

FINANCE ACT 2013

EXPLANATORY NOTES

INTRODUCTION

Section 195 Schedule 37: Stamp Duty Land Tax: Pre-Completion Transactions

Details of the Schedule

Calculation of the second minimum amount for the purposes of the minimum consideration rule

69. Schedule 2A Paragraph 14 sets out how the second minimum amount is calculated for the purposes of paragraph 12. It is the total amount of consideration given by relevant parties (see paragraph 14(3)).
70. Sub-paragraph (2) sets out the formula for ascertaining the net amount of consideration given by a relevant party. This sub-paragraph and the provisions of sub-paragraph (4) require that the calculation is carried out for each party.
71. Sub-paragraph (3) provides that (subject to paragraph 14(4)) the relevant parties for the purposes of the calculation of the second minimum amount are: (i) the original purchaser; and (ii) the transferee including, where there are successive pre-completion transactions, all transferees in the chain of transactions.
72. Sub-paragraph (4) provides that where a pre-completion transaction (an “implemented transaction”) is part of a chain of pre-completion transactions in relation to an original contract (see paragraph 12(5)), only the following are relevant parties: (i) a person who is a transferee or a transferor under the implemented transaction; (ii) a person who is a transferor in a preceding transaction (see sub-paragraph (7)) prior to an implemented transaction where that transferor is connected with or not acting at arm’s length to the transferee under the implemented transaction; (iii) the transferee under a pre-completion, if the transferor in (ii) above is a relevant party.
73. Sub-paragraph (5) provides that any amounts given by connected parties and parties not acting at arm’s length are treated as given by the relevant party for the purposes of the formula in paragraph 14(2).
74. Sub-paragraph (6) provides that amounts to be given in respect of an implemented transaction where that transaction relates to a part of the subject-matter of the original contract, those amounts are to be adjusted and determined on a just and reasonable basis. This includes any preceding transactions of a part prior to any implemented transaction.
75. Sub-paragraph (7) sets out the meaning of the “the original contract” and “preceding transaction” for the purposes of paragraph 14.