

SCHEDULE 15

RELIEF FOR CERTAIN TRANSACTIONS RELATING TO SOCIAL HOUSING

PART 4

SHARED OWNERSHIP TRUSTS

Shared ownership trusts: meaning of shared ownership trust and other key terms

- 10 (1) This paragraph applies to paragraphs 11 to 17.
- (2) A “shared ownership trust” means a trust of land within the meaning of section 1 of the [Trusts of Land and Appointment of Trustees Act 1996 \(c. 47\)](#) which satisfies the following conditions.
- (3) Condition 1 is that the trust property is—
- (a) a dwelling, and
 - (b) in Wales.
- (4) Condition 2 is that one of the beneficiaries (“the social landlord”) is a qualifying body.
- (5) Condition 3 is that the terms of the trust—
- (a) provide for one or more of the individual beneficiaries (“the buyer”) to have exclusive use of the trust property as the only or main residence of the buyer,
 - (b) require the buyer to make an initial payment to the social landlord (“the initial capital”),
 - (c) require the buyer to make additional payments to the social landlord by way of compensation under section 13(6)(a) of the [Trusts of Land and Appointment of Trustees Act 1996](#) (“the rent-equivalent payments”),
 - (d) enable the buyer to make other additional payments to the social landlord (“equity-acquisition payments”),
 - (e) determine the initial beneficial interests of the social landlord and of the buyer by reference to which the initial capital was calculated,
 - (f) specify a sum, equating or relating to the market value of the dwelling, by reference to which the initial capital was calculated, and
 - (g) provide for the buyer’s beneficial interest in the trust property to increase, and the social landlord’s to diminish or to be extinguished as equity-acquisition payments are made.
- (6) Section 70 (meaning of market value) does not apply to this paragraph.
- (7) In Condition 1, “dwelling” includes land which is to be used for the construction of a dwelling.
- (8) In Condition 2, “qualifying body” means—
- (a) a local housing authority within the meaning given by section 1 of the [Housing Act 1985 \(c. 68\)](#);
 - (b) a housing association within the meaning given by the [Housing Associations Act 1985 \(c. 69\)](#);

- (c) a housing action trust established under Part 3 of the [Housing Act 1988](#) (c. 50).

Shared ownership trust: the buyer

- 11 For the purposes of this Act, the person or persons identified as the buyer in accordance with paragraph 10, and not the social landlord or any other beneficiary is (or are) to be treated as the buyers of the trust property.

Shared ownership trust: election for market value treatment

- 12 (1) This paragraph applies where—
- (a) a shared ownership trust is declared, and
 - (b) the buyer makes an election under this paragraph.
- (2) An election for tax to be charged in accordance with this paragraph—
- (a) must be included in the return made in respect of the grant of the lease (or in an amendment to that return), and
 - (b) is irrevocable so that the return may not be amended so as to withdraw the election.
- (3) Where this paragraph applies—
- (a) the chargeable consideration for the declaration of the shared ownership trust is taken to be the amount stated in accordance with paragraph 10(5)(f), and
 - (b) no account is to be taken of the rent-equivalent payments.

Shared ownership trust transfer upon termination

- 13 The transfer to the buyer of an interest in the trust property upon the termination of the trust is relieved from tax if—
- (a) an election has been made under paragraph 12, and
 - (b) any tax chargeable in respect of the declaration of the shared ownership trust has been paid.

Shared ownership trust: staircasing transactions

- 14 (1) An equity-acquisition payment under a shared ownership trust, and the consequent increase in the buyer's beneficial interest is to be relieved from tax if—
- (a) an election has been made for relief under paragraph 12, and
 - (b) any tax chargeable in respect of the declaration of the trust has been paid.
- (2) An equity-acquisition payment under a shared ownership trust, and the consequent increase in the buyer's beneficial interest is also to be relieved from tax if following the increase the buyer's beneficial interest does not exceed 80% of the the total beneficial interest in the trust property.

Shared ownership trust: treatment of additional payments where no election made

- 15 Where no election has been made under paragraph 12 in respect of a shared ownership trust—
- (a) the initial capital is to be treated as chargeable consideration other than rent, and

Status: This is the original version (as it was originally enacted).

- (b) any rent-equivalent payment by the buyer is to be treated as a payment of rent.

Shared ownership trust: declaration not linked with staircasing etc.

- 16 For the purposes of determining the amount of tax chargeable on the declaration of a shared ownership trust, the declaration is to be treated as if it were not linked to—
- (a) any equity-acquisition payment under the trust or any consequent increase in the buyer’s beneficial interest in the trust property, or
 - (b) a transfer to the buyer of an interest in the trust property on the termination of the trust.

Rent to shared ownership trust: charge to tax

- 17 (1) The chargeable consideration for transactions forming part of a rent to shared ownership trust scheme is determined in accordance with this paragraph.
- (2) A “rent to shared ownership trust scheme” means a scheme or arrangement under which —
- (a) a qualifying body grants an occupation contract of a dwelling to a person (“the tenant”) or persons (“the tenants”), and
 - (b) the tenant, or one or more of the tenants, subsequently becomes the buyer under a shared ownership trust of the dwelling, or another dwelling, under which the qualifying body is the social landlord.
- (3) The following transactions are to be treated as if they were not linked to each other—
- (a) the grant of the occupation contract,
 - (b) the declaration of the shared ownership trust, and
 - (c) any other land transaction between the qualifying body and the tenant, or any of the tenants, entered into as part of the scheme.
- (4) In this paragraph “occupation contract” has the meaning given by Part 2 of the [Renting Homes \(Wales\) Act 2016 \(anaw 1\)](#).