



# Finance Act 2019

## 2019 CHAPTER 1

### PART 2

#### OTHER TAXES

##### *Stamp duty land tax*

#### **42 Relief for first-time buyers in cases of shared ownership**

- (1) Schedule 9 to FA 2003 (stamp duty land tax: shared ownership leases etc) is amended as follows.
- (2) In paragraph 4 (shared ownership lease: election where staircasing allowed), after subparagraph (4) insert—

“(4A) See paragraph 15 for further provision in connection with relief for first-time buyers.”
- (3) After paragraph 14 insert—

#### **15 “Relief for first-time buyers: shared ownership lease where election made**

Where—

- (a) paragraph 4 applies, and
  - (b) relief is claimed under paragraph 1 of Schedule 6ZA in respect of the grant of the lease concerned,
- no tax is chargeable in respect of so much of the chargeable consideration for the grant as consists of rent.”
- (4) After paragraph 15 (as inserted by subsection (3)) insert—

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**15A “Relief for first-time buyers: shared ownership lease where no election made**

- (1) This paragraph applies where—
  - (a) a shared ownership lease is granted, and
  - (b) no election is made for tax to be charged in accordance with paragraph 2 or 4.
- (2) For the purpose of determining whether the second condition in paragraph 1 of Schedule 6ZA is met in respect of the grant, the chargeable consideration for the grant is to be treated as being the amount stated in the lease in accordance with paragraph 2(2)(e) or paragraph 4(2)(e)(i) or (ii).
- (3) If relief is claimed in respect of the grant under paragraph 1 of Schedule 6ZA no tax is chargeable in respect of so much of the chargeable consideration for the grant as consists of rent.
- (4) In this paragraph “shared ownership lease” has the same meaning as in paragraph 4A.

**15B Relief for first-time buyers: shared ownership trust where no election made**

- (1) This paragraph applies where—
  - (a) a shared ownership trust is declared, and
  - (b) no election is made for tax to be charged in accordance with paragraph 9.
- (2) For the purpose of determining whether the second condition in paragraph 1 of Schedule 6ZA is met in respect of the declaration, the chargeable consideration for the declaration is to be treated as being the sum specified in the trust in accordance with paragraph 7(4)(f).
- (3) If relief is claimed in respect of the declaration under paragraph 1 of Schedule 6ZA no tax is chargeable in respect of any rent-equivalent payment treated by reason of paragraph 11(b) as rent.”
- (5) For the italic cross-heading before paragraph 16 substitute “ No relief for first-time buyers for staircasing transactions etc ”.
- (6) In paragraph 16 (cases where first-time buyer's relief is not available)—
  - (a) in sub-paragraph (1), omit paragraphs (a), (b) and (d) (but not “or” at the end of paragraph (d)), and
  - (b) in sub-paragraph (2), omit paragraphs (a) and (c) (but not “or” at the end of paragraph (c)).
- (7) The amendments made by this section have effect in relation to—
  - (a) any land transaction of which the effective date is on or after 29 October 2018, and
  - (b) any land transaction of which the effective date is before 29 October 2018 and in respect of which a land transaction return has not been given by that date.

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#### **43 Repayment to first-time buyers in cases of shared ownership**

- (1) Until 29 October 2019, a claim for the repayment of tax may be made in respect of a land transaction within subsection (2) or (3).
- (2) A transaction is within this subsection if the amount of tax chargeable in respect of the transaction would have been less had the amendment made by section 42(3) been in force from the effective date of the transaction.
- (3) A transaction is within this subsection if first-time buyer's relief—
  - (a) could not have been claimed for the transaction, but
  - (b) could have been claimed had the amendments made by section 42(4), (5) and (6) been in force from the effective date of the transaction.
- (4) Where a claim is made under this section, HMRC must repay—
  - (a) in a case where the transaction is within subsection (2), so much of the tax paid as exceeds the amount that would have been chargeable had the amendment made by section 42(3) been in force from the effective date of the transaction, and
  - (b) in a case where the transaction is within subsection (3), so much of the tax paid as exceeds the amount that would have been chargeable had the amendments made by section 42(4), (5) and (6) been in force from the effective date of the transaction and had a claim for first-time buyer's relief been made.
- (5) A claim under this section must be made by amendment of the land transaction return.
- (6) Sub-paragraphs (2A) and (3) of paragraph 6 of Schedule 10 to FA 2003 do not apply in the case of an amendment of a land transaction return made for the purpose of making a claim under this section.
- (7) In this section—
  - (a) the expressions used have the same meaning as in Part 4 of FA 2003;
  - (b) “first-time buyer's relief” means relief under Schedule 6ZA to FA 2003.

#### **44 Higher rates of tax for additional dwellings etc**

- (1) Schedule 4ZA to FA 2003 (stamp duty land tax: higher rates for additional dwellings and dwellings purchased by companies) is amended as follows.
- (2) In paragraph 2 (meaning of “higher rates transaction” etc) after sub-paragraph (4) insert—
  - (5) References in this Schedule to a major interest in a dwelling include an undivided share in a major interest in a dwelling.”
- (3) The amendment made by subsection (2) has effect in relation to any land transaction of which the effective date is on or after 29 October 2018.
- (4) In paragraph 8(3) (period during which land transaction return may be amended to take account of subsequent disposal of main residence) for the words from “whichever” to the end substitute “the period of 12 months beginning with—
  - (a) the effective date of the subsequent transaction, or
  - (b) if later, the filing date for the return.

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- (5) The amendment made by subsection (4) has effect in a case where the effective date of the subsequent transaction is on or after 29 October 2018.

#### **45 Exemption in respect of financial institutions in resolution**

- (1) In FA 2003, after section 66 insert—

##### **“66A Resolution of financial institutions**

- (1) A land transaction is exempt from charge if it is effected by—
- (a) an instrument listed in subsection (2), or
  - (b) an instrument made under an instrument listed in subsection (2).
- (2) The instruments are—
- (a) a property transfer instrument made in accordance with section 12(2) of the Banking Act 2009 (transfer to a bridge bank),
  - (b) a property transfer instrument made in accordance with section 12ZA(3) of that Act (transfer to asset management vehicle),
  - (c) a supplemental property transfer instrument made in accordance with section 42(2) of that Act where the original instrument was made in accordance with section 12(2), 12ZA(3) or 41A(2) of that Act,
  - (d) a property transfer instrument made in accordance with section 41A(2) of that Act (transfer of property subsequent to resolution instrument),
  - (e) a bridge bank supplemental property transfer instrument made in accordance with section 44D(2) of that Act,
  - (f) a property transfer order made in accordance with section 45(2) of that Act (temporary public ownership: property transfer), or
  - (g) a third-country instrument made in accordance with section 89H(2) or 89I(4) of that Act.
- (3) References in subsection (2) to a provision of the Banking Act 2009 include references to that provision as applied by or under any other provision of that Act (including where it is applied with modifications or in a substituted form).”

- (2) The amendment made by this section has effect in relation to any land transaction the effective date of which is on or after the day on which this Act is passed.

#### **46 Changes to periods for delivering returns and paying tax**

- (1) FA 2003 is amended as follows.
- (2) In section 76(1) (duty to deliver land transaction return), for “30 days” substitute “14 days”.
- (3) For section 80(2) (adjustment where contingency ceases or consideration is ascertained) substitute—
- “(2) If the effect of the new information is that a transaction becomes notifiable, the purchaser must make a return to HMRC within 14 days.

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- (2A) If the effect of the new information is that—
- (a) tax is payable in respect of a transaction where none was payable before and subsection (2) does not apply, or
  - (b) additional tax is payable in respect of a transaction,
- the purchaser must make a further return to HMRC within 30 days.
- (2B) For the purposes of subsections (2) and (2A), any tax or additional tax payable is calculated according to the effective date of the transaction.
- (2C) If a purchaser is required to make a return under subsection (2) or a further return under subsection (2A)—
- (a) that return must contain a self-assessment of the tax chargeable in respect of the transaction on the basis of the information contained in the return, and
  - (b) the tax or additional tax payable must be paid not later than the filing date for that return.”
- (4) In section 81 (further return where relief withdrawn)—
- (a) in subsection (1B)—
    - (i) after paragraph (c) insert—
      - “(ca) in the case of relief under paragraph 5CA of that Schedule (acquisition under a regulated home reversion plan), the first day in the period mentioned in paragraph 5IA(2) of that Schedule on which the purchaser holds the higher threshold interest otherwise than for the purposes of the regulated home reversion plan, unless paragraph 5IA(3)(a) and (b) applies;”, and
    - (ii) after paragraph (d) insert—
      - “(da) in the case of relief under paragraph 5EA of that Schedule (acquisition by management company of flat for occupation by caretaker), the first day in the period mentioned in paragraph 5JA(2) of that Schedule on which the purchaser holds the higher threshold interest otherwise than for the purpose of making the flat available for use as caretaker accommodation;”, and
  - (b) in subsection (2A), after “subsection (1)” insert “ or (1A) ”.
- (5) For section 81A(1) (return or further return in consequence of later linked transaction) substitute—
- “(1) Where the effect of a transaction (“the later transaction”) that is linked to an earlier transaction is that the earlier transaction becomes notifiable, the purchaser under the earlier transaction must deliver a return in respect of that transaction before the end of the period of 14 days after the effective date of the later transaction.
- (1A) Where the effect of a transaction (“the later transaction”) that is linked to an earlier transaction is that—
- (a) tax is payable in respect of the earlier transaction where none was payable before and subsection (1) does not apply, or

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- (b) additional tax is payable in respect of the earlier transaction, the purchaser under the earlier transaction must deliver a further return in respect of that transaction before the end of the period of 30 days after the effective date of the later transaction.
- (1B) For the purposes of subsections (1) and (1A), any tax or additional tax payable is calculated according to the effective date of the earlier transaction.
- (1C) Where a purchaser is required to deliver a return under subsection (1) or a further return under subsection (1A)—
- (a) that return must include a self-assessment of the amount of tax chargeable as a result of the later transaction, and
  - (b) the tax or additional tax payable must be paid not later than the filing date for that return.”
- (6) In section 86(2) (payment of tax), before paragraph (a) insert—
- “(za) any of paragraphs 5G to 5K of Schedule 4A (higher rate for certain transactions).”.
- (7) In section 87 (interest on unpaid tax)—
- (a) after subsection (1) insert—
 

“(1A) But where the relevant date is determined by subsection (3)(aa), (aaa), (ab) or (c), and a return is required to be delivered before the end of the period of 14 days after that relevant date, interest is instead payable on the amount of any unpaid tax from the end of that period until the tax is paid.”,
  - (b) in subsection (2), after “subsection (1)” insert “ or (1A) ”, and
  - (c) in subsection (3), before paragraph (a) insert—
 

“(za) in the case of an amount payable because relief is withdrawn under any of paragraphs 5G to 5K of Schedule 4A (higher rate for certain transactions), the date which is the relevant date for the purposes of section 81(1A);”.
- (8) In Schedule 17A (further provisions relating to leases)—
- (a) for paragraph 3(3) substitute—
 

“(3) Where the effect of sub-paragraph (2) in relation to the continuation of the lease for a period (or further period) of one year after the end of a fixed term is that a transaction becomes notifiable, the purchaser must deliver a return in respect of that transaction before the end of the period of 14 days after the end of that one year period.

(3ZA) Where the effect of sub-paragraph (2) in relation to the continuation of the lease for a period (or further period) of one year after the end of a fixed term is that—

    - (a) tax is payable in respect of a transaction where none was payable before and sub-paragraph (3) does not apply, or
    - (b) additional tax is payable in respect of a transaction,

the purchaser must deliver a further return in respect of that transaction before the end of the period of 30 days after the end of that one year period.

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- (3ZB) For the purposes of sub-paragraphs (3) and (3ZA), any tax or additional tax payable is calculated according to the effective date of the transaction.
- (3ZC) Where a purchaser is required to deliver a return under sub-paragraph (3) or a further return under sub-paragraph (3ZA)—
- (a) that return must include a self-assessment of the amount of tax chargeable in respect of the transaction on the basis of the information contained in the return, and
  - (b) the tax or additional tax payable must be paid not later than the filing date for that return.”
- (b) for paragraph 4(3) substitute—
- “(3) Where the effect of sub-paragraph (1) in relation to the continuation of the lease after the end of a deemed fixed term is that a transaction becomes notifiable, the purchaser must deliver a return in respect of that transaction before the end of the period of 14 days after the end of that term.
- (3A) Where the effect of sub-paragraph (1) in relation to the continuation of the lease after the end of a deemed fixed term is that—
- (a) tax is payable in respect of a transaction where none was payable before and sub-paragraph (3) does not apply, or
  - (b) additional tax is payable in respect of a transaction,
- the purchaser must deliver a further return in respect of that transaction before the end of the period of 30 days after the end of that term.
- (3B) For the purposes of sub-paragraphs (3) and (3A), any tax or additional tax payable is calculated according to the effective date of the transaction.
- (3C) Where a purchaser is required to deliver a return under sub-paragraph (3) or a further return under sub-paragraph (3A)—
- (a) that return must include a self-assessment of the amount of tax chargeable in respect of the transaction on the basis of the information contained in the return, and
  - (b) the tax or additional tax payable must be paid not later than the filing date for that return.”, and
- (c) for paragraph 8(3) substitute—
- “(3) If the result as regards the rent paid or payable in respect of the first five years of the term of the lease is that a transaction becomes notifiable, the purchaser must make a return to HMRC within 14 days of the date referred to in sub-paragraph (1)(a) or (b).
- (3A) If the result as regards the rent paid or payable in respect of the first five years of the term of the lease is that—
- (a) tax is payable in respect of a transaction where none was payable before and sub-paragraph (3) does not apply, or
  - (b) additional tax is payable in respect of a transaction,

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the purchaser must make a further return to HMRC within 30 days of the date referred to in sub-paragraph (1)(a) or (b).

(3B) If a purchaser is required to make a return under sub-paragraph (3) or a further return under sub-paragraph (3A)—

- (a) that return must contain a self-assessment of the tax chargeable in respect of the transaction on the basis of the information contained in the return,
- (b) the tax so chargeable is to be calculated by reference to the rates in force at the effective date of the transaction, and
- (c) the tax or additional tax payable must be paid not later than the filing date for that return.”

(9) In Schedule 61 to FA 2009 (alternative finance investment bonds)—

- (a) in paragraph 7(5) (interest due on first transaction where relief is withdrawn) for “30 days” substitute “ 14 days ”, and
- (b) in paragraph 20(3)(a) (no relief where bond-holder acquires control of underlying asset) for “30 days” substitute “ 14 days ”.

(10) The amendments made by this section are to be treated as having effect in relation to—

- (a) any land transaction with an effective date on or after 1 March 2019, and
- (b) any land transaction with an effective date before 1 March 2019 which becomes notifiable on or after 1 March 2019.



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