

Changes to legislation: Finance Act 2003, SCHEDULE 8 is up to date with all changes known to be in force on or before 26 June 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details) View outstanding changes

SCHEDULES

SCHEDULE 8

Section 68

STAMP DUTY LAND TAX: CHARITIES RELIEF

Charities relief

- 1 (1) A land transaction is exempt from charge if the purchaser is a charity and the following conditions are met.

Relief under [^{F1}this Schedule] is referred to in this Part as “charities relief”.

- (2) The first condition is that the purchaser must intend to hold the subject-matter of the transaction for qualifying charitable purposes, ^{F2}...

- (3) The second condition is that the transaction must not have [^{F3}been] entered into for the purpose of avoiding tax under this Part (whether by the purchaser or any other person).

[^{F4}(3A) For the purposes of this Schedule, a charity (“C”) holds a chargeable interest for qualifying charitable purposes if it holds it—

- (a) for use in furtherance of the charitable purposes of C or another charity, or
- (b) as an investment from which the profits are applied to the charitable purposes of C.]

^{F5}(4)

Textual Amendments

- F1** Words in Sch. 8 para. 1(1) substituted (with effect in accordance with s. 302(7) of the amending Act) by [Finance Act 2004 \(c. 12\), s. 302\(3\)](#)
- F2** Words in Sch. 8 para. 1(2) omitted (with effect in accordance with Sch. 23 para. 5 of the amending Act) by virtue of [Finance Act 2014 \(c. 26\), Sch. 23 para. 2\(a\)](#)
- F3** Word in Sch. 8 para. 1(3) substituted (with effect in accordance with Sch. 23 para. 5 of the amending Act) by [Finance Act 2014 \(c. 26\), Sch. 23 para. 2\(b\)](#)
- F4** Sch. 8 para. 1(3A) inserted (with effect in accordance with Sch. 23 para. 5 of the amending Act) by [Finance Act 2014 \(c. 26\), Sch. 23 para. 2\(c\)](#)
- F5** Sch. 8 para. 1(4) omitted (with effect in accordance with art. 14 of the amending S.I.) by virtue of [Finance Act 2010 \(c. 13\), Sch. 6 paras. 19, 34\(2\); S.I. 2012/736, art. 14](#)

Withdrawal of charities relief

- 2 (1) Where in the case of a transaction (“the relevant transaction”) that is exempt by virtue of [^{F6}this Schedule] —

- (a) a disqualifying event occurs—

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- (i) before the end of the period of three years beginning with the effective date of the transaction, or
 - (ii) in pursuance of, or in connection with, arrangements made before the end of that period,
- and
- (b) at the time of the disqualifying event the purchaser holds a chargeable interest—
 - (i) that was acquired by the purchaser under the relevant transaction, or
 - (ii) that is derived from an interest so acquired,
 charities relief in relation to the relevant transaction, or an appropriate proportion of it, is withdrawn and tax is chargeable in accordance with this paragraph.
- (2) The amount chargeable is the amount that would have been chargeable in respect of the relevant transaction but for charities relief or, as the case may be, an appropriate proportion of the tax that would have been so chargeable.
- (3) For the purposes of this paragraph a “disqualifying event” means—
- (a) the purchaser ceasing to be established for charitable purposes only, or
 - (b) the subject-matter of the transaction, or any interest or right derived from it, being used or held by the purchaser otherwise than for qualifying charitable purposes.
- (4) In sub-paragraphs (1) and (2) an “appropriate proportion” means an appropriate proportion having regard to—
- (a) what was acquired by the purchaser under the relevant transaction and what is held by the purchaser at the time of the disqualifying event, and
 - (b) the extent to which what is held by the purchaser at that time becomes used or held for purposes other than qualifying charitable purposes.
- (5) In this paragraph “qualifying charitable purposes” has the same meaning as in paragraph 1.

Textual Amendments

F6 Words in Sch. 8 para. 2(1) substituted (with effect in accordance with s. 302(7) of the amending Act) by [Finance Act 2004 \(c. 12\)](#), s. **302(4)**

^{F7}Cases where first condition not fully met

Textual Amendments

F7 Sch. 8 para. 3 and cross-heading inserted (with effect in accordance with s. 302(7) of the amending Act) by [Finance Act 2004 \(c. 12\)](#), s. **302(1)**

- 3 (1) This paragraph applies where—
- (a) a land transaction is not exempt from charge under paragraph 1 because the first condition in that paragraph is not met, but
 - (b) the purchaser (“C”) intends to hold the greater part of the subject-matter of the transaction for qualifying charitable purposes.

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- (2) In such a case—
- (a) the transaction is exempt from charge, but
 - (b) for the purposes of paragraph 2 (withdrawal of charities relief) “disqualifying event” includes—
 - (i) any transfer by C of a major interest in the whole or any part of the subject-matter of the transaction, or
 - (ii) any grant by C at a premium of a low-rental lease of the whole or any part of that subject-matter,that is not made in furtherance of the charitable purposes of C.
- (3) For the purposes of sub-paragraph (2)(b)(ii)—
- (a) a lease is granted “at a premium” if there is consideration other than rent, and
 - (b) a lease is a “low-rental” lease if the annual rent (if any) [^{F8}is less than £1,000] a year.
- (4) In relation to a transaction that, by virtue of this paragraph, is a disqualifying event for the purposes of paragraph 2—
- (a) the date of the event for those purposes is the effective date of the transaction;
 - (b) paragraph 2 has effect as if—
 - (i) in sub-paragraph (1)(b), for “at the time of” there were substituted “immediately before”,
 - (ii) in sub-paragraph (4)(a), for “at the time of” there were substituted “immediately before and immediately after”, and
 - (iii) sub-paragraph (4)(b) were omitted.
- (5) In this paragraph—
- “qualifying charitable purposes” has the same meaning as in paragraph 1;
 - “rent” has the same meaning as in Schedule 5 (amount of tax chargeable: rent) and “annual rent” has the same meaning as in paragraph [^{F9}9A] of that Schedule.]

Textual Amendments

- F8** Words in Sch. 8 para. 3(3)(b) substituted (with effect in accordance with s. 95(13) of the amending Act) by [Finance Act 2008 \(c. 9\), s. 95\(7\)\(a\)](#)
- F9** Word in Sch. 8 para. 3(5) substituted (with effect in accordance with s. 95(13) of the amending Act) by [Finance Act 2008 \(c. 9\), s. 95\(7\)\(b\)](#)

[^{F10}Joint purchasers: partial relief

Textual Amendments

- F10** Sch. 8 paras. 3A-3C and cross-headings inserted (with effect in accordance with Sch. 23 para. 5 of the amending Act) by [Finance Act 2014 \(c. 26\), Sch. 23 para. 3](#)

- 3A (1) Sub-paragraphs (3) to (5) apply in any case where—
- (a) there are two or more purchasers under a land transaction,

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- (b) the purchasers acquire the subject-matter of the transaction as tenants in common (or, in Scotland, as owners in common),
 - (c) at least one of them is, and at least one of them is not, a qualifying charity, and
 - (d) no purchaser enters into the transaction for the purpose of the avoidance of tax under this Part (whether by that purchaser or another person).
- (2) A charity (“C”) that is a purchaser under a land transaction is a “qualifying charity” in relation to the transaction if C intends to hold its undivided share of the subject-matter of the transaction for qualifying charitable purposes.
- (3) The tax chargeable in respect of the transaction is reduced by the amount of the relief under sub-paragraph (4).
- (4) The relief is equal to the relevant proportion of the tax that would have been chargeable in respect of the transaction without this Schedule.
- (5) The “relevant proportion”, in the case of a qualifying charity, is the lower of P1 and P2, where—
- P1 is the proportion of the subject-matter of the transaction that is acquired by all the qualifying charities that are purchasers under the transaction (in aggregate);
 - P2 is the proportion of the chargeable consideration for the transaction that is given by all the qualifying charities that are purchasers under the transaction (in aggregate).

Withdrawal of relief given under paragraph 3A

- 3B (1) This paragraph applies where—
- (a) relief has been given under paragraph 3A in respect of a transaction (“the relevant transaction”),
 - (b) a disqualifying event occurs in relation to a qualifying charity (“C”) which was a purchaser under the transaction, and
 - (c) the disqualifying event occurs in the circumstances required by sub-paragraphs (2) and (3).
- (2) The disqualifying event must occur—
- (a) before the end of the period of 3 years beginning with the effective date of the transaction, or
 - (b) in pursuance of, or in connection with, arrangements made before the end of that period.
- (3) At the time of the disqualifying event C must hold a chargeable interest that—
- (a) was acquired by C under the relevant transaction, or
 - (b) is derived from an interest so acquired.
- (4) There is a “disqualifying event” in relation to C if—
- (a) C ceases to be established for charitable purposes only, or
 - (b) the chargeable interest acquired by C under the transaction, or any interest or right derived from that interest, is used or held by C otherwise than for qualifying charitable purposes.

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- (5) C's portion of the relief mentioned in sub-paragraph (1)(a), or an appropriate proportion of C's portion of that relief, is withdrawn and tax is chargeable in accordance with this paragraph.
- (6) The amount chargeable is equal to C's portion of the relief or, as the case may be, the appropriate proportion of C's portion of the relief.
- (7) C's portion of the relief depends on whether P1 or P2 was lower in the calculation under paragraph 3A(5).
- (8) If P1 was lower, C's portion of the relief is equal to—
- $$p1 P1 \times R$$
- where—
- p1 is the proportion of the subject-matter of the transaction that was acquired by C under the transaction;
- P1 has the same meaning as in paragraph 3A(5);
- (9) If P2 was lower, C's portion of the relief is equal to—
- $$p2 P2 \times R$$
- where—
- p2 is the proportion of chargeable consideration for the transaction that was given by C;
- P2 has the same meaning as in paragraph 3A(5);
- (10) In sub-paragraphs (5) and (6) “appropriate proportion” means an appropriate proportion having regard to—
- what was acquired by C under the relevant transaction and what is held by C at the time of the disqualifying event, and
 - the extent to which what is held by C at that time becomes used or held for purposes other than qualifying charitable purposes.

Partial relief: charity not fully meeting the “qualifying charity” condition

- 3C (1) This paragraph applies where—
- a charity (“C”) is one of two or more purchasers acquiring the subject-matter of a land transaction (“the relevant transaction”) as tenants in common (or, in Scotland, as owners in common),
 - C is not a qualifying charity in relation to the transaction,
 - paragraph 3A(3) to (5) would apply if C were a qualifying charity, and
 - C intends to hold the greater part of its undivided share of the subject-matter of the transaction for qualifying charitable purposes.
- (2) In such a case—
- paragraph 3A has effect as if C were a qualifying charity, but
 - for the purposes of paragraph 3B (withdrawal of relief under paragraph 3A) “disqualifying event” includes any additional disqualifying transaction.

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- (3) The following are “additional disqualifying transactions” if they are not made in furtherance of the charitable purposes of C—
- (a) any transfer by C of a major interest in the whole or any part of the chargeable interest acquired by C under the relevant transaction;
 - (b) any grant by C at a premium of a low-rental lease of the whole or any part of that chargeable interest.
- (4) Paragraph 3(3) (meaning of “at a premium” and “low-rental”) applies for the purposes of sub-paragraph (3)(b) as it applies for the purposes of paragraph 3(2)(b) (ii).
- (5) In relation to a transaction that, by virtue of this paragraph, is a disqualifying event for the purposes of paragraph 3B—
- (a) the date of the event for those purposes is the effective date of the transaction;
 - (b) paragraph 3B has effect with the modifications in sub-paragraph (6).
- (6) The modifications to paragraph 3B are—
- (a) in sub-paragraph (3), for “At the time of” substitute “Immediately before”;
 - (b) in sub-paragraph (10)(a), for “at the time of” substitute “immediately before and immediately after”;
 - (c) omit sub-paragraph (10)(b).]

[^{F11}Charitable trusts

Textual Amendments

F11 Sch. 8 para. 4 and cross-heading inserted (with effect in accordance with s. 302(7) of the amending Act) by [Finance Act 2004 \(c. 12\)](#), s. 302(2)

- 4 (1) This Schedule applies in relation to a charitable trust as it applies in relation to a charity.
- (2) In this paragraph “charitable trust” means—
- (a) a trust of which all the beneficiaries are charities, or
 - (b) a unit trust scheme in which all the unit holders are charities,
- ^{F12} ...
- (3) In this Schedule as it applies by virtue of this paragraph—
- (a) [^{F13}references in paragraph 1(3A) to the charitable purposes of C are to those of] the beneficiaries or unit holders, or any of them;
 - (b) the [^{F14}references] to the purchaser in paragraph 2(3)(a)[^{F14}, and to C in paragraph 3B(4)(a), are] to any of the beneficiaries or unit holders;
 - (c) the [^{F15}references in paragraphs 3(2)(b) and 3C(3) to the charitable purposes of C are] to those of the beneficiaries or unit holders, or any of them.]

Textual Amendments

F12 Words in Sch. 8 para. 4(2) omitted (with effect in accordance with art. 14 of the commencing S.I.) by virtue of [Finance Act 2010 \(c. 13\)](#), [Sch. 6 paras. 20, 34\(2\)](#); S.I. 2012/736, art. 14

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- F13** Words in Sch. 8 para. 4(3)(a) substituted (with effect in accordance with Sch. 23 para. 5 of the amending Act) by [Finance Act 2014 \(c. 26\)](#), [Sch. 23 para. 4\(a\)](#)
- F14** Words in Sch. 8 para. 4(3)(b) substituted (with effect in accordance with Sch. 23 para. 5 of the amending Act) by [Finance Act 2014 \(c. 26\)](#), [Sch. 23 para. 4\(b\)](#)
- F15** Words in Sch. 8 para. 4(3)(c) substituted (with effect in accordance with Sch. 23 para. 5 of the amending Act) by [Finance Act 2014 \(c. 26\)](#), [Sch. 23 para. 4\(c\)](#)

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Changes and effects yet to be applied to :

- specified provision(s) savings for amendments by 2018 anaw 1, s. 6, Sch. 6 by [S.I. 2019/110 reg. 5](#)

Changes and effects yet to be applied to the whole Act associated Parts and Chapters:

Whole provisions yet to be inserted into this Act (including any effects on those provisions):

- s. 57(3) inserted by [2011 c. 11 Sch. 22 para. 4](#)
- s. 87(3)(a)(ia) inserted by [S.I. 2003/2760 Sch. para. 3\(4\)\(a\)](#) (This amendment not applied to legislation.gov.uk. The affecting S.I. is revoked and superseded by [S.I. 2003/2816](#))
- Sch. 12 para. 3(2)(aa) inserted by [2007 asp 3 Sch. 5 para. 32](#) (This effect was superseded by the repeal of Sch. 12 para. 3 by Finance Act 2008 (c. 9), s. 129(4), Sch. 43 para. 16)
- Sch. 12 para. 1A inserted by [2007 c. 15 Sch. 13 para. 147\(2\)](#) (The amending provision was repealed before coming into force.)
- Sch. 12 para. 1A omitted by [2008 c. 9 Sch. 43 para. 9](#) (The amending provision was repealed before coming into force.)