

2007 No. 3437

STAMP DUTY LAND TAX

**The Stamp Duty Land Tax (Zero-Carbon Homes Relief)
Regulations 2007**

Made - - - - *6th December 2007*

Coming into force - - *7th December 2007*

The Treasury make the following Regulations in exercise of the powers conferred by sections 58B and 58C of the Finance Act 2003(a).

In accordance with section 114(5) of that Act(b), a draft of this instrument was approved by a resolution of the House of Commons.

Citation, commencement and effect

1.—(1) These Regulations may be cited as the Stamp Duty Land Tax (Zero-Carbon Homes Relief) Regulations 2007 and shall come into force on the day after the day on which they are made.

(2) These Regulations shall have effect in relation to acquisitions—

- (a) made on or after 1st October 2007, and
- (b) before 1st October 2012.

Interpretation

2. In these Regulations—

“accredited assessor” means—

- (a) in England or Wales, either—
 - (i) a person who is a member of an accreditation scheme approved by the Secretary of State in relation to newly erected dwellings for the purposes of regulation 17F (1) to (3) of the Building Regulations 2000(c), or
 - (ii) where no accreditation scheme as described in paragraph (i) has yet been approved, a person who is authorised to issue ratings calculated by the Government’s Standard Assessment Procedure for Energy Rating of Dwellings (“the SAP”) by the holder of a licence granted by the Department for Environment, Food and Rural Affairs to certify that the ratings assessed under the SAP have been issued by a body authorised by the Secretary of State;

(a) 2003 c. 14; sections 58B and 58C were inserted by section 19 of the Finance Act 2007 (c.11).

(b) Subsection 114(5) was inserted by section 19 of the Finance Act 2007 (c.11).

(c) S.I. 2000/2531, as amended by S.I. 2006/652 and S.I. 2007/991. There are other amendments not relevant to these regulations.

- (b) in Scotland, the Scottish Ministers or a person who is approved by the Scottish Ministers to issue certificates for the purposes of these Regulations; and
- (c) in Northern Ireland, a person who is a member of an accreditation scheme approved by the Department of Finance and Personnel or the Department for Social Development for the purpose of assessing the energy performance of dwellings by reference to the approved methodology;

“the approved methodology” means—

- (a) the methodology for the calculation of the energy performance of buildings approved by the Secretary of State for the purposes of regulation 17A of the Building Regulations 2000; and
- (b) any further methodology for the calculation of energy performance of buildings approved by the Secretary of State under regulation 7;

“zero-carbon home” has the meaning given in regulation 5; and

“zero-carbon home certificate” means a certificate issued under regulation 6(1).

Scope of Regulations

3. These Regulations apply to a land transaction which is the first acquisition of a dwelling which is a zero-carbon home.

Relief

4.—(1) Relief from charge to stamp duty land tax shall be granted in relation to a land transaction to which these Regulations apply as follows.

This is subject to paragraph (5).

(2) Where the chargeable consideration is not more than £500,000 and does not consist of or include rent, the transaction is exempt from charge.

(3) Where the chargeable consideration includes rent and consideration other than rent and the consideration other than rent is not more than £500,000, no tax shall be chargeable in respect of the consideration other than rent.

(4) Where the chargeable consideration does not include rent and is more than £500,000, or the consideration other than rent is more than £500,000, the amount of tax chargeable shall be reduced by £15,000.

(5) Her Majesty’s Revenue and Customs may refuse relief if they have reasonable grounds to think that a dwelling is not a zero-carbon home within the meaning of these Regulations, notwithstanding that a zero-carbon home certificate has been issued in relation to that dwelling.

Zero-Carbon Home

5.—(1) “Zero-carbon home” means a dwelling that is energy efficient in relation to the aspects of energy efficiency in column 1 of the table.

(2) The evidence to be adduced to show that a dwelling satisfies each relevant aspect of energy efficiency is set out in column 2 of the table.

(3) Whether the requirements in column 2 are met shall be determined by an assessment of the dwelling by an accredited assessor.

<i>1 Aspects of energy efficiency</i>	<i>2 Evidence</i>
Heat loss parameter (“HLP”).	The HLP of the dwelling calculated in accordance with the approved methodology must be no more than 0.8 Watts per square metre Kelvin (W/m ² K).
Dwelling CO ₂ emission rate (“DER”).	The DER over the course of a year calculated in accordance with the approved methodology must be no more than zero kilograms per square metre (kg/m ² /year).
Net CO ₂ emissions.	The net CO ₂ emissions from the dwelling over the course of a year calculated in accordance with the approved methodology must be no more than zero kilograms per square metre (kg/m ² /year).

(4) In this regulation—

“dwelling CO₂ emission rate” means the annual CO₂ emissions per unit floor area for space heating, water heating, ventilation and lighting, less the emissions saved by energy generation technologies in or on the dwelling;

“heat loss parameter” means the heat loss per unit of temperature difference per unit floor area determined by the internal dimensions of surfaces bounding the dwelling, the thermal performance of the materials used in construction and the air permeability of the dwelling envelope;

“net CO₂ emissions” means—

- (a) the annual CO₂ emissions per unit floor area for space heating, water heating, ventilation and lighting, and those associated with appliances and cooking, less
- (b) the emissions saved by the use of energy generation technologies in or on the dwelling and additional allowable electricity.

(5) For the purposes of the definition of “net CO₂ emissions”—

“allowable electricity” means electricity generated from a zero-carbon energy source designed to serve the dwelling and which is conveyed to the dwelling, or to a sub-station connected directly to the dwelling, by cables used exclusively for the conveyance of electricity from that source;

“zero-carbon energy source” includes wind, photovoltaic and hydro-electric power.

Certification

6.—(1) If the dwelling satisfies the definition of zero-carbon home the accredited assessor who carried out the assessment in accordance with regulation 5(3) shall issue a zero-carbon home certificate.

(2) A zero-carbon home certificate must state—

- (a) in relation to the dwelling—
 - (i) the address of the building, including postcode,
 - (ii) that the dwelling is a zero-carbon home within the meaning of these Regulations, and
 - (iii) in relation to dwellings in England and Wales only, the unique identifying number from the energy performance certificate if an energy performance certificate has been produced;
- (b) in relation to the accredited assessor issuing the certificate—
 - (i) the accredited assessor’s full name,
 - (ii) the name and address of the accredited assessor’s employer, or if he is self-employed, the name under which he trades and his address, and

- (iii) in relation to dwellings in England and Wales only, the accreditation scheme, if any, to which the accredited assessor belongs;
 - (c) the date on which it was issued.
- (3) Within the relevant time, the vendor shall
 - (a) obtain a zero-carbon home certificate from an accredited assessor, and
 - (b) give that certificate to the purchaser.
- (4) In this regulation—
 - “energy performance certificate” has the meaning given in regulation 2 of the Energy Performance of Buildings (Certificates and Inspections) (England and Wales) Regulations 2007^(a);
 - “relevant time” means—
 - (a) in respect of a first acquisition of a zero-carbon home occurring after the coming into force of these Regulations on or before the acquisition, and
 - (b) in respect of a first acquisition of a zero-carbon home occurring before the coming into force of these Regulations but to which these Regulations apply, as soon as practicable following the coming into force of these Regulations.

Approval of methodology

7. The Secretary of State may approve a methodology for the calculation of the energy performance of dwellings for the purposes of these Regulations.

Claiming Relief

8. Any relief under these Regulations must be claimed in a land transaction return or an amendment of such a return.

Linked transactions including the first acquisition of a zero-carbon home

9. Where the first acquisition of one or more zero-carbon homes is one of a number of linked transactions —

- (a) section 55(4) of the Finance Act 2003^(b) shall not apply to that acquisition for the purpose of these Regulations; but
- (b) that acquisition shall continue to form part of the set of transactions for other purposes.

6th December 2007

Frank Roy
Alan Campbell
Two the Lords Commissioners of Her Majesty's Treasury

^(a) S.I. 2007/991, to which there are amendments not relevant to these Regulations.
^(b) 2003 c.14.

EXPLANATORY NOTE

(This note is not part of the Regulations)

These Regulations provide relief from stamp duty land tax on the first acquisition of a dwelling which is a zero-carbon home in accordance with sections 58B and 58C of the Finance Act 2003 (c. 14) (“the Act”).

Regulation 1 provides for citation, commencement and effect. The Regulations shall have effect in relation to acquisitions made on or after 1st October 2007, but before 1st October 2012. Authority for the retrospective effect is given by section 58C(7) of the Act, which provides that the relief may be granted in respect of acquisitions occurring before the date these Regulations come into force.

Regulation 2 provides for interpretation. It refers to the methodology for determining energy performance approved by the Secretary State for the Department of Communities and Local Government under regulation 17A of the Building Regulations 2000 (S.I. 2000/2531 as amended by S.I. 2006/652 and S.I. 2007/991) and to any further methodology approved by the Secretary of State for the purposes of these Regulations. It also defines accredited assessors and in that context, for England and Wales, refers to the Government’s Standard Assessment Procedure for Energy Rating of Dwellings which is published by BRE and can be found at www.bre.co.uk/sap2005.

Regulation 3 sets out the scope of the Regulations.

Regulation 4 provides for relief on a land transaction which is the first acquisition of a zero-carbon home. Where the chargeable consideration does not include rent and is no more than £500,000, the transaction is exempt from stamp duty land tax. Where the chargeable consideration includes both rent and other consideration and the consideration other than rent is no more than £500,000, no stamp duty land tax is chargeable in respect of the consideration other than rent. Where the chargeable consideration other than rent is more than £500,000, the stamp duty land tax shall be reduced by £15,000. HM Revenue and Customs may refuse relief where they have reasonable grounds for thinking that the dwelling is not a zero-carbon home, notwithstanding that a zero-carbon home certificate has been issued in respect of that dwelling.

Regulation 5 defines zero-carbon home as a dwelling which satisfies the three aspects of energy efficiency set out in column 1 of the table. These aspects are heat loss parameter, the dwelling CO₂ emission rate and net CO₂ emissions. The evidence to be adduced to show that the dwelling is energy efficient in these areas is shown in column 2. Whether these requirements are met is to be determined by an accredited assessor using the approved methodology.

Regulation 6 provides for the issue of certificates by accredited assessors confirming where a dwelling satisfies the definition of a zero-carbon home and makes provision as to the content of those certificates. The vendor shall obtain a zero-carbon home certificate and shall pass it to the purchaser on or before the acquisition of the zero-carbon home or as soon as practicable if the acquisition predates the coming into force of these Regulations.

Regulation 7 provides that the Secretary of State may approve a methodology for the calculation of the energy performance of a dwelling for the purposes of these regulations. Section 58C(2)(c) of the Act provides that the Regulations may provide for the approval of a scheme or process for certifying energy efficiency.

Regulation 8 provides that relief shall be claimed in a land transaction return or an amendment of such a return.

Regulation 9 provides that where the first acquisition of one or more zero-carbon homes is included in a number of linked transactions section 55(4) of the Act shall not have effect for the purposes of these Regulations. Section 58C(4) of the Act provides that the Regulations may modify provisions of the Act about linked transactions in relation to a set of transactions of which at least one is the first acquisition of a dwelling which is a zero-carbon home.

A full regulatory impact assessment in respect of sections 58B and 58C of the Finance Act 2003 and subordinate legislation under those sections was published by HM Revenue and Customs on 19 March 2007. It is available at <http://www.hmrc.gov.uk/ria/9-zero-carbon-homes.pdf> and is annexed to the Explanatory Memorandum which is available alongside the instrument on the OPSI website.

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