



Finance Act 2002

2002 CHAPTER 23

PART 4 U.K.

STAMP DUTY AND STAMP DUTY RESERVE TAX

Stamp duty

113 Withdrawal of relief for company acquisitions U.K.

(1) This section applies where—

- (a) an instrument (“the relevant instrument”) transferring land in the United Kingdom from one company to another company (“the acquiring company”) has been stamped on the basis that relief under section 76 of the Finance Act 1986 (c. 41) (“section 76 relief”) applies,
- (b) before the end of the period of [^{F1}three years] beginning with the date on which the instrument was executed control of the acquiring company changes, and
- (c) at the time control of that company changes the acquiring company [^{F2}or a relevant associated company] holds an estate or interest in land—
 - (i) that was transferred [^{F3}to the acquiring company] by the relevant instrument, or
 - (ii) that is derived from an estate or interest so transferred,[^{F4}and that has not subsequently been transferred at market value by a duly stamped instrument on which *ad valorem* duty was paid and in respect of which section 76 relief was not claimed].

(2) In those circumstances—

- (a) section 76 relief in relation to the relevant instrument, or an appropriate proportion of it, is withdrawn, and
- (b) the additional stamp duty that would have been payable on stamping the relevant instrument but for section 76 relief if the estate or interest in land transferred by that instrument had been transferred at market value, or an

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appropriate proportion of that additional duty, is payable by the acquiring company within 30 days after control of that company changes.

- (3) In subsection (2)(a) and (b) “an appropriate proportion” means an appropriate proportion having regard to what was transferred by the relevant instrument and [^{F5}what is held by that company or, as the case may be, by that company and any relevant associated companies] at the time control of it changes.
- [^{F6}(3A) In this section “relevant associated company”, in relation to the acquiring company, means a company—
- (a) that is controlled by the acquiring company immediately before the control of that company changes, and
 - (b) of which control changes in consequence of the change of control of that company.]
- (4) In this section—
- (a) references to the transfer of land include the grant or surrender of an estate or interest in or over land;
 - (b) “control” shall be construed in accordance with section 416 of the Taxes Act 1988; and
 - (c) references to control of a company changing are to the company becoming controlled—
 - (i) by a different person,
 - (ii) by a different number of persons, or
 - (iii) by two or more persons at least one of whom is not the person, or one of the persons, by whom the company was previously controlled.
- (5) Schedule 35 to this Act contains provisions supplementing this section.
- (6) Where the relevant instrument transfers land in the United Kingdom together with other property, the provisions of this section and of Schedule 35 apply as if there were two separate instruments, one relating to land in the United Kingdom and the other relating to other property.
- (7) This section applies where the relevant instrument is executed after 23rd April 2002.
- (8) But this section does not apply to an instrument giving effect to a contract made on or before 17th April 2002, unless—
- (a) the instrument is made in consequence of the exercise after that date of any option, right of pre-emption or similar right, or
 - (b) the instrument transfers the property in question to, or vests it in, a person other than the purchaser under the contract because of an assignment (or, in Scotland, assignation) or further contract made after that date.
- (9) This section shall be deemed to have come into force on 24th April 2002.

Textual Amendments

- F1** Words in s. 113(1)(b) substituted (retrospective to 15.4.2003) by [Finance Act 2003 \(c. 14\), s. 127\(2\)\(9\)](#) (with [s. 127\(7\)\(8\)](#))
- F2** Words in s. 113(1)(c) inserted (retrospective to 15.4.2003) by [Finance Act 2003 \(c. 14\), s. 127\(3\)\(a\)\(9\)](#) (with [s. 127\(7\)\(8\)](#))
- F3** Words in s. 113(1)(c)(i) substituted (retrospective to 15.4.2003) by [Finance Act 2003 \(c. 14\), s. 127\(3\)\(b\)\(9\)](#) (with [s. 127\(7\)\(8\)](#))

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- F4** Words in s. 113(1)(c) substituted (retrospective to 15.4.2003) by [Finance Act 2003 \(c. 14\), s. 127\(3\)\(c\)\(9\)](#) (with s. [127\(7\)\(8\)](#))
- F5** Words in s. 113(3) substituted (retrospective to 15.4.2003) by [Finance Act 2003 \(c. 14\), s. 127\(4\)\(9\)](#) (with s. [127\(7\)\(8\)](#))
- F6** S. 113(3A) inserted (retrospective to 15.4.2003) by [Finance Act 2003 \(c. 14\), s. 127\(5\)\(9\)](#) (with s. [127\(7\)\(8\)](#))

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Changes to legislation:

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