



Finance Act 2002

2002 CHAPTER 23

PART 4

STAMP DUTY AND STAMP DUTY RESERVE TAX

Stamp duty

111 Withdrawal of group relief

(1) This section applies where—

- (a) an instrument (“the relevant instrument”) transferring land in the United Kingdom from one company (“the transferor company”) to another (“the transferee company”) has been stamped on the basis that group relief applies,
- (b) before the end of the period of [^{F1}three years] beginning with the date on which the instrument was executed the transferee company ceases to be a member of the same group as the transferor company, and
- (c) at the time when [^{F2}the transferee company ceases] to be a member of the same group as the transferor company [^{F3}it or a relevant associated company holds] an estate or interest in land—
 - (i) that was transferred [^{F4}to the transferee company] by the relevant instrument, or
 - (ii) that is derived from an estate or interest that was so transferred, [^{F5}and that has not subsequently been transferred at market value by a duly stamped instrument on which *ad valorem* duty was paid and in respect of which group relief was not claimed].

(2) In those circumstances—

- (a) group relief in relation to the relevant instrument, or an appropriate proportion of it, is withdrawn, and
- (b) the stamp duty that would have been payable on stamping the relevant instrument but for group relief if the estate or interest in land transferred by that instrument had been transferred at market value, or an appropriate

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proportion of the duty that would have been so paid, is payable by the transferee company within 30 days after that company ceases to be a member of the same group as the transferor company.

(3) In subsection (2)(a) and (b) “an appropriate proportion” means an appropriate proportion having regard to what was transferred [^{F6}to the transferee company] by the relevant instrument and [^{F7}what is held by that company or, as the case may be, that company and any relevant associated companies, at the time it or they cease to be members] of the same group as the transferor company.

(4) In this section “group relief” means relief under any of the following provisions—

- (a) section 42 of the Finance Act 1930 (c. 28) or section 11 of the Finance Act (Northern Ireland) 1954 (c. 23 (N.I.)) (transfer of property between associated bodies corporate);
- (b) section 151 of the Finance Act 1995 (c. 4) (leases etc between associated bodies corporate).

[^{F8}(4A) In this section “relevant associated company”, in relation to the transferee company, means a company that—

- (a) is a member of the same group as the transferee company immediately before that company ceases to be a member of the same group as the transferor company, and
- (b) ceases to be a member of the same group as the transferor company in consequence of the transferee company so ceasing.]

(5) In this section—

- (a) references to the transfer of land include the grant or surrender of an estate or interest in or over land;
- (b) “company” includes any body corporate; and
- (c) references to a company being in the same group as another company are to the companies being associated bodies corporate within the meaning of the relevant group relief provision.

(6) Schedule 34 to this Act contains provisions supplementing this section.

(7) Where the relevant instrument transfers land in the United Kingdom together with other property, the provisions of this section and of Schedule 34 apply as if there were two separate instruments, one relating to land in the United Kingdom and the other relating to other property.

(8) This section applies where the relevant instrument is executed after 23rd April 2002.

(9) But this section does not apply to an instrument giving effect to a contract made on or before 17th April 2002, unless—

- (a) the instrument is made in consequence of the exercise after that date of any option, right of pre-emption or similar right, or
- (b) the instrument transfers the property in question to, or vests it in, a person other than the purchaser under the contract because of an assignment (or, in Scotland, assignation) or further contract made after that date.

(10) This section shall be deemed to have come into force on 24th April 2002.

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Textual Amendments

- F1** Words in s. 111(1)(b) substituted (retrospective to 15.4.2003) by [Finance Act 2003 \(c. 14\), s. 126\(2\)\(11\)](#) (with [s. 126\(9\)\(10\)](#))
- F2** Words in s. 111(1)(c) substituted (retrospective to 15.4.2003) by [Finance Act 2003 \(c. 14\), s. 126\(3\)\(a\)\(i\)\(11\)](#) (with [s. 126\(9\)\(10\)](#))
- F3** Words in s. 111(1)(c) substituted (retrospective to 15.4.2003) by [Finance Act 2003 \(c. 14\), s. 126\(3\)\(a\)\(ii\)\(11\)](#) (with [s. 126\(9\)\(10\)](#))
- F4** Words in s. 111(1)(c)(i) substituted (retrospective to 15.4.2003) by [Finance Act 2003 \(c. 14\), s. 126\(3\)\(b\)\(11\)](#) (with [s. 126\(9\)\(10\)](#))
- F5** Words in s. 111(1)(c) substituted (retrospective to 15.4.2003) by [Finance Act 2003 \(c. 14\), s. 126\(3\)\(c\)\(11\)](#) (with [s. 126\(9\)\(10\)](#))
- F6** Words in s. 111(3) inserted (retrospective to 15.4.2003) by [Finance Act 2003 \(c. 14\), s. 126\(4\)\(a\)\(11\)](#) (with [s. 126\(9\)\(10\)](#))
- F7** Words in s. 111(3) substituted (retrospective to 15.4.2003) by [Finance Act 2003 \(c. 14\), s. 126\(4\)\(b\)\(11\)](#) (with [s. 126\(9\)\(10\)](#))
- F8** S. 111(4A) inserted (retrospective to 15.4.2003) by [Finance Act 2003 \(c. 14\), s. 126\(5\)\(11\)](#) (with [s. 126\(9\)\(10\)](#))

Changes to legislation:

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