

# **FINANCE ACT 2015**

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## **EXPLANATORY NOTES**

### **INTRODUCTION**

#### ***Section 68: Sdl: Alternative Property Finance Relief***

##### **Summary**

1. This section adds authorised providers of home purchase plans to the definition of a financial institution that applies for the purposes of alternative property finance reliefs. This will extend the availability of alternative property finance relief to all buyers who use an authorised home purchase plan to finance their home purchase. The amendment will have effect where the effective date of the first transaction is on or after the date on which Finance Act 2015 receives Royal Assent.

##### **Details of the Section**

2. Subsection (2) amends section 73BA of the Finance Act (FA) 2003 extending the definition of a financial institution that applies for the purposes of the alternative property finance reliefs to include a person authorised by the Financial Conduct Authority to provide home purchase plans.
3. Subsection (3) makes a consequential amendment to the definition of a financial institution at paragraph 9 of Schedule 4A FA2003, which applies for the purpose of the higher rate of stamp duty land tax.
4. Subsection (4) provides that the amendment will have effect where the effective date of the first transaction is on or after the date on which Finance Act 2015 receives Royal Assent.
5. Subsection (5) defines “first transaction” for the purposes of subsection (2).

##### **Background Note**

6. Financing a property purchase in a way that does not involve the payment of interest generally involves more than one Stamp Duty Land Tax (SDLT) charge. The alternative property finance reliefs ensure that buyers who finance property purchases using such alternative methods pay the same level of SDLT as those who use a conventional mortgage. Relief is only available where the financier is a financial institution as defined in the legislation. Broadly these are traditional financial institutions such as banks and building societies.
7. Home purchase plans were developed to provide a method of financing a home purchase which doesn't involve the payment of interest and are regulated by the Financial Conduct Authority in a similar way to conventional mortgages.
8. The alternative property finance reliefs are currently only available for home purchase plans provided by a defined financial institution and a buyer who uses a plan provided by such an institution will be able to claim relief. However, a buyer will not be able to claim relief where their home purchase plan provider is not one of the defined financial

*These notes refer to the Finance Act 2015 (c.11)  
which received Royal Assent on 26 March 2015*

institutions, even where the provider is authorised by the Financial Conduct Authority to provide home purchase plans.

9. These changes are being made to ensure that all buyers who use a home purchase plan, provided by an authorised provider, to finance their home purchase will pay the same level of SDLT as those who use a conventional mortgage. These changes will come into effect on and after the date on which Finance Act 2015 receives Royal Assent.