

SCHEDULE 14

RELIEF FOR CERTAIN ACQUISITIONS OF DWELLINGS

PART 2

RELIEF FOR CERTAIN ACQUISITIONS OF DWELLINGS

Acquisition by housebuilder from individual acquiring new dwelling

- 2 (1) Where a housebuilder acquires a dwelling (“the old dwelling”) from an individual (whether alone or with other individuals), the acquisition is relieved from tax if the following conditions are met (but see sub-paragraph (3) for provision about partial relief).
- (2) The conditions are—
- (a) that the individual (whether alone or with other individuals) acquires a new dwelling from the housebuilder,
 - (b) that the individual—
 - (i) occupied the old dwelling as the individual’s only or main residence at some time in the period of 2 years ending with the date of its acquisition by the housebuilder, and
 - (ii) intends to occupy the new dwelling as the individual’s only or main residence,
 - (c) that each acquisition is entered into in consideration of the other, and
 - (d) that the area of land acquired by the housebuilder does not exceed the permitted area.
- (3) Where the conditions in sub-paragraph (2)(a) to (c) are met but the area of land acquired by the housebuilder exceeds the permitted area, the chargeable consideration for the acquisition is taken to be the amount calculated by deducting the market value of the permitted area from the market value of the old dwelling.
- (4) In this paragraph—
- (a) references to the acquisition of the new dwelling are to the acquisition, by way of grant or transfer, of a major interest in the dwelling,
 - (b) references to the acquisition of the old dwelling are to the acquisition, by way of transfer, of a major interest in the dwelling, and
 - (c) references to the market value of the old dwelling and of the permitted area are to the market value of that major interest in the dwelling and of that interest so far as it relates to that area.

Acquisition by property trader from individual acquiring new dwelling

- 3 (1) Where a property trader acquires a dwelling (“the old dwelling”) from an individual (whether alone or with other individuals), the acquisition is relieved from tax if the following conditions are met (but see sub-paragraph (4) for provision about partial relief).
- (2) The conditions are—

- (a) that the acquisition is made in the course of a business that consists of or includes acquiring dwellings from individuals who acquire new dwellings from housebuilders,
 - (b) that the individual (whether alone or with other individuals) acquires a new dwelling from a housebuilder,
 - (c) that the individual—
 - (i) occupied the old dwelling as the individual’s only or main residence at some time in the period of 2 years ending with the date of its acquisition by the property trader, and
 - (ii) intends to occupy the new dwelling as the individual’s only or main residence,
 - (d) that the property trader does not intend—
 - (i) to spend more than the permitted amount on refurbishment of the old dwelling,
 - (ii) to grant a lease or licence of the old dwelling, or
 - (iii) to permit any of its principals or employees (or any person connected with any of its principals or employees) to occupy the old dwelling, and
 - (e) that the area of land acquired by the property trader does not exceed the permitted area.
- (3) Sub-paragraph (2)(d)(ii) does not apply to the grant of lease or licence to the individual for a period of no more than 6 months.
- (4) Where the conditions in sub-paragraph (2)(a) to (d) are met but the area of land acquired by the property trader exceeds the permitted area, the chargeable consideration for the acquisition is taken to be the amount calculated by deducting the market value of the permitted area from the market value of the old dwelling.
- (5) In this paragraph—
- (a) references to the acquisition of a new dwelling are to the acquisition, by way of grant or transfer, of a major interest in the dwelling,
 - (b) references to the acquisition of the old dwelling are to the acquisition, by way of transfer, of a major interest in the dwelling, and
 - (c) references to the market value of the old dwelling and of the permitted area are to the market value of that major interest in the dwelling and of that interest so far as it relates to that area.

Acquisition by property trader from individual where chain of transactions breaks down

- 4 (1) Where a property trader acquires a dwelling (“the old dwelling”) from an individual (whether alone or with other individuals), the acquisition is relieved from tax if the following conditions are met (but see sub-paragraph (4) for provision about partial relief).
- (2) The conditions are—
- (a) that the individual has made arrangements to sell the old dwelling and acquire another dwelling (“the second dwelling”),
 - (b) that the arrangements to sell the old dwelling fail,
 - (c) that the acquisition of the old dwelling is made for the purpose of enabling the individual’s acquisition of the second dwelling to proceed,

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- (d) that the acquisition is made in the course of a business that consists of or includes acquiring dwellings from individuals in those circumstances,
 - (e) that the individual—
 - (i) occupied the old dwelling as the individual's only or main residence at some time in the period of 2 years ending with the date of its acquisition by the property trader, and
 - (ii) intends to occupy the second dwelling as the individual's only or main residence,
 - (f) that the property trader does not intend—
 - (i) to spend more than the permitted amount on refurbishment of the old dwelling,
 - (ii) to grant a lease or licence of the old dwelling, or
 - (iii) to permit any of its principals or employees (or any person connected with any of its principals or employees) to occupy the old dwelling, and
 - (g) that the area of land acquired by the property trader does not exceed the permitted area.
- (3) Sub-paragraph (2)(f)(ii) does not apply to the grant of a lease or licence to the individual for a period of no more than 6 months.
- (4) Where the conditions in sub-paragraph (2)(a) to (f) are met but the area of land acquired exceeds the permitted area, the chargeable consideration for the acquisition is taken to be the amount calculated by deducting the market value of the permitted area from the market value of the old dwelling.
- (5) In this paragraph—
- (a) references to the acquisition of the second dwelling are to the acquisition, by way of grant or transfer, of a major interest in the dwelling,
 - (b) references to the acquisition of the old dwelling are to the acquisition, by way of transfer, of a major interest in the dwelling, and
 - (c) references to the market value of the old dwelling and of the permitted area are to the market value of that major interest in the dwelling and of that interest so far as it relates to that area.

Relief for acquisition by property trader from personal representatives

- 5 (1) Where a property trader acquires a dwelling from the personal representatives of a deceased individual, the acquisition is relieved from tax if the following conditions are met (but see sub-paragraph (3) for provision about partial relief).
- (2) The conditions are—
- (a) that the acquisition is made in the course of a business that consists of or includes acquiring dwellings from personal representatives of deceased individuals,
 - (b) that the deceased individual occupied the dwelling as the individual's only or main residence at some time in the period of 2 years ending with the date of the individual's death,
 - (c) that the property trader does not intend—
 - (i) to spend more than the permitted amount on refurbishment of the dwelling,

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- (ii) to grant a lease or licence of the dwelling, or
 - (iii) to permit any of its principals or employees (or any person connected with any of its principals or employees) to occupy the dwelling, and
 - (d) that the area of land acquired by the property trader does not exceed the permitted area.
- (3) Where the conditions in sub-paragraph (2)(a) to (c) are met but the area of land acquired exceeds the permitted area, the chargeable consideration for the acquisition is taken to be the amount calculated by deducting the market value of the permitted area from the market value of the dwelling.
- (4) In this paragraph—
- (a) references to the acquisition of the dwelling are to the acquisition, by way of transfer, of a major interest in the dwelling, and
 - (b) references to the market value of the dwelling and of the permitted area are to the market value of that major interest in the dwelling and of that interest so far as it relates to that area.

Acquisition by property trader in case of relocation of employment

- 6 (1) Where a property trader acquires a dwelling from an individual (whether alone or with other individuals), the acquisition is relieved from tax if the following conditions are met (but see sub-paragraph (4) for provision about partial relief).
- (2) The conditions are—
- (a) that the acquisition is made in the course of a business that consists of or includes acquiring dwellings from individuals in connection with a change of residence resulting from relocation of employment,
 - (b) that the individual occupied the dwelling as the individual's only or main residence at some time in the period of 2 years ending with the date of the acquisition by the property trader,
 - (c) that the acquisition is made in connection with a change of residence by the individual resulting from relocation of employment,
 - (d) that the consideration for the acquisition does not exceed the market value of the dwelling,
 - (e) that the property trader does not intend—
 - (i) to spend more than the permitted amount on refurbishment of the dwelling, or
 - (ii) to grant a lease or licence of the dwelling, or
 - (iii) to permit any of its principals or employees (or any person connected with any of its principals or employees) to occupy the dwelling, and
 - (f) that the area of land acquired by the property trader does not exceed the permitted area.
- (3) Sub-paragraph (2)(e)(ii) does not apply to the grant of a lease or licence to the individual for a period of no more than 6 months.
- (4) Where the conditions in sub-paragraph (2)(a) to (e) are met but the area of land acquired exceeds the permitted area, the chargeable consideration for the acquisition is taken to be the amount calculated by deducting the market value of the permitted area from the market value of the dwelling.

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- (5) In this paragraph—
- (a) references to the acquisition of the dwelling are to the acquisition, by way of transfer, of a major interest in the dwelling, and
 - (b) references to the market value of the dwelling and of the permitted area are to the market value of that major interest in the dwelling and of that interest so far as it relates to that area.

Acquisition by employer in case of relocation of employment

- 7 (1) Where an individual's employer acquires a dwelling from the individual (whether alone or with other individuals), the acquisition is relieved from tax if the following conditions are met (but see sub-paragraph (3) for provision about partial relief).
- (2) The conditions are—
- (a) that the individual occupied the dwelling as the individual's only or main residence at some time in the period of 2 years ending with the date of the acquisition by the employer,
 - (b) that the acquisition is made in connection with a change of residence by the individual resulting from relocation of employment,
 - (c) that the consideration for the acquisition does not exceed the market value of the dwelling, and
 - (d) that the area of land acquired by the employer does not exceed the permitted area.
- (3) Where the conditions in sub-paragraph (2)(a) to (c) are met but the area of land acquired exceeds the permitted area, the chargeable consideration for the acquisition is taken to be the amount calculated by deducting the market value of the permitted area from the market value of the dwelling.
- (4) In this paragraph—
- (a) references to the acquisition of the dwelling are to the acquisition, by way of transfer, of a major interest in the dwelling,
 - (b) references to the market value of the dwelling and of the permitted area are, to the market value of that major interest in the dwelling and of that interest so far as it relates to that area, and
 - (c) references to an individual's employer include a prospective employer.

Withdrawal of reliefs available to property traders

- 8 (1) Relief under paragraphs 3 (acquisition by property trader from individual acquiring new dwelling) and 4 (acquisition by property trader from individual where chain of transactions breaks down) is withdrawn if the property trader—
- (a) spends more than the permitted amount on refurbishment of the old dwelling,
 - (b) grants a lease or licence of the old dwelling, or
 - (c) permits any of its principals or employees (or any person connected with any of its principals or employees) to occupy the old dwelling.
- (2) Sub-paragraph (1)(b) does not apply to the grant of lease or licence to the individual acquiring the new dwelling or the second dwelling for a period of no more than 6 months.

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- (3) Relief under paragraph 5 (relief for acquisition by property trader from personal representatives) is withdrawn if the property trader—
- (a) spends more than the permitted amount on refurbishment of the dwelling,
 - (b) grants a lease or licence of the dwelling, or
 - (c) permits any of its principals or employees (or any person connected with any of its principals or employees) to occupy the dwelling.
- (4) Relief under paragraph 6 (acquisition by property trader in case of relocation of employment) is withdrawn if the property trader—
- (a) spends more than the permitted amount on refurbishment of the dwelling,
 - (b) grants a lease or licence of the dwelling, or
 - (c) permits any of its principals or employees (or any person connected with any of its principals or employees) to occupy the dwelling.
- (5) Sub-paragraph (4)(b) does not apply to the grant of lease or licence to the individual relocating for a period of no more than 6 months.
- (6) Where relief is withdrawn, the amount of tax chargeable is the amount that would have been chargeable in respect of the acquisition but for the relief.

Interpretation

- 9 (1) For the purposes of this Part of this Schedule—
- (a) “housebuilder” means—
 - (i) a company,
 - (ii) a limited liability partnership, or
 - (iii) a partnership whose members are all either companies or limited liability partnerships,
 that carries on the business of constructing or adapting buildings or parts of buildings for use as dwellings and references in this Schedule to a housebuilder includes any company or limited liability partnership connected with it;
 - (b) “new dwelling” means a building or part of a building that—
 - (i) has been constructed for use as a single dwelling and has not previously been occupied, or
 - (ii) has been adapted for use as a single dwelling and has not been occupied since its adaptation;
 - (c) “new place of employment” means the place where an individual normally performs, or is normally to perform, duties of employment after a relocation of employment;
 - (d) “permitted amount”, in relation to the refurbishment of a dwelling, means—
 - (i) £10,000, or
 - (ii) 5% of the consideration for the acquisition of the dwelling,
 whichever is the greater, but subject to a maximum of £20,000;
 - (e) “permitted area”, in relation to a dwelling, means that part of the dwelling which is land occupied and enjoyed with the building or part of the building occupied as a dwelling as its garden or grounds that does not exceed—
 - (i) an area (inclusive of the site of the building or part of the building) of 0.5 of a hectare, or

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- (ii) such larger area as is required for the reasonable enjoyment of the building or part of the building as a dwelling having regard to its size and character,
but where paragraph (ii) applies, the permitted area is taken to consist of that part of the land that would be the most suitable for occupation and enjoyment with the building or part of the building as its garden or grounds if the rest of the land were separately occupied;
 - (f) “principal”, in relation to a property trader, means—
 - (i) in the case of a company, a director;
 - (ii) in the case of a limited liability partnership, a member;
 - (iii) in the case of a partnership whose members are all either companies or limited liability partnerships, a member or a person who is a principal of a member;
 - (g) “property trader” means—
 - (i) a company,
 - (ii) a limited liability partnership, or
 - (iii) a partnership whose members are all either companies or limited liability partnerships,
that carries on the business of buying and selling dwellings;
 - (h) “refurbishment” of a dwelling means the carrying out of works that enhance or are intended to enhance the value of the dwelling, but does not include—
 - (i) cleaning the dwelling, or
 - (ii) works required solely for the purpose of ensuring that the dwelling meets minimum safety standards;
 - (i) “relocation of employment” means a change of an individual’s place of employment due to—
 - (i) the individual becoming employed by a new employer,
 - (ii) an alteration of the duties of the individual’s employment, or
 - (iii) an alteration of the place where the individual normally performs those duties.
- (2) For the purposes of paragraphs 6 and 7, a change of residence is one “resulting from” relocation of employment if—
- (a) the change is made wholly or mainly to allow the individual to live within a reasonable daily travelling distance of the individual’s new place of employment, and
 - (b) the individual’s former residence is not within a reasonable daily travelling distance of that place.
- (3) For the purposes of Part 2—
- (a) anything done by or in relation to a company connected with a property trader is treated as done by or in relation to that property trader, and
 - (b) references to the principals or employees of a property trader include the principals or employees of any such company.