

# **FINANCE ACT 2013**

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## **EXPLANATORY NOTES**

### **INTRODUCTION**

*Sections 94 – 174, Schedules 33, 34, 35: Annual Tax on Enveloped Dwellings*

#### **Details of the Sections**

##### *Section 110 – Interests held by connected persons*

87. Subsection (1) provides that where on any day entitlements to separate single-dwelling interests in the same dwelling are held by connected persons (e.g. company C and company or person P), the annual tax on enveloped dwellings applies as if each is entitled to the other's single-dwelling interest as well as their own.
88. Subsection (2) provides that where an interest in the dwelling is owned by a company (or a number of such interests are owned by companies) and the connected person is an individual the rules in the Part do not operate unless that interest has a value of greater than £500,000.
89. Subsection (3) provides similarly that where on any day, a single-dwelling interest is held for the purposes of a collective investment scheme and a connected person is entitled to a different single-dwelling interest in the same dwelling, the annual tax on enveloped dwellings applies to each as if the connected person were entitled to both interests and, for the collective investment scheme, both interests were held for the purposes of the scheme.
90. Subsection (3) provides an equivalent rule for interests in the same dwelling held for the purposes of two connected collective investment schemes.
91. Subsections (4) and (5) signposts section 97 and section 104 and also apply them to cases where the single dwelling interest is treated as held for different collective investment schemes.
92. Subsection (7) provides clarification of the application of this section in Scotland.