



Finance Act 2012

2012 CHAPTER 14

PART 8

OTHER TAXES

Landfill tax

205 Standard rate of landfill tax

- (1) In section 42(1)(a) and (2) of FA 1996 (amount of landfill tax) for “£64” substitute “£72”.
- (2) The amendments made by this section have effect in relation to disposals made (or treated as made) on or after 1 April 2013.

206 Landfill sites in Scotland

The following provisions are to be treated as having come into force, in so far as they extend to Scotland, on 21 March 2000—

- (a) paragraph 19 of Schedule 2 to the Pollution Prevention and Control Act 1999 (which inserts paragraph (ba) into section 66 of FA 1996 (landfill sites)), and
- (b) section 6(1) of the Pollution Prevention and Control Act 1999, so far as relating to paragraph 19 of that Schedule.

Climate change levy

207 Climate change levy

The following Schedules amend, or make amendments connected with, Schedule 6 to FA 2000 (climate change levy)—

- (a) Schedule 30 (reduced-rate supplies, rates etc);
- (b) Schedule 31 (climate change agreements);

Status: This is the original version (as it was originally enacted).

- (c) Schedule 32 (supplies subject to the carbon price support rates and combined heat and power stations).

Inheritance tax

208 Indexation of rate bands

- (1) Section 8 of IHTA 1984 (indexation of rate bands) is amended as follows.
- (2) In subsection (1), for “retail prices index for the month of September in 1993 or any later year” substitute “consumer prices index for the month of September in any year”.
- (3) In subsection (2), for “retail prices index” substitute “consumer prices index”.
- (4) For subsection (3) substitute—
- “(3) In this section, “consumer prices index” means the all items consumer prices index published by the Statistics Board.”
- (5) The amendments made by this section have effect for the purposes of chargeable transfers made on or after 6 April 2015.

209 Gifts to charities etc

Schedule 33 contains provision for a lower rate of inheritance tax to be charged on transfers made on death that include sufficient gifts to charities or registered clubs.

210 Settled property: effect of certain arrangements

- (1) IHTA 1984 is amended as follows.
- (2) In section 48 (settled property: excluded property)—
- (a) in subsection (1), after paragraph (c) insert “or,
- (d) in a case where paragraphs (a), (b) and (d) of section 74A(1) are satisfied—
- (i) it is a reversionary interest, in the relevant settled property, to which the individual is beneficially entitled, and
- (ii) the individual has or is able to acquire (directly or indirectly) another interest in that relevant settled property.

Terms used in paragraph (d) have the same meaning as in section 74A.”,

- (b) in subsection (3), for “subsection (3B)” substitute “subsections (3B) and (3D)”, and
- (c) after subsection (3C) insert—
- “(3D) Where paragraphs (a) to (d) of section 74A(1) are satisfied, subsection (3)(a) above does not apply at the time they are first satisfied or any later time to make the relevant settled property (within the meaning of section 74A) excluded property.”
- (3) After section 74 insert—

“74A Arrangements involving acquisition of interest in settled property etc

- (1) This section applies where—
 - (a) one or more persons enter into arrangements,
 - (b) in the course of the arrangements—
 - (i) an individual (“the individual”) domiciled in the United Kingdom acquires or becomes able to acquire (directly or indirectly) an interest in property comprised in a settlement (“the relevant settled property”), and
 - (ii) consideration in money or money’s worth is given by one or more of the persons mentioned in paragraph (a) (whether or not in connection with the acquisition of that interest or the individual becoming able to acquire it),
 - (c) there is a relevant reduction in the value of the individual’s estate, and
 - (d) condition A or condition B is met.
- (2) Condition A is that—
 - (a) the settlor was not domiciled in the United Kingdom at the time the settlement was made, and
 - (b) the relevant settled property is situated outside the United Kingdom at any time during the course of the arrangements.
- (3) Condition B is that—
 - (a) the settlor was not an individual or a close company at the time the settlement was made, and
 - (b) condition A is not met.
- (4) Subsection (6) applies if all or a part of a relevant reduction (“amount A”) is attributable to the value of the individual’s section 49(1) property being less than it would have been in the absence of the arrangements.
- (5) “The individual’s section 49(1) property” means settled property to which the individual is treated as beneficially entitled under section 49(1) by reason of the individual being beneficially entitled to an interest in possession in the property.
- (6) Where this subsection applies—
 - (a) a part of that interest in possession is deemed, for the purposes of section 52, to come to an end at the relevant time, and
 - (b) that section applies in relation to the coming to an end of that part as if the reference in subsection (4)(a) of that section to a corresponding part of the whole value of the property in which the interest in possession subsists were a reference to amount A.
- (7) Subsection (8) applies to so much (if any) of a relevant reduction as is not amount A (“amount B”).
- (8) Tax is to be charged as if the individual had made a transfer of value at the relevant time and the value transferred by it had been equal to amount B.

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

74B Section 74A: supplementary provision

- (1) A transfer of value arising by virtue of section 74A is to be taken to be a transfer which is not a potentially exempt transfer.
- (2) For the purposes of section 74A—
 - (a) when determining the value transferred by a transfer of value arising by virtue of that section, no account is to be taken of section 3(2),
 - (b) nothing in section 10(1) applies to prevent such a transfer, and
 - (c) nothing in sections 102 to 102C of the Finance Act 1986 applies in relation to such a transfer.
- (3) Where, ignoring this subsection, a transfer of value would arise by virtue of section 74A (“the current transfer”), the value transferred by a relevant related transfer is to be treated as reducing the value transferred by the current transfer.

But this subsection does not apply if and to the extent that the relevant related transfer has already been applied to reduce another transfer of value arising by virtue of that section.

- (4) “Relevant related transfer” means—
 - (a) where the arrangements consist of a series of operations, any transfer of value constituted by one or more of those operations which occur before or at the same time as the current transfer, other than a transfer of value arising by virtue of section 74A, and
 - (b) where the arrangements consist of a single operation, any transfer of value which arises from that operation, other than a transfer of value arising by virtue of section 74A.
- (5) Section 268(3) does not apply to a transfer of value arising by virtue of section 74A.
- (6) Where—
 - (a) a transfer of value has arisen by virtue of section 74A,
 - (b) in the course of the arrangements the individual acquires an interest in possession in settled property, and
 - (c) section 5(1B) applies to the interest in possession so that it forms part of the individual’s estate,
 this Act has effect as if that transfer of value had never arisen.

74C Interpretation of sections 74A and 74B

- (1) Subsections (2) to (4) have effect for the purposes of sections 74A and 74B.
- (2) An individual has an interest in property comprised in a settlement if—
 - (a) the property, or any derived property, is or will or may become payable to, or applicable for the benefit of—
 - (i) the individual,
 - (ii) the individual’s spouse or civil partner, or
 - (iii) a close company in relation to which the individual or the individual’s spouse or civil partner is a participator or a company which is a 51% subsidiary of such a close company,

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

- in any circumstances whatsoever, or
- (b) a person within sub-paragraph (i), (ii) or (iii) of paragraph (a) enjoys a benefit deriving (directly or indirectly) from the property or any derived property.
- (3) A “relevant reduction” in the value of the individual’s estate occurs—
- (a) if and when the value of the individual’s estate first becomes less than it would have been in the absence of the arrangements, and
- (b) on each subsequent occasion when the value of that estate becomes less than it would have been in the absence of the arrangements and that difference in value is greater than the sum of any previous relevant reductions.
- (4) The amount of a relevant reduction is—
- (a) in the case of a reduction within subsection (3)(a), the difference between the value of the estate and its value in the absence of the arrangements, and
- (b) in the case of a reduction within subsection (3)(b), the amount by which the difference in value mentioned in that provision exceeds the sum of any previous relevant reductions.
- (5) In sections 74A and 74B and this section—
- “arrangements” includes any scheme, transaction or series of transactions, agreement or understanding, whether or not legally enforceable, and any associated operations;
- “close company” has the meaning given in section 102;
- “derived property”, in relation to any property, means—
- (a) income from that property,
- (b) property directly or indirectly representing—
- (i) proceeds of that property, or
- (ii) proceeds of income from that property, or
- (c) income from property which is derived property by virtue of paragraph (b);
- “operation” includes an omission;
- “participator” has the meaning given in section 102;
- “the relevant time” means—
- (a) the time the relevant reduction occurs, or
- (b) if later, the time section 74A first applied;
- “51% subsidiary” has the same meaning as in the Corporation Tax Acts (see Chapter 3 of Part 24 of the Corporation Tax Act 2010).”
- (4) In section 201 (liability for tax: settled property), after subsection (4) insert—
- “(4A) Where—
- (a) a charge to tax arises under or by virtue of section 74A, or
- (b) in a case where paragraphs (a) to (d) of section 74A are satisfied, a charge to tax arises under section 64 or 65 in respect of the relevant settled property (within the meaning of section 74A),
- subsection (1) of this section has effect as if the persons listed in that subsection included the individual mentioned in section 74A(1)(b)(i).”

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

- (5) The amendments made by this section are treated as having come into force on 20 June 2012 and have effect in relation to arrangements entered into on or after that day.

Bank levy

211 The bank levy

Schedule 34 contains provision about the bank levy.

Stamp duty land tax, stamp duty reserve tax and stamp duty

212 Prevention of avoidance: subsales etc

- (1) In section 45 of FA 2003 (contract and conveyance: effect of transfer of rights), after subsection (1) insert—

“(1A) The reference in subsection (1)(b) to an assignment, subsale or other transaction does not include the grant or assignment of an option.”

- (2) The amendment made by this section has effect in relation to grants or assignments of options on or after 21 March 2012.

213 Rate in respect of residential property where consideration over £2m

- (1) In section 55(2) of FA 2003 (amount of SDLT chargeable), in Table A (bands and percentages for residential property), for the final entry (cases where consideration is more than £1,000,000 to be chargeable at 5%) substitute—

| | |
|---|------|
| “More than £1,000,000 but not more than £2,000,000 | 5% |
| More than £2,000,000 | 7%”. |

- (2) The amendment made by this section has effect in relation to any land transaction of which the effective date is on or after 22 March 2012.
- (3) But that amendment does not have effect in relation to any transaction—
- effected in pursuance of a contract entered into and substantially performed before 22 March 2012, or
 - effected in pursuance of a contract entered into before that date and not excluded by subsection (4).
- (4) A transaction effected in pursuance of a contract entered into before 22 March 2012 is excluded by this subsection if—
- there is any variation of the contract, or assignment (or assignment) of rights under the contract, on or after 22 March 2012,
 - the transaction is effected in consequence of the exercise on or after that date of any option, right of pre-emption or similar right, or
 - on or after that date there is an assignment (or assignment), subsale or other transaction relating to the whole or part of the subject-matter of the contract as

a result of which a person other than the purchaser under the contract becomes entitled to call for a conveyance.

214 Higher rate for certain transactions

Schedule 35 contains provision about the amount of tax chargeable on certain transactions involving higher threshold interests in dwellings.

215 Disclosure of stamp duty land tax avoidance schemes

In section 308 of FA 2004 (duties of promoter), after subsection (5) insert—

“(6) The Treasury may by regulations provide for this section to apply with modifications in relation to proposals or arrangements that—

- (a) enable, or might be expected to enable, a person to obtain an advantage in relation to stamp duty land tax, and
- (b) are of a description specified in the regulations.”

216 Health service bodies

(1) In Part 4 of FA 2003 (stamp duty land tax), after section 67 insert—

“67A Acquisitions by certain health service bodies

(1) A land transaction is exempt from charge if the purchaser is any of the following—

- (a) the National Health Service Commissioning Board;
- (b) a clinical commissioning group established under section 14D of the National Health Service Act 2006;
- (c) an NHS foundation trust;
- (d) a Local Health Board established under section 11 of the National Health Service (Wales) Act 2006;
- (e) a National Health Service trust established under section 18 of that Act;
- (f) a Health and Social Services trust established under the Health and Personal Social Services (Northern Ireland) Order 1991.

(2) Any relief under this section must be claimed in a land transaction return or an amendment of such a return.”

(2) The following provisions are repealed—

- (a) section 61(3) to (3C) of the National Health Service and Community Care Act 1990 (stamp duty and stamp duty land tax reliefs for health service bodies);
- (b) section 58 of the National Health Service Act 2006 (which applies those stamp duty and stamp duty land tax reliefs to NHS foundation trusts);
- (c) paragraphs 132 and 133 of Schedule 1 to the National Health Service (Consequential Provisions) Act 2006.

(3) The repeals in subsection (2), to the extent that they relate to stamp duty, have effect in relation to any instrument executed on or after the day on which this Act is passed.

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

- (4) Subject to that, the amendments made by this section have effect in relation to any land transaction of which the effective date is on or after the day on which this Act is passed.
- (5) Until such time as bodies of a kind mentioned in subsection (6) are abolished under the Health and Social Care Act 2011, section 67A of FA 2003 has effect as if the list in that section included bodies of that kind.
- (6) Those bodies are—
 - (a) a National Health Service trust established under section 25 of the National Health Service Act 2006, and
 - (b) a Primary Care Trust.

217 Collective investment schemes: stamp duty and stamp duty reserve tax

- (1) The Treasury may by regulations confer an exemption or other relief from stamp duty or stamp duty reserve tax for transactions relating to collective investment schemes.
- (2) The regulations may, in particular—
 - (a) specify descriptions of collective investment scheme in relation to which the exemption or relief is available, and
 - (b) specify the cases in which the exemption or relief is available.
- (3) Regulations under this section may make different provision for different cases or different purposes.
- (4) Regulations under this section—
 - (a) may modify any enactment or instrument (whenever passed or made), and
 - (b) may include incidental, consequential, supplementary or transitional provision.
- (5) Regulations under this section are to be made by statutory instrument.
- (6) A statutory instrument containing regulations under this section is subject to annulment in pursuance of a resolution of the House of Commons.
- (7) In this section—
 - “collective investment scheme” has the meaning given by section 235 of the Financial Services and Markets Act 2000, and
 - “modify” includes amend, repeal or revoke.