
 S T A T U T O R Y I N S T R U M E N T S

1976 No. 1190

DEVELOPMENT LAND TAX**The Development Land Tax (Disposals by Non-Residents)
Regulations 1976**

Made - - - - - 28th July 1976
Laid before the House of Commons 29th July 1976
Coming into Operation - - - 1st August 1976

The Commissioners of Inland Revenue, in exercise of the powers conferred on them by section 40(7) of the Development Land Tax Act 1976(a), hereby make the following Regulations:

Citation and Commencement

1. These Regulations may be cited as the Development Land Tax (Disposals by Non-Residents) Regulations 1976, and shall come into operation on 1st August 1976.

Interpretation

2.—(1) In these Regulations, unless the context otherwise requires:—

“the principal section” means section 40 of the Development Land Tax Act 1976; other expressions have the same meaning as in that Act.

(2) The Interpretation Act 1889(b) shall apply to these Regulations as it applies to an Act of Parliament.

3. No deduction shall be made under the principal section from a payment of consideration by the person to whom a disposal of an interest in land is made in any of the following cases:—

- (a) where the disposal is of an interest in land comprising a dwelling house with or without land occupied with the dwelling house but without other land, and the consideration for the disposal does not exceed £25,000; or
- (b) where the person to whom the disposal is made has enquired of the local planning authority for the land what, if any, planning permission is in force authorising development of the whole or any part of the land, and has received an answer issued within one month before the date of the disposal, and either—
 - (i) the answer shows that no such permission is in force at the date of the answer, or
 - (ii) every permission shown by the answer as being in force at the date of the answer is a permission authorising development already begun at that date; or
- (c) where before the payment is made the Board have given to the person to whom the disposal is made a direction under paragraph (2) of Regulation 6 below.

 (a) 1976 c. 24.

(b) 1889 c. 63.

4. Where the Board have given a direction under paragraph (3) of Regulation 6 below the principal section shall apply as if subsection (3) required a deduction of the amount specified in the direction.

5.—(1) Where a person to whom a disposal is made fails to make any deduction from a payment from which a deduction is required under the principal section, but shows that at the time when the payment was made he believed, and had taken reasonable steps to establish, that the person making the disposal was not a person whose usual place of abode at the time of the disposal was outside the United Kingdom, the Board shall direct that subsection (6) of the principal section shall not apply to him in respect of that payment.

(2) Where in a case to which paragraph (1) above does not apply a person to whom a disposal is made fails to deduct from any payment all or part of the amount required to be deducted under the principal section, but shows that he took reasonable care to comply with the section and that the failure was due to an error made in good faith, the Board may direct that in respect of that payment subsection (6) of the principal section shall not apply or shall apply as if the amount in fact deducted were the amount required to be deducted.

6.—(1) A person (referred to in this Regulation as “the applicant”) whose usual place of abode is outside the United Kingdom and who has disposed of or intends to dispose of an interest in land may apply in writing to the Board to give a direction under paragraph (2) or (3) below.

(2) If it appears to the Board that the disposal to which the application relates does not or will not give rise to any liability to development land tax then, subject to paragraph (4) below, they shall by notice in writing to the person to whom the disposal was or is to be made direct that no deduction shall be made under the principal section from any payment of consideration for the disposal.

(3) If in relation to the disposal to which the application relates the Board agree with the applicant that the amount to be deducted under the principal section shall be greater or less than the amount otherwise deductible under subsection (3) of that section then, subject to paragraph (4) below, the Board shall by notice in writing to the person to whom the disposal was or is to be made direct that the deduction to be made from any payment of consideration shall be as specified in the direction (the deduction so specified being such as the Board consider requisite for giving effect to the agreement).

(4) The Board shall not give a direction under this Regulation concerning any disposal in relation to which they have received a certificate under subsection (4) of the principal section unless it appears to them that one or more further payments of consideration for that disposal remain to be made.

(5) An application under sub-paragraph (1) above shall state the name and address of any solicitor or other agent acting for the applicant and for the person to whom the disposal was or is to be made and shall be accompanied by a notice in the form prescribed by the Board for the purposes of paragraph 35 of Schedule 8 to the Development Land Tax Act 1976.

(6) At the time when the Board issue any direction under paragraph (2) or (3) of this Regulation, they shall send a copy of it to the applicant.

7.—(1) Where a person acquires an interest in land to the disposal of which the principal section applies, and makes a deduction under the principal section from a payment of consideration, the chargeable person shall be entitled to interest on the amount of the deduction for the period beginning on the date when the payment is made and ending on the reckonable date.

(2) If a sum representing the whole or any part of the deduction is repaid by the Board to the chargeable person before the reckonable date, he shall not be entitled to interest on that sum beyond the date of repayment.

(3) Interest under this Regulation shall be payable by the Board, shall be calculated at the rate which is for the time being the prescribed rate for the purposes of Section 86A of the Taxes Management Act 1970^(a) (interest on unpaid development land tax) and shall not be income of the chargeable person for any tax purposes.

By Order of the Commissioners of Inland Revenue.

28th July 1976.

J. Webb,
Secretary.

EXPLANATORY NOTE

(This Note is not part of the Regulations.)

Subject to certain exceptions, section 40 of the Development Land Tax Act 1976 requires a person who acquires an interest in development land from a person whose usual place of abode is outside the United Kingdom to withhold half the consideration on account of the vendor's development land tax liability and to pay the amount deducted to the Inland Revenue. These Regulations supplement the provisions of section 40.

Regulation 3 excludes disposals from the operation of the section in certain cases. Regulation 5 provides for the Board to relieve a purchaser from liability to pay development land tax which he should have deducted if they are satisfied that his failure to deduct was due to an error made in good faith. Under Regulation 6, a vendor may apply to the Board to direct the purchaser either to make no deduction or to make a deduction which may be more or less than half the consideration for the disposal. Regulation 4 applies the requirements of section 40 to such a deduction. Regulation 7 provides for payment of interest to the vendor by the Inland Revenue in respect of a deduction made before the reckonable date (i.e. the date, three months after the date of the disposal, from which interest is chargeable on unpaid tax).

^(a) 1970 c. 9.

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