



# Finance Act 2013

## 2013 CHAPTER 29

### PART 3

#### ANNUAL TAX ON ENVELOPED DWELLINGS

#### *Chargeable interests and “single-dwelling interest”*

#### **107 Chargeable interests**

- (1) In this Part “chargeable interest” means—
  - (a) an estate, interest, right or power in or over land in the United Kingdom, or
  - (b) the benefit of an obligation, restriction or condition affecting the value of any such estate, interest, right or power.
- (2) Where two or more persons are jointly entitled to a chargeable interest the chargeable interest is not regarded, for the purposes of this Part, as consisting of separate interests corresponding to the shares (if any) that those persons have by virtue of their joint entitlement.
- (3) An exempt interest is not a chargeable interest for the purposes of this Part.
- (4) The following are exempt interests—
  - (a) any security interest;
  - (b) a licence to use or occupy land;
  - (c) in England and Wales or Northern Ireland, a tenancy at will.
- (5) In subsection (4) “security interest” means an interest or right (other than a rentcharge) held for the purpose of securing the payment of money or the performance of any other obligation.
- (6) In the application of this Part in Scotland the reference in subsection (5) to a rentcharge is to be read as a reference to a feu duty or a payment mentioned in section 56(1) of the Abolition of Feudal Tenure etc (Scotland) Act 2000 (asp 5).

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*Changes to legislation: There are currently no known outstanding effects for the Finance Act 2013,  
 Cross Heading: Chargeable interests and “single-dwelling interest”. (See end of Document for details)*

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- (7) The Treasury may by regulations provide that any other description of interest or right in or over a dwelling is an exempt interest.

### **108 Meaning of “single-dwelling interest”**

- (1) References in this Part to a “single-dwelling interest” are to be read in accordance with this section.
- (2) A chargeable interest that is exclusively in or over land consisting (on any day) of a single dwelling is a single-dwelling interest (on that day).
- (3) Where a person is entitled to a chargeable interest that is exclusively in or over land consisting (on any day) of two or more single dwellings—
- (a) provisions referring to a “single-dwelling interest” operate as if the person had (on that day) a separate chargeable interest in or over each dwelling, and
  - (b) the chargeable interest in or over each dwelling is therefore a single-dwelling interest.
- (4) Where a person is entitled to a chargeable interest in or over land that on any day consists of one or more single dwellings and non-residential land—
- (a) provisions referring to a “single-dwelling interest” operate as if the person had (on that day) a separate chargeable interest in or over each dwelling and a further separate chargeable interest in or over the non-residential land, and
  - (b) the chargeable interest in or over each dwelling is therefore a single-dwelling interest.
- (5) A single-dwelling interest is referred to as a single-dwelling interest “in” the dwelling concerned.
- (6) A single-dwelling interest in one dwelling is distinct from any single-dwelling interest in another dwelling, even if the dwellings stand successively on the same land.
- (7) In this section—
- (a) “non-residential land” means land that is not a dwelling or part of a dwelling;
  - (b) references to a dwelling include a part of a dwelling.

### **109 Different interests held in the same dwelling**

- (1) Subsection (2) applies if on one or more days in a chargeable period—
- (a) a company is entitled to two or more single-dwelling interests in the same dwelling, or
  - (b) two or more single-dwelling interests in the same dwelling are held for the purposes of the same collective investment scheme.
- (2) This Part has effect with respect to that chargeable period as if those separate interests constituted just one single-dwelling interest, the taxable value of which on any day is the sum of the taxable values of the separate interests.
- (3) In calculating the taxable values of the separate interests for the purposes of subsection (2), the market value of each interest is determined, under the provisions of TCGA 1992 applied by section 98(8), on the assumption that the other interest or interests are placed on the open market with that interest (on the valuation date appropriate to that interest).

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## 110 Interests held by connected persons

- (1) If on any day [<sup>F1</sup>(“the relevant day”) ] a company (“C”) is entitled to a single-dwelling interest in a dwelling and another person (“P”) who is connected with C is entitled to a different single-dwelling interest in the same dwelling, this Part has effect—
- (a) in relation to C as if C were on that day entitled to P's single-dwelling interest as well as C's single-dwelling interest, and
  - (b) (if P is a company) in relation to P as if P were on that day entitled to C's single-dwelling interest as well as P's single-dwelling interest.

- (2) This subsection provides for an exception to subsection (1).

Where P is an individual, C is not treated <sup>F2</sup>... as entitled to P's single-dwelling interest [<sup>F3</sup> on the relevant day] unless on that day C is entitled to a single-dwelling interest in the dwelling that is a freehold or leasehold interest with a taxable value of more than [<sup>F4</sup>£250,000].

[<sup>F5</sup>(2A) Subsection (2B) applies in any case where—

- (a) C would (without subsection (2B)) be treated, as a result of subsection (1) (read with section 109), as entitled to a single-dwelling interest with a taxable value (on the relevant day) of more than £2 million, but
- (b) C would not be so treated if the value specified in subsection (2) were £500,000 (instead of £250,000).

(2B) Subsection (2) has effect as if the value specified in it were £500,000 (instead of £250,000).]

- (3) If on any day a single-dwelling interest (“the scheme interest”) is held for the purposes of a collective investment scheme and a person (“P”) who is connected with the scheme is entitled to a different single-dwelling interest in the same dwelling, this Part has effect—
- (a) in relation to the scheme, as if both those separate interests were on that day held for the purposes of the scheme, and
  - (b) (if P is a company) in relation to P as if P were on that day entitled to the scheme interest as well as P's single-dwelling interest.

- (4) If on any day a single-dwelling interest in a dwelling is held for the purposes of a collective investment scheme (“the first scheme”) and another interest in the same dwelling is held for the purposes of another collective investment scheme (“the second scheme”) that is connected with the first scheme, this Part has effect—
- (a) in relation to the first scheme, as if both the interests were held on that day for the purposes of that scheme, and
  - (b) in relation to the second scheme, as if both interests were held on that day for the purposes of that scheme.

(5) See also—

- (a) section 97, for provision about the liability to tax of persons treated under this section (read with section 104) as jointly entitled to a single-dwelling interest;
- (b) paragraph 55 of Schedule 33, for provision about returns in cases involving joint entitlement.

- (6) The provisions mentioned in subsection (5) are to be read as including corresponding provision for cases where the same single-dwelling interest is treated under this section as held—

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- (a) for the purposes of different collective investment schemes, or
  - (b) by a company and for the purposes of a collective investment scheme.
- (7) In the application of this section to Scotland—
- (a) the reference to a freehold interest is to the interest of the owner;
  - (b) the reference to a leasehold interest is to a tenant's right over or interest in property subject to a lease.

#### Textual Amendments

- F1** Words in s. 110(1) inserted (with effect in accordance with s. 72(5) of the amending Act) by [Finance Act 2015 \(c. 11\), s. 72\(2\)](#)
- F2** Words in s. 110(2) omitted (with effect in accordance with s. 72(5) of the amending Act) by virtue of [Finance Act 2015 \(c. 11\), s. 72\(3\)\(a\)](#)
- F3** Words in s. 110(2) inserted (with effect in accordance with s. 72(5) of the amending Act) by [Finance Act 2015 \(c. 11\), s. 72\(3\)\(b\)](#)
- F4** Word in s. 110(2) substituted (with effect in accordance with s. 72(5) of the amending Act) by [Finance Act 2015 \(c. 11\), s. 72\(3\)\(c\)](#)
- F5** S. 110(2A)(2B) inserted (with effect in accordance with s. 72(5) of the amending Act) by [Finance Act 2015 \(c. 11\), s. 72\(4\)](#)

### 111 Different interests held in the same dwelling: effect of reliefs etc

- (1) References in section 110 to a person do not include—
- (a) a public body, as defined in section 153,
  - (b) a body listed in section 154(2) (bodies established for national purposes).
- (2) Subsections (1) to (4) of section 110 do not apply in relation to a single-dwelling interest if—
- (a) the day in question is relievable with respect to that interest by virtue of section 150 (providers of social housing),
  - (b) by virtue of section 151 (charitable companies) the ownership condition is regarded as not met with respect to the interest on that day, or
  - (c) the taxable value of the interest on that day is taken to be zero by virtue of section 155 (dwelling conditionally exempt from inheritance tax).
- (3) Subsection (4) applies where the separate interests (the “relevant interests”) that under section 110 (or that section and section 109) are treated as constituting, on a day, just one single-dwelling interest (“the combined interest”) include—
- (a) a freehold or leasehold interest, and
  - (b) a leasehold interest (“the inferior interest”) granted out of that interest.
- (4) If the inferior interest is the most inferior relevant interest, the combined interest, and the dwelling itself (where relevant), are regarded for the purposes of the relevant relieving provisions as being exploited, on the day mentioned in subsection (3), in the way the inferior interest is exploited on that day.
- (5) If the inferior interest is an interest in part only (“the sub-let part”) of the land that is the subject-matter of the combined interest, subsection (4) has effect in relation to the combined interest only so far as that interest relates to the sub-let part.
- (6) In this section “the relevant relieving provisions” means sections 132 to 150.

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- (7) The inferior interest counts as “the most inferior relevant interest” if no relevant interest (see subsection (3)) is a leasehold interest granted out of it.
- (8) In this section the reference to a leasehold interest includes the interest of a lessee under an agreement for a lease.
- (9) In the application of this section to Scotland—
  - (a) the reference to a freehold interest is to the interest of the owner;
  - (b) the reference to a leasehold interest is to a tenant's right over or interest in property subject to a lease;
  - (c) the reference to an agreement for lease includes missives of let.

**Changes to legislation:**

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