

EXPLANATORY MEMORANDUM TO
THE STAMP DUTY LAND TAX (AMENDMENT TO THE FINANCE ACT
2003) REGULATIONS 2006

2006 No. 875

1. This explanatory memorandum has been prepared by HM Revenue & Customs and is laid before the House of Commons by Command of Her Majesty.

This memorandum contains information for the Select Committee on Statutory Instruments.

2. **Description**

- 2.1 This instrument makes further provision for what is and what is not chargeable consideration for the purposes of stamp duty land tax.

3. **Matters of special interest to the Select Committee on Statutory Instruments**

- 3.1 None

4. **Legislative Background**

- 4.1 Part 4 Finance Act 2003, as amended, provides for stamp duty land tax to be charged on the acquisition of chargeable interests in land. Stamp duty land tax is charged by reference to 'chargeable consideration'. Part 4 Finance Act 2003, as amended, provides for what is and what is not chargeable consideration, and gives the Treasury power, in section 50, to make further provision relating to chargeable consideration by regulations. This instrument is made under this power.

5. **Extent**

- 5.1 This instrument applies to all of the United Kingdom.

6. **European Convention on Human Rights**

- 6.1 These Regulations are subject to annulment and do not amend primary legislation. Accordingly no statement as to compliance with the Convention rights is required.

7. **Policy background**

- 7.1 Stamp duty land tax was introduced with effect from 1 December 2003, replacing stamp duty on land transactions. Although Part 4 Finance Act 2003 made provision for what is and what is not chargeable consideration a number of uncertainties as to what is and

what is not chargeable consideration have become apparent since then. This instrument seeks to resolve these uncertainties.

- 7.2 This instrument is made in response to representations, primarily from conveyancing practitioners, that the existing provisions result in complexity and uncertainty. This instrument is part of a package of deregulatory measures announced in Budget 2006. Other elements of the package will appear in Finance (No 2) Bill.

8. Impact

- 8.1 A Regulatory Impact Assessment (which deals in part with this instrument and in part with measures in Finance (No 2) Bill) has been published as part of Budget 2006.

8.2 There is no impact on the public sector.

9. Contact

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