

**EXPLANATORY MEMORANDUM TO**  
**THE STAMP DUTY LAND TAX (EXEMPTION OF CERTAIN ACQUISITIONS OF**  
**RESIDENTIAL PROPERTY) REGULATIONS 2008**

**2008 No. 2339**

**1.** 1.1. This explanatory memorandum has been prepared by HM Revenue and Customs and is laid before the House of Commons by Command of Her Majesty.

1.2. This memorandum contains information for the Select Committee on Statutory Instruments.

**2. Description**

2.1 The Regulations exempt from the charge to stamp duty land tax certain acquisitions made on or after 3rd September 2008 but before 3rd September 2009. The exemption extends to acquisitions of major interests in land (other than grants of leases for less than 21 years, or the assignment of leases with less than 21 years to run) which consist entirely of residential property and which are made for a chargeable consideration of not more than £175,000.

**3. Matters of special interest to the Select Committee on Statutory Instruments**

3.1. These Regulations have not been laid 21 days in advance of coming into force. It is considered that it is necessary to bring these Regulations into force on 3rd September and in breach of the 21-day rule. This is because, having considered the present state of the market, Ministers decided that urgent action was needed to support the residential property market. Furthermore, it was considered that any significant delay between announcing the exemption for which these Regulations provide at the time of laying the Regulations and the coming into force of that exemption could severely disrupt the property market.

3.2. The explanatory note to this Instrument explains that:

“A full and final Impact Assessment has not been produced for this instrument as a negligible impact on the private or voluntary sectors is foreseen.”

This is because the accepted Government practice is that no IA will be published for HMRC and HMT tax measures for which:

- the total effect of the changes across all UK business is less than £100,000 of administrative burden costs/savings and/or £3m of compliance cost in total; and
- the Department’s Better Regulation and Policy team has confirmed that
  - there are no disproportionate impacts on any business or sector; and
  - there are no other issues which might make publication of an IA advisable.

This is such a measure.

HMRC are working with BERR to ensure that the next edition of the Statutory Instrument Practice reflects these changes.

#### **4. Legislative Background**

4.1 Schedule 3 of the Finance Act 2003 provides that certain descriptions of land transaction are exempt from the charge to stamp duty land tax. Paragraph 5 of Schedule 3 gives the Treasury the power to make regulations creating further exemptions.

4.2. The powers in paragraph 5 of Schedule 3 of the Finance Act 2003 have not been used before.

#### **5. Territorial Extent and Application**

5.1. This instrument applies to all of the United Kingdom.

#### **6. European Convention on Human Rights**

6.1. As this instrument is subject to the negative resolution procedure and does not amend primary legislation, no statement is required.

#### **7. Policy background**

7.1. Stamp duty land tax is a transaction tax, payable by the buyer on the purchase of land and property. It is an important source of Government revenue and the need to collect revenue must always be weighed against the need to support homebuyers.

7.2. At a time of falling house prices and a lower than normal volume of transactions the Government has decided that it is important to demonstrate its support for homebuyers by taking action to reduce the level of stamp duty land tax on property transactions.

7.3. The Government has therefore decided to introduce a “holiday” (short-term exemption) from stamp duty land tax for all purchases of residential property of not more than £175,000. This will provide an exemption from stamp duty land tax for most land transactions consisting entirely of residential property where the chargeable consideration is not more than £175,000. The relief will apply to transactions with an effective date on or after 3rd September 2008 and before 3rd September 2009.

7.4. The Government believes that this measure will provide targeted support to home buyers. Around half of all home purchases in the UK are of properties of £175,000 or less.

#### **8. Impact**

8.1. A full and final impact assessment has not been produced for this instrument as a negligible impact on the private or voluntary sectors is foreseen.

8.2. The impact on the public sector is negligible.

## **9. Contact**

9.1. Michael Lyttle at HM Revenue and Customs Tel: 020 7147 2792 or e-mail: [michael.lyttle@hmrc.gsi.gov.uk](mailto:michael.lyttle@hmrc.gsi.gov.uk) can answer any queries regarding the instrument.