



Finance Act 2003

2003 CHAPTER 14

PART 4

STAMP DUTY LAND TAX

Chargeable interests, chargeable transactions and chargeable consideration

48 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,other than an exempt interest.
- (2) 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—
 - (i) a tenancy at will;
 - (ii) an advowson, franchise or manor.
- (3) In subsection (2)—
 - (a) “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; and
 - (b) “franchise” means a grant from the Crown such as the right to hold a market or fair, or the right to take tolls.
- (4) In the application of this Part in Scotland the reference in subsection (3)(a) to a rentcharge shall 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).

Status: Point in time view as at 10/07/2003.

Changes to legislation: Finance Act 2003, Cross Heading: Chargeable interests, chargeable transactions and chargeable consideration is up to date with all changes known to be in force on or before 06 April 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details)

- (5) The Treasury may by regulations provide that any other description of interest or right in relation to land in the United Kingdom is an exempt interest.
- (6) The regulations may contain such supplementary, incidental and transitional provision as appears to the Treasury to be appropriate.

Commencement Information

I1 Pt. 4 wholly in force at Royal Assent subject to Sch. 19, see s. 124, Sch. 19 para. 1(1)

49 Chargeable transactions

- (1) A land transaction is a chargeable transaction if it is not a transaction that is exempt from charge.
- (2) Schedule 3 provides for certain transactions to be exempt from charge.
Other transactions are exempt from charge under other provisions of this Part.

Commencement Information

I2 Pt. 4 wholly in force at Royal Assent subject to Sch. 19, see s. 124, Sch. 19 para. 1(1)

50 Chargeable consideration

- (1) Schedule 4 makes provision as to the chargeable consideration for a transaction.
- (2) The Treasury may by regulations amend or repeal the provisions of this Part relating to chargeable consideration and make such other provision as appears to them appropriate with respect to—
 - (a) what is to count as chargeable consideration, or
 - (b) the determination of the amount of chargeable consideration.
- (3) The regulations may make different provision in relation to different descriptions of transaction or consideration and different circumstances.

Commencement Information

I3 Pt. 4 wholly in force at Royal Assent subject to Sch. 19, see s. 124, Sch. 19 para. 1(1)

51 Contingent, uncertain or unascertained consideration

- (1) Where the whole or part of the chargeable consideration for a transaction is contingent, the amount or value of the consideration shall be determined for the purposes of this Part on the assumption that the outcome of the contingency will be such that the consideration is payable or, as the case may be, does not cease to be payable.
- (2) Where the whole or part of the chargeable consideration for a transaction is uncertain or unascertained, its amount or value shall be determined for the purposes of this Part on the basis of a reasonable estimate.

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- (3) In this Part—
- “contingent”, in relation to consideration, means—
- (a) that it is to be paid or provided only if some uncertain future event occurs, or
 - (b) that it is to cease to be paid or provided if some uncertain future event occurs; and
- “uncertain”, in relation to consideration, means that its amount or value depends on uncertain future events.
- (4) This section has effect subject to—
- section 80 (adjustment where contingency ceases or consideration is ascertained), and
- section 90 (application to defer payment in case of contingent or uncertain consideration).

Commencement Information

I4 Pt. 4 wholly in force at Royal Assent subject to Sch. 19, see s. 124, Sch. 19 para. 1(1)

52 Annuities etc: chargeable consideration limited to twelve years' payments

- (1) This section applies to so much of the chargeable consideration for a land transaction as consists of an annuity payable—
- (a) for life, or
 - (b) in perpetuity, or
 - (c) for an indefinite period, or
 - (d) for a definite period exceeding twelve years.
- (2) For the purposes of this Part the consideration to be taken into account is limited to twelve years' annual payments.
- (3) Where the amount payable varies, or may vary, from year to year, the twelve highest annual payments shall be taken.
- No account shall be taken for the purposes of this Schedule of any provision for adjustment of the amount payable in line with the retail price index.
- (4) References in this section to annual payments are to payments in respect of each successive period of twelve months beginning with the effective date of the transaction.
- (5) For the purposes of this section the amount or value of any payment shall be determined (if necessary) in accordance with section 51 (contingent, uncertain or unascertained consideration).
- (6) References in this section to an annuity include any consideration (other than rent) that falls to be paid or provided periodically. References to payment shall be read accordingly.
- (7) Where this section applies—
- (a) section 80 (adjustment where contingency ceases or consideration is ascertained) does not apply, and

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- (b) no application may be made under section 90 (application to defer payment in case of contingent or uncertain consideration).

Commencement Information

I5 Pt. 4 wholly in force at Royal Assent subject to Sch. 19, see s. 124, Sch. 19 para. 1(1)

53 Deemed market value where transaction involves connected company

- (1) Where the purchaser is a company and—
- (a) the vendor is connected with the purchaser, or
 - (b) some or all of the consideration for the transaction consists of the issue or transfer of shares in a company with which the vendor is connected,
- the chargeable consideration for the transaction shall be taken to be not less than the market value of the subject matter of the transaction as at the effective date of the transaction.
- (2) Section 839 of the Taxes Act 1988 (connected persons) has effect for the purposes of this section.
- (3) In this section—
- “company” means any body corporate;
- “shares” includes stock and the reference to shares in a company includes a reference to securities issued by a company.
- (4) Where this section applies paragraph 1 of Schedule 3 (exemption of transactions for which there is no chargeable consideration) does not apply.
- But this section has effect subject to any other provision affording exemption or relief from stamp duty land tax.
- (5) This section is subject to the exceptions provided for in section 54.

Commencement Information

I6 Pt. 4 wholly in force at Royal Assent subject to Sch. 19, see s. 124, Sch. 19 para. 1(1)

54 Exceptions from deemed market value rule

- (1) Section 53 (chargeable consideration: transaction with connected company) does not apply in the following cases.
- In the following provisions “the company” means the company that is the purchaser in relation to the transaction in question.
- (2) Case 1 is where immediately after the transaction the company holds the property as trustee in the course of a business carried on by it that consists of or includes the management of trusts.
- (3) Case 2 is where—
- (a) immediately after the transaction the company holds the property as trustee, and

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- (b) the vendor is connected with the company only because of section 839(3) of the Taxes Act 1988.
- (4) Case 3 is where—
- (a) the vendor is a company and the transaction is, or is part of, a distribution of the assets of that company (whether or not in connection with its winding up), and
 - (b) it is not the case that—
 - (i) the subject-matter of the transaction, or
 - (ii) an interest from which that interest is derived,has, within the period of three years immediately preceding the effective date of the transaction, been the subject of a transaction in respect of which group relief was claimed by the vendor.

Commencement Information

I7 Pt. 4 wholly in force at Royal Assent subject to Sch. 19, see s. 124, Sch. 19 para. 1(1)

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