



# Stamp Duty Land Tax Act 2015

## 2015 CHAPTER 1

**U.K.**

An Act to make provision about stamp duty land tax on residential property transactions; and for connected purposes. [12th February 2015]

Most Gracious Sovereign

WE, Your Majesty's most dutiful and loyal subjects, the Commons of the United Kingdom in Parliament assembled, towards raising the necessary supplies to defray Your Majesty's public expenses, have freely and voluntarily resolved to make the provision hereinafter mentioned; and do therefore most humbly beseech Your Majesty that it may be enacted, and be it enacted by the Queen's most Excellent Majesty, by and with the advice and consent of the Lords Spiritual and Temporal, and Commons, in this present Parliament assembled, and by the authority of the same, as follows:—

### **1 Change in method of calculating tax on residential property transactions** **U.K.**

(1) Section 55 of the Finance Act 2003 (general rules on calculating the amount of stamp duty land tax chargeable) is amended as follows.

(2) In subsection (1) for “a percentage of the chargeable consideration for the transaction” substitute “determined in accordance with subsections (1B), (1C) and (2)”.

(3) After subsection (1A) insert—

“(1B) If the relevant land consists entirely of residential property and the transaction is not one of a number of linked transactions, the amount of tax chargeable is determined as follows—

*Step 1* Apply the rates specified in the second column of Table A below to the parts of the relevant consideration specified in the first column of that Table.

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*Step 2* Add together the amounts calculated at Step 1 (if there are two or more such amounts).

TABLE A: RESIDENTIAL

<i>Part of relevant consideration</i>	<i>Rate</i>
So much as does not exceed £125,000	0%
So much as exceeds £125,000 but does not exceed £250,000	2%
So much as exceeds £250,000 but does not exceed £925,000	5%
So much as exceeds £925,000 but does not exceed £1,500,000	10%
The remainder (if any)	12%

(1C) If the relevant land consists entirely of residential property and the transaction is one of a number of linked transactions, the amount of tax chargeable in respect of the particular transaction under consideration is determined as follows—

*Step 1* Apply the rates specified in the second column of Table A in subsection (1B) to the parts of the relevant consideration specified in the first column of that Table.

*Step 2* Add together the amounts calculated at Step 1 (if there are two or more such amounts).

*Step 3* Multiply the amount given by Step 1 or Step 2, as the case may be, by—

$$\frac{C}{R}$$

where—

C is the chargeable consideration for the transaction, and

R is the relevant consideration.”

(4) In subsection (2) for the words from the beginning of that subsection to the end of Table A substitute—

“If the relevant land consists of or includes land that is not residential property, the amount of tax chargeable is the percentage of the chargeable consideration for the transaction determined in accordance with Table B below by reference to the amount of the relevant consideration.”

(5) In subsection (3) for “subsection (2)” substitute “ subsections (1B) and (2) ”.

(6) In subsection (4) at the beginning insert “ For the purposes of subsections (1C) and (2), ”.

(7) Omit subsection (7).

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- (8) The Schedule, which makes amendments consequential on the amendments made by this section, has effect.

## **2 Citation, commencement and transitional provision etc** **U.K.**

- (1) This Act may be cited as the Stamp Duty Land Tax Act 2015.
- (2) The amendments made by this Act have effect in relation to any land transaction of which the effective date is, or is after, 4 December 2014.
- (3) But those amendments do not have effect in relation to a transaction if the purchaser so elects and either—
- (a) the transaction is effected in pursuance of a contract entered into and substantially performed before 4 December 2014, or
  - (b) the transaction is effected in pursuance of a contract entered into before that date and is not excluded by subsection (5).
- (4) An election under subsection (3)—
- (a) must be included in the land transaction return made in respect of the transaction or in an amendment of that return, and
  - (b) must comply with any requirements specified by the Commissioners for Her Majesty's Revenue and Customs as to its form or the manner of its inclusion.
- (5) A transaction effected in pursuance of a contract entered into before 4 December 2014 is excluded by this subsection if—
- (a) there is any variation of the contract, or assignment (or assignment) of rights under the contract, on or after 4 December 2014,
  - (b) 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
  - (c) 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.
- (6) In subsections (3) to (5)—
- “land transaction return”, in relation to a transaction, means the return under section 76 of the Finance Act 2003 in respect of that transaction;
  - “purchaser” has the same meaning as in Part 4 of that Act (see section 43(4) of that Act);
  - “substantially performed”, in relation to a contract, has the same meaning as in that Part (see section 44(5) of that Act).

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SCHEDULE **U.K.**

Section 1

## CONSEQUENTIAL AMENDMENTS

*Introductory*

1 Part 4 of the Finance Act 2003 (stamp duty land tax) is amended as follows.

*Reliefs*

2 (1) Section 74 (exercise of collective rights by tenants of flats) is amended as follows.

(2) In subsection (1A)—

- (a) in the opening words, for “rate” substitute “ amount ”,
- (b) in Step 2—
  - (i) for “rate of tax and the” substitute “ amount of ”, and
  - (ii) for “subsections (2) and (3)” substitute “ subsection (1B) ”,
- (c) in Step 3—
  - (i) for “rate of tax and the” substitute “ amount of ”, and
  - (ii) for “subsections (2) and (3)” substitute “ subsection (1B) ”, and
- (d) in Step 4 for “subsections (2) and (3) do” substitute “ subsection (1B) does ”.

(3) For subsections (2) and (3) substitute—

“(1B) Where step 2 or 3 of subsection (1A) requires the amount of tax chargeable to be determined in accordance with this subsection, it is determined as follows.

*Step 1* Determine the amount of tax chargeable under section 55 as if the relevant consideration for the chargeable transaction were the fraction of the relevant consideration calculated under step 1 of subsection (1A).

*Step 2* Multiply the amount determined at step 1 by the number of qualifying flats contained in the premises.”

3 In section 75 (crofting community right to buy) for subsections (2) and (3) substitute—

“(1A) In that case, the amount of tax is determined as follows—

*Step 1* Determine the amount of tax chargeable under section 55 as if the relevant consideration for the chargeable transaction were the fraction of the relevant consideration produced by dividing the total amount of that consideration by the number of crofts being bought.

*Step 2* Multiply the amount determined at step 1 by the number of crofts being bought under that transaction.”

4 (1) In section 80(2) (requirement to make return where contingency ceases, or consideration is ascertained, and tax or additional tax is payable etc)—

- (a) in the opening words, after “before” insert “ (calculated in either case according to the effective date of the transaction) ”, and
- (b) omit paragraph (c), but not the “and” at the end.

(2) In section 80(4) (cases where less tax payable) after “in respect of a transaction” insert “ (calculated according to its effective date) ”.

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- 5 In section 81ZA(1)(c) (alternative finance arrangements: additional tax where reliefs withdrawn to be calculated by reference to effective date) for “by reference to the rates in force at” substitute “ according to ”.
- 6 In section 81A(1) (requirement to make return in consequence of later linked transactions where tax or additional tax is payable etc)—
- (a) in the opening words, after “before” insert “ (calculated in either case according to the effective date of the earlier transaction) ”, and
  - (b) omit paragraph (c), but not the “and” at the end.
- 7 (1) Schedule 6B (transfers involving multiple dwellings) is amended as follows.
- (2) For paragraph 4(1) substitute—
- “(1) If relief under this Schedule is claimed for a relevant transaction, the amount of tax chargeable in respect of the transaction is the sum of—
- (a) the tax related to the consideration attributable to dwellings (see paragraph 5(1) and (2)), and
  - (b) the tax related to the remaining consideration (if any) (see paragraph 5(7)).”
- (3) Omit paragraph 4(4).
- (4) For the italic heading before paragraph 5 substitute “ The amount of tax chargeable ”.
- (5) For paragraph 5(1) and (2) substitute—
- “(1) For the purposes of paragraph 4(1)(a), “the tax related to the consideration attributable to dwellings” is determined as follows—
- Step 1* Determine the amount of tax that would be chargeable under section 55 on the assumption that—
- (a) the relevant land consisted entirely of residential property, and
  - (b) the relevant consideration were the fraction produced by dividing total dwellings consideration by total dwellings.
- Step 2* Multiply the amount determined at Step 1 by total dwellings.
- Step 3* If the relevant transaction is one of a number of linked transactions, go to Step 4. Otherwise, the amount found at Step 2 is the tax related to the consideration attributable to dwellings.
- Step 4* Multiply the amount found at Step 2 by—

$$\frac{CD}{TDC}$$

where—

“CD” is the consideration attributable to dwellings for the relevant transaction, and

“TDC” is total dwellings consideration.

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(2) But if the amount found at Step 2 of sub-paragraph (1) is less than 1% of total dwellings consideration, for the purposes of paragraph 4(1)(a) “the tax related to the consideration attributable to dwellings” is an amount equal to 1% of the consideration attributable to dwellings.”

(6) For paragraph 5(7) substitute—

“(7) For the purposes of paragraph 4(1)(b), “the tax related to the remaining consideration” is the appropriate fraction of the amount of tax which (but for this Schedule) would be due in respect of the relevant transaction.

(8) In subsection (7) “the appropriate fraction” means—

$$\frac{\text{RC}}{\text{TDC} + \text{TRC}}$$

where—

“RC” is the remaining consideration for the relevant transaction,

“TDC” is total dwellings consideration, and

“TRC” is total remaining consideration.

(9) For a transaction that is not one of a number of linked transactions, “total remaining consideration” is the remaining consideration for that transaction (see paragraph 4(3)).

(10) For one of a number of linked transactions, “total remaining consideration” is—

- (a) the total of the chargeable consideration for all those transactions, less
- (b) total dwellings consideration.”

(7) In paragraph 6(1) (change of circumstances after relief given) for paragraph (c) substitute—

“(c) had the event occurred immediately before the effective date of the transaction, more tax (calculated according to the effective date of the transaction) would have been payable, whether because the transaction would not have been a relevant transaction or otherwise.”

(8) In paragraph 6(3) (requirement to make return where more tax payable than was paid) omit paragraph (c), but not the “and” at the end.

8 In paragraph 8(1) of Schedule 7 (acquisition relief)—

- (a) for “rate” substitute “ amount ”, and
- (b) for “0.5%” substitute “ an amount equal to 0.5% of the chargeable consideration for the transaction ”.

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*Further consequential amendments*

- 9 In section 77(1)(b) (notifiable transactions) for “which tax is chargeable at a rate of 1% or higher” substitute “ any part of which tax is chargeable at a rate of more than 0% ”.
- 10 In section 77A(2)(a) (notifiable transactions: exception of certain acquisitions of major interests in land: interpretation) for “1% or higher” substitute “ more than 0% ”.
- 11 In section 109(2)(b) (general power to vary Part 4 of the 2003 Act: power to alter descriptions of transaction chargeable at any existing rate or amount) after “amount” insert “ , or in respect of which tax is calculated in accordance with any particular provision ”.
- 12 In section 122 omit the entry for “rate of tax”.
- 13 In paragraph 3(1)(b) of Schedule 4A (certain high-value transactions not linked to other transactions for purposes of section 55(4)) for “55(4)” substitute “ 55(1B), (1C) and (4) ”.
- 14 In paragraph 4B(1) of Schedule 9 (shared ownership transactions) for “rate” substitute “ amount ”.
- 15 In paragraph 12 of Schedule 9 (shared ownership trusts) for “rate” substitute “ amount ”.
- 16 In paragraph 30(2) of Schedule 15 (partnerships) in paragraph (a) for “rate of tax chargeable under that section is 1% or higher” substitute “ amount of tax chargeable under that section is not zero ”.
- 17 In paragraph 3(3) of Schedule 17A (leases that continue after a fixed term: additional tax to be calculated by reference to effective date)—  
(a) in the opening words, after “before” insert “ (calculated in either case according to the effective date of the transaction) ”, and  
(b) omit paragraph (c), but not the “and” at the end.
- 18 In paragraph 4(3) of Schedule 17A (treatment of leases for indefinite term: additional tax to be calculated by reference to effective date)—  
(a) in the opening words, after “before” insert “ (calculated in either case according to the effective date of the transaction) ”, and  
(b) omit paragraph (c), but not the “and” at the end.
- 19 In paragraph 7(1) of Schedule 19 (old linked transactions relevant to rate of tax) for “rate” substitute “ amount ”.
- 20 In paragraph 9(4) of Schedule 19 (exercise of option or right of pre-emption acquired before implementation date) for “rate” substitute “ amount ”.

*Consequential amendments of amending enactments*

- 21 In consequence of amendments made by preceding provisions of this Act—  
(a) in the Finance Act 2006, omit section 162(1),  
(b) in the Finance Act 2010, omit section 7(1), and  
(c) in the Finance Act 2012—  
(i) omit section 213(1), and  
(ii) in Schedule 35, omit paragraphs 2(4) and (6) and 5(3).

**Changes to legislation:**

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