



# Finance Act 1981

## 1981 CHAPTER 35

### PART VI

#### STAMP DUTY

#### **107 Sale of houses at discount by local authorities etc.**

- (1) Where a conveyance or transfer to which this section applies is subject contingently to the payment of any money (whether by virtue of that conveyance or transfer or otherwise), then, notwithstanding section 57 of the Stamp Act 1891, that money shall not be deemed to be part of the consideration in respect of which the conveyance or transfer is chargeable with ad valorem duty.
- (2) For the purposes of section 74(5) of the Finance (1909-10) Act 1910 the consideration for any conveyance or transfer to which this section applies shall be deemed to be valuable consideration.
- (3) This section applies to any conveyance or transfer on sale of a dwelling-house (including the grant of a lease) at a discount by—
  - (a) any Minister of the Crown or Northern Ireland department;
  - (b) a local authority within the meaning of Part V of the Housing Act 1957, a county council, a district council within the meaning of the Local Government Act (Northern Ireland) 1972 or in Scotland a regional, district or islands council, the common good of such a council or any trust under its control;
  - (c) the Housing Corporation ;
  - (d) the Scottish Special Housing Association ;
  - (e) the Northern Ireland Housing Executive ;
  - (f) a housing association registered under section 13 of the Housing Act 1974 or Article 124 of the Housing (Northern Ireland) Order 1981;
  - (g) a development corporation established by an order made or having effect as if made under the New Towns Act 1965 or the New Towns (Scotland) Act 1968 or an urban development corporation established by an order made under section 135 of the Local Government, Planning and Land Act 1980 ;

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*Status: This is the original version (as it was originally enacted).*

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- (h) the Commission for the New Towns or a new town commission established under section 7 of the New Towns Act (Northern Ireland) 1965 ;
  - (i) the Development Board for Rural Wales ;
  - (j) the Council of the Isles of Scilly ;
  - (k) a police authority within the meaning of section 62(b) of the Police Act 1964 or section 2(1) or 19(9)(b) of the Police (Scotland) Act 1967, or the Police Authority for Northern Ireland;
  - (l) an Education and Libraries Board established under the Education and Libraries (Northern Ireland) Order 1972;
  - (m) any person mentioned in paragraph (e), (i), (j) or (l) of section 1(10) of the Tenants' Rights, Etc. (Scotland) Act 1980.
- (4) This section applies to instruments executed on or after 23rd March 1981 and shall be deemed to have come into force on that date.

### **108 Shared ownership transactions**

- (1) Section 97 of the Finance Act 1980 (shared ownership transactions) shall have effect with the amendments specified in subsections (2) to (4) below.
- (2) In subsection (1) after the word "value" there shall be inserted the words " or sum ".
- (3) In subsection (2)—
- (a) for paragraph (b) there shall be substituted—
    - “(b) is granted partly in consideration of a premium calculated by reference to—
    - (i) the market value of the dwelling, or
    - (ii) a sum calculated by reference to that value, and partly in consideration of rent”; and
  - (b) in paragraph (d) for the words " paragraph (b) above " there shall be substituted the words " paragraph (b) (i) above or, as the case may be, the sum referred to in paragraph (b) (ii) above " and at the end there shall be added the words " or as the case may be, to that sum ".
- (4) In subsection (3)(b) for the reference to Article 13 of the Housing (Northern Ireland) Order 1976 there shall be substituted a reference to Article 124 of the Housing (Northern Ireland) Order 1981.
- (5) Where a lease is granted by a body mentioned in subsection (3) of the said section 97 which—
- (a) is of a dwelling for the exclusive use of the lessee or, if there are joint lessees, of those lessees ;
  - (b) provides that the lessee may on payment of a sum require the terms of the lease to be altered so that the rent payable under it is reduced ;
  - (c) is granted partly in consideration of rent and partly in consideration of a premium calculated by reference to—
    - (i) the premium obtainable on the open market for the grant of a lease containing the same terms as the lease but with the substitution for the rent payable under the lease of the minimum rent, or
    - (ii) a sum calculated by reference to that premium; and

- (d) contains a statement of the minimum rent and the premium referred to in paragraph (c)(i) above or, as the case may be, the sum referred to in paragraph (c) (ii) above and a statement to the effect that the parties intend duty to be charged in accordance with this section by reference to that rent and that premium or, as the case may be, that sum,

the lease shall be chargeable to stamp duty as if the premium paid by the lessee were equal to the premium or, as the case may be, the sum, stated in the lease in accordance with paragraph (d) above and the rent payable were as so stated.

- (6) In subsection (5) above " minimum rent" in relation to any lease means the lowest rent which could become payable under the lease if it were altered as mentioned in paragraph (b) of that subsection at the date when the lease is granted.
- (7) This section applies to instruments executed on or after 23rd March 1981 and shall be deemed to have come into force on that date.

### **109 Index-linked loan capital**

In section 126 of the Finance Act 1976 (exemption from stamp duty for transfers of loan capital) at the end of subsection (3) (which provides that the exemption shall not apply to loan capital carrying a right to interest exceeding a reasonable commercial return or a right on repayment to an amount not reasonably comparable with what is generally repayable) there shall be inserted " but subsection (1) above shall not be prevented from applying to any loan capital by virtue of paragraph (a)(i) or (b) above by reason only that it carries a right to interest or, as the case may be, to an amount payable on repayment determined to any extent by reference to an index showing changes in the general level of prices payable in the United Kingdom over a period substantially corresponding to the period between the issue or raising of the loan capital and its repayment. ".

### **110 Pooled pension funds**

In Part VII of the Finance Act 1946, Part III of the Finance (No. 2) Act (Northern Ireland) 1946, section 30 of the Finance Act 1962 and section 3 of the Finance Act (Northern Ireland) 1962 the references to unit trust schemes shall be deemed not to include references to common investment arrangements made by the trustees of exempt approved schemes (within the meaning of section 21(1) of the Finance Act 1970) solely for the purposes of the schemes.