the amount mentioned in subsection (4) by virtue of section 77B, or
  - (b) if the operator secures the result mentioned in section 77B(3), the period beginning with the day on which the operator is given the notice and ending with the day on which the operator secures that result.
- (7) P is in breach of a Schedule 1A registration requirement if P is liable to be registered under Schedule 1A to this Act, but is not so registered.
- (8) In this section “online marketplace” and “operator”, in relation to an online marketplace, have the same meaning as in section 77B.”
- (6) In section 77C (assessments)—
- (a) in the heading after “section 77B” insert “ or 77BA ”;
  - (b) in subsection (1) after “section 77B” insert “ or 77BA ”;
  - (c) for subsection (9) substitute—
    - “(9) In this section “online marketplace” and “operator”, in relation to an online marketplace, have the same meaning as in section 77B.”
- (7) In section 77D (interest)—
- (a) in the heading after “section 77B” insert “ or 77BA ”;
  - (b) for subsection (8) substitute—

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“(8) In this section “online marketplace” and “operator”, in relation to an online marketplace, have the same meaning as in section 77B.”

(8) After section 77D insert—

**“77E Display of VAT registration numbers**

- (1) This section applies where a person (“P”) offers, or proposes to offer, goods for sale through an online marketplace.
- (2) The operator of the online marketplace must take reasonable steps to check that—
  - (a) any number provided to the operator (by P or another person) as P's VAT registration number is valid, and
  - (b) any number displayed on the online marketplace as P's VAT registration number (under subsection (3) or otherwise) is valid.
- (3) If a number is provided to the operator (by P or another person) as P's VAT registration number and the number is valid, the operator must secure that it is displayed on the online marketplace as P's VAT registration number no later than the time mentioned in subsection (4).
- (4) The time is—
  - (a) the end of the period of 10 days beginning with the day on which the operator is provided with the number, or
  - (b) if the number is provided before P offers goods for sale through the online marketplace, the later of—
    - (i) the end of the period in paragraph (a), and
    - (ii) the end of the day on which P first offers goods for sale through the online marketplace.
- (5) If the operator becomes aware that a number displayed on the online marketplace as P's VAT registration number (under subsection (3) or otherwise) is not valid, the operator must secure that it is removed from the online marketplace before the end of the relevant period.
- (6) The relevant period is the period of 10 days beginning with the day on which the operator first became aware that the number was not valid.
- (7) A number is provided or displayed as P's VAT registration number only if it is provided or displayed in connection with P offering, or proposing to offer, goods for sale through the online marketplace.
- (8) A number provided or displayed as P's VAT registration number is valid only if—
  - (a) P is registered under this Act, and
  - (b) the number is P's VAT registration number.
- (9) In this section—

“online marketplace” and “operator”, in relation to an online marketplace, have the same meaning as in section 77B;

“VAT registration number” means the number allocated by the Commissioners to a person registered under this Act.”

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### **39 VAT refunds to public authorities**

- (1) In section 33 of VATA 1994 (refunds of VAT in certain cases), subsection (3) is amended as follows.
- (2) In paragraph (a) after “a local authority” insert “ and a combined authority established by an order made under section 103(1) of the Local Democracy, Economic Development and Construction Act 2009 ”.
- (3) After paragraph (a) insert—
  - “(aa) a fire and rescue authority under the Fire and Rescue Services Act 2004, if the authority does not fall within paragraph (a);
  - (ab) the Scottish Fire and Rescue Service;”.
- (4) In paragraph (f), omit “a police authority and”.
- (5) After paragraph (f) insert—
  - “(fa) the Scottish Police Authority;
  - (fb) the Police Service of Northern Ireland and the Northern Ireland Policing Board;”.
- (6) The amendments made by this section have effect in relation to supplies made, and acquisitions and importations taking place, on or after the day on which this Act is passed.

#### *Stamp duty land tax*

### **40 Higher rates for additional dwellings**

Schedule 11 contains amendments to Schedule 4ZA to FA 2003 (stamp duty land tax: higher rates for additional dwellings and dwellings purchased by companies).

### **41 Relief for first-time buyers**

- (1) Part 4 of FA 2003 (stamp duty land tax) is amended as follows.
- (2) After section 57A insert—
  - “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.”
- (3) After Schedule 6 insert—

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“SCHEDULE  
6ZA

RELIEF FOR FIRST-TIME BUYERS

**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.

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*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).
- (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.

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### 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 an equivalent interest in a dwelling situated in a country or territory outside England, Wales and Northern Ireland,
  - (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 which has less than 21 years to run at the beginning of the day after the date on which it is acquired.

##### *“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.

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- (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 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.”
- (4) In section 110 (approval of regulations under general power) at the end insert—
- “(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.”
- (5) In Schedule 9 (right to buy, shared ownership leases etc), at the end insert—

**“First-time buyers**

- 16 (1) This paragraph applies where—
- (a) a lease is granted as mentioned in sub-paragraph (1)(a) of paragraph 2 and the conditions in sub-paragraph (2) of that paragraph are met but no election is made for tax to be charged in accordance with that paragraph,
  - (b) a lease is granted as mentioned in sub-paragraph (1)(a) of paragraph 4 and the conditions in sub-paragraph (2) of that paragraph are met but no election is made for tax to be charged in accordance with that paragraph,
  - (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),



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- (d) a shared ownership trust is declared but no election is made for tax to be charged in accordance with paragraph 9, 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—
- (a) the acquisition of the lease,
  - (b) the acquisition of the interest,
  - (c) the declaration of the shared ownership trust, or
  - (d) the equity-acquisition payment and the consequential increase in the purchaser's beneficial interest.”
- (6) The following provisions (which are spent provisions relating to first-time buyers) are repealed—
- (a) section 57AA of FA 2003,
  - (b) section 73CA of that Act,
  - (c) section 110(6) of that Act,
  - (d) paragraph 15 of Schedule 9 to that Act, and
  - (e) section 6 of FA 2010.
- (7) In Schedule 2 to the Wales Act 2014 (amendments relating to the disapplication of UK stamp duty land tax in relation to Wales), after paragraph 9 insert—

“9A (1) Paragraph 6 of Schedule 6ZA (relief for first-time buyers: definition of “first-time buyer”) is amended as follows.

(2) In sub-paragraph (1)(b)—

- (a) after “acquired” insert “—  
(i)”,  
and

(b) at the end insert “or

- (ii) an interest of a kind mentioned in section 117(2) in a dwelling situated in Wales,”.

(3) In sub-paragraph (2) after “lease” insert “ or, in the case of a dwelling situated in Wales, a term of years absolute ”.”

- (8) The amendments made by subsections (1) to (5) have effect in relation to any land transaction of which the effective date is or is after 22 November 2017.

### *Landfill tax*

#### **42 Landfill tax: disposals not made at landfill sites, etc**

- (1) Schedule 12 makes provision about landfill tax, including provision for disposals of material elsewhere than at landfill sites to be chargeable.

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- (2) That Schedule has effect only in relation to disposals made in England or Northern Ireland.

*Excise duties*

**43 Air passenger duty: rates of duty from 1 April 2019**

- (1) Chapter 4 of Part 1 of FA 1994 (air passenger duty) is amended as follows.
- (2) In section 30(4A)(b) as amended by F(No.2)A 2017 (rate for long haul departures not from Northern Ireland: travel not in sole or lowest class, and higher rate does not apply), for “£156” substitute “ £172 ”.
- (3) In section 30(4E)(d) (higher rate for long haul departures not from Northern Ireland is six times standard-class long haul rate), for “six” substitute “ 6.6 ”.
- (4) In section 30A(5A)(c)(ii) (higher rate for long haul departures from Northern Ireland if not set by Act of the Northern Ireland Assembly is six times standard-class rate for long haul departures from Northern Ireland), for “six” substitute “ 6.6 ”.
- (5) The amendments made by this section have effect in relation to the carriage of passengers beginning on or after 1 April 2019.

**44 VED: rates for light passenger vehicles, light goods vehicles, motorcycles etc**

- (1) Schedule 1 to VERA 1994 (annual rates of duty) is amended as follows.
- (2) In paragraph 1 (general rate)—
- (a) in sub-paragraph (2) (vehicle not covered elsewhere in Schedule with engine cylinder capacity exceeding 1,549cc), for “£245” substitute “ £255 ”, and
- (b) in sub-paragraph (2A) (vehicle not covered elsewhere in Schedule with engine cylinder capacity not exceeding 1,549cc), for “£150” substitute “ £155 ”.
- (3) In paragraph 1B (rates for light passenger vehicles registered before 1 April 2017)—
- (a) for the Table substitute—

<i>“CO<sub>2</sub> emissions figure</i>		<i>Rate</i>	
<i>(1)</i>	<i>(2)</i>	<i>(3)</i>	<i>(4)</i>
<i>Exceeding</i>	<i>Not exceeding</i>	<i>Reduced rate</i>	<i>Standard rate</i>
<i>g/km</i>	<i>g/km</i>	<i>£</i>	<i>£</i>
100	110	10	20
110	120	20	30
120	130	110	120
130	140	130	140
140	150	145	155
150	165	185	195
165	175	220	230

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175	185	240	250
185	200	280	290
200	225	305	315
225	255	530	540
255		545	555”;

(b) in the sentence immediately following the Table, for paragraphs (a) and (b) substitute—

“(a) in column (3), in the last two rows, “305” were substituted for “530” and “ 545 ”, and

(b) in column (4), in the last two rows, “315” were substituted for “540” and “ 555 ”.”

(4) For paragraph 1GC (rates on first licence for light passenger vehicles registered on or after 1 April 2017) substitute—

“1GC

(1) This paragraph applies for the purpose of determining the rate at which vehicle excise duty is to be paid on the first vehicle licence for a vehicle to which this Part of this Schedule applies.

(2) If the vehicle is not a higher rate diesel vehicle, the annual rate of duty applicable to the vehicle is determined in accordance with Table 1 by reference to—

(a) the applicable CO<sub>2</sub> emissions figure, and

(b) whether the vehicle qualifies for the reduced rate of duty or is liable to the standard rate of duty.

(3) If the vehicle is a higher rate diesel vehicle, the annual rate of duty applicable to the vehicle is determined in accordance with Table 2 by reference to the applicable CO<sub>2</sub> emissions figure.

Table 1 - vehicles other than higher rate diesel vehicles

<i>CO<sub>2</sub> emissions figure</i>		<i>Rate</i>	
<i>(1)</i>	<i>(2)</i>	<i>(3)</i>	<i>(4)</i>
<i>Exceeding</i>	<i>Not exceeding</i>	<i>Reduced rate</i>	<i>Standard rate</i>
<i>g/km</i>	<i>g/km</i>	<i>£</i>	<i>£</i>
0	50		10
50	75	15	25
75	90	95	105
90	100	115	125
100	110	135	145
110	130	155	165
130	150	195	205

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150	170	505	515
170	190	820	830
190	225	1230	1240
225	255	1750	1760
255		2060	2070

Table 2 - higher rate diesel vehicles

<i>CO<sub>2</sub> emissions figure</i>		<i>Rate</i>
<i>(1)</i>	<i>(2)</i>	<i>(3)</i>
<i>Exceeding</i>	<i>Not exceeding</i>	<i>Rate</i>
<i>g/km</i>	<i>g/km</i>	<i>£</i>
0	50	25
50	75	105
75	90	125
90	100	145
100	110	165
110	130	205
130	150	515
150	170	830
170	190	1240
190	225	1760
225	255	2070
255		2070

(4) For the purposes of this paragraph a vehicle is a higher rate diesel vehicle if it is constructed so as to be propelled by diesel and it does not meet the Euro 6d emissions standard.

(5) A vehicle meets the Euro 6d emissions standard only if it is first registered on the basis of an EU certificate of conformity which indicates that the exhaust emission level is Euro 6d (and it does not meet that standard if it is first registered on the basis of an EU certificate of conformity which indicates that that level is Euro 6d-TEMP).

(6) “Diesel” means any diesel fuel within Article 2 of Directive [98/70/EC](#) of the European Parliament and of the Council.”

(5) In paragraph 1J (rates for light goods vehicles) in paragraph (a) for “£240” substitute “£250”.

(6) In paragraph 2(1) (rates for motorcycles)—

- (a) in paragraph (a), for “£18” substitute “£19”,
- (b) in paragraph (b), for “£41” substitute “£42”,

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- (c) in paragraph (c), for “£62” substitute “ £64 ”, and
- (d) in paragraph (d), for “£85” substitute “ £88 ”.

(7) The amendments made by this section have effect in relation to licences taken out on or after 1 April 2018.

#### **45 Tobacco products duty: rates**

- (1) TPDA 1979 is amended as follows.
- (2) For the table in Schedule 1 substitute—

“TABLE

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1 Cigarettes	An amount equal to the higher of— (a) 16.5% of the retail price plus £217.23 per thousand cigarettes, or (b) £280.15 per thousand cigarettes.
2 Cigars	£270.96 per kilogram
3 Hand-rolling tobacco	£221.18 per kilogram
4 Other smoking tobacco and chewing tobacco	£119.13 per kilogram”

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- (3) The amendment made by this section is treated as having come into force at 6pm on 22 November 2017.

**Changes to legislation:**

There are currently no known outstanding effects for the Finance Act 2018, PART 2.