

Status: Point in time view as at 19/07/2006.

Changes to legislation: There are currently no known outstanding effects for the Finance Act 2006, SCHEDULE 24. (See end of Document for details)

SCHEDULES

SCHEDULE 24 U.K.

Section 163

STAMP DUTY LAND TAX: AMENDMENTS OF SCHEDULE 15 TO FA 2003

Introduction

1 Schedule 15 to FA 2003 (stamp duty land tax: partnerships) is amended as follows.

Transfer of chargeable interest to a partnership

2 (1) In paragraph 10 (transfer of chargeable interest to a partnership: general), for sub-paragraphs (2) to (4) substitute—

“(2) The chargeable consideration for the transaction shall (subject to paragraph 13) be taken to be equal to—

$$MV \times (100 - SLP)\%$$

where—

MV is the market value of the interest transferred, and

SLP is the sum of the lower proportions.”

3 (2) In sub-paragraph (6) of that paragraph, omit “(instead of sub-paragraphs (2) to (5))”.
In paragraph 11 (transfer of chargeable interest to a partnership: chargeable consideration including rent), for sub-paragraphs (2) to (7) substitute—

“(2) Schedule 5 (amount of tax chargeable: rent) has effect with the modifications set out in sub-paragraphs (2A) to (2C).

(2A) In paragraph 2—

- (a) for “the net present value of the rent payable over the term of the lease” substitute “the relevant chargeable proportion of the net present value of the rent payable over the term of the lease”, and
- (b) for “the net present values of the rent payable over the terms of all the leases” substitute “the relevant chargeable proportions of the net present values of the rent payable over the terms of all the leases”.

(2B) In paragraph 9(2A)—

- (a) for “the annual rent” substitute “the relevant chargeable proportion of the annual rent”, and
- (b) for “the total of the annual rents” substitute “the relevant chargeable proportion of the total of the annual rents”.

(2C) For paragraph 9(4) substitute—

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“(4) Tax chargeable under this Schedule is in addition to any tax chargeable under section 55 as it has effect by virtue of paragraph 10 of Schedule 15.”.

(2D) For the purposes of sub-paragraphs (2A) and (2B) the relevant chargeable proportion is—

$$(100 - \text{SLP})\%$$

where SLP is the sum of the lower proportions.”

4 (1) In paragraph 13 (transfer of chargeable interest to a partnership consisting wholly of bodies corporate), in sub-paragraph (3), for “sub-paragraphs (2) to (5)” substitute “sub-paragraphs (2) and (5)”.

(2) For sub-paragraphs (4) to (7) of that paragraph substitute—

“(4A) In paragraph 11(2), for “sub-paragraphs (2A) to (2C)” substitute “sub-paragraph (2C)”.

(5) In paragraph 11, omit sub-paragraphs (2A), (2B), (2D) and (8).”

Transfer of chargeable interest from a partnership

5 (1) In paragraph 18 (transfer of chargeable interest from a partnership: general), for sub-paragraphs (2) to (4) substitute—

“(2) The chargeable consideration for the transaction shall (subject to paragraph 24) be taken to be equal to—

$$\text{MV} \times (100 - \text{SLP})\%$$

where—

MV is the market value of the interest transferred, and

SLP is the sum of the lower proportions.”

(2) In sub-paragraph (6) of that paragraph, omit “(instead of sub-paragraphs (2) to (5))”.

6 In paragraph 19 (transfer of chargeable interest from a partnership: chargeable consideration including rent), for sub-paragraphs (2) to (7) substitute—

“(2) Schedule 5 (amount of tax chargeable: rent) has effect with the modifications set out in sub-paragraphs (2A) to (2C).

(2A) In paragraph 2—

(a) for “the net present value of the rent payable over the term of the lease” substitute “the relevant chargeable proportion of the net present value of the rent payable over the term of the lease”, and

(b) for “the net present values of the rent payable over the terms of all the leases” substitute “the relevant chargeable proportions of the net present values of the rent payable over the terms of all the leases”.

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- (2B) In paragraph 9(2A)—
- (a) for “the annual rent” substitute “ the relevant chargeable proportion of the annual rent ”, and
 - (b) for “the total of the annual rents” substitute “ the relevant chargeable proportion of the total of the annual rents ”.

(2C) For paragraph 9(4) substitute—

“(4) Tax chargeable under this Schedule is in addition to any tax chargeable under section 55 as it has effect by virtue of paragraph 18 of Schedule 15.”.

(2D) For the purposes of sub-paragraphs (2A) and (2B) the relevant chargeable proportion is—

$$(100 - \text{SLP})\%$$

where SLP is the sum of the lower proportions.”

7 (1) In paragraph 24 (transfer of chargeable interest from a partnership consisting wholly of bodies corporate), in sub-paragraph (3), for “sub-paragraphs (2) to (5)” substitute “ sub-paragraphs (2) and (5) ”.

(2) For sub-paragraphs (4) to (8) of that paragraph substitute—

“(4A) In paragraph 19(2), for “sub-paragraphs (2A) to (2C)” substitute “ sub-paragraph (2C) ”.

(5) In paragraph 19, omit sub-paragraphs (2A), (2B), (2D) and (8).”

Transfer of chargeable interest from a partnership to a partnership

8 In paragraph 23 (transfer of chargeable interest from a partnership to a partnership), for sub-paragraphs (2) and (3) substitute—

“(2) Paragraphs 10(2) and 18(2) do not apply.

(2A) The chargeable consideration for the transaction shall be taken to be what it would have been if paragraph 10(2) had applied or, if greater, what it would have been if paragraph 18(2) had applied.

(3) Where the whole or part of the chargeable consideration for the transaction is rent—

- (a) paragraphs 11 and 19 do not apply;
- (b) the tax chargeable in respect of so much of the chargeable consideration as consists of rent shall be taken to be what it would have been if paragraph 11 had applied or, if greater, what it would have been if paragraph 19 had applied;
- (c) the disapplication of the 0% band provided for by paragraph 9(2) of Schedule 5 has effect if—
 - (i) it would have had effect if paragraph 11(2B) of this Schedule had applied, or

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- (ii) it would have had effect if paragraph 19(2B) of this Schedule had applied.”

Transfer of partnership interest: restriction of charge to property-investment partnerships

- 9 (1) In paragraph 14 (transfer of partnership interest: consideration given and chargeable interest held), for the heading substitute—

“Transfer for consideration of interest in property-investment partnership”.

- (2) In sub-paragraph (1)(a) of that paragraph, before “partnership” insert “ property-investment ”.
- (3) After sub-paragraph (7) of that paragraph insert—

“(8) In this paragraph—

“property-investment partnership” means a partnership whose sole or main activity is investing or dealing in chargeable interests (whether or not that activity involves the carrying out of construction operations on the land in question);

“construction operations” has the same meaning as in Chapter 3 of Part 3 of the Finance Act 2004 (see section 74 of that Act).”

Prevention of double charge where money etc withdrawn from partnership

- 10 In paragraph 17A (withdrawal of money etc from partnership after transfer of chargeable interest), after sub-paragraph (7) insert—

“(8) Where—

- (a) a qualifying event gives rise to a charge under this paragraph, and
 (b) the same event gives rise to a charge under paragraph 14 (transfer for consideration of interest in property-investment partnership),

the amount of the charge under this paragraph is reduced (but not below nil) by the amount of the charge under that paragraph.”

Commencement

- 11 (1) Paragraphs 2 to 8 have effect in relation to any transfer of which the effective date is on or after the day on which this Act is passed.
- (2) Paragraph 9 has effect in relation to any transfer that has (or, but for the amendment made by that paragraph, would have) an effective date which is on or after that day.
- (3) Paragraph 10 has effect in relation to any qualifying event of which the effective date is on or after that day.
- (4) In this paragraph “effective date” has the same meaning as in Part 4 of FA 2003.

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