Finance Act 2013

2013 CHAPTER 29

PART 3

ANNUAL TAX ON ENVELOPED DWELLINGS

The charge to tax

94 Charge to tax

(1) A tax (called "annual tax on enveloped dwellings") is to be charged in accordance with this Part.

(2) Tax is charged in respect of a chargeable interest if on one or more days in a chargeable period—

(a) the interest is a single-dwelling interest and has a taxable value of more than £2 million, and

(b) a company, partnership or collective investment scheme meets the ownership condition with respect to the interest.

(3) The tax is charged for the chargeable period concerned.

(4) A company meets the ownership condition with respect to a single-dwelling interest on any day on which the company is entitled to the interest (otherwise than as a member of a partnership or for the purposes of a collective investment scheme).

(5) A partnership meets the ownership condition with respect to a single-dwelling interest on any day on which a member of the partnership that is a company is entitled to the interest (as a member of the partnership).

(6) A collective investment scheme meets the ownership condition with respect to a single-dwelling interest on any day on which the interest is held for the purposes of the scheme.

(7) If a company is jointly entitled to a chargeable interest (as a member of a partnership or otherwise), then regardless of whether the company is entitled as a joint tenant

or tenant in common (or, in Scotland, as a joint owner or owner in common) the ownership condition is regarded as met in relation to the whole chargeable interest.

(8) The chargeable periods are—
  (a) the period beginning with 1 April 2013 and ending with 31 March 2014, and
  (b) each subsequent period of 12 months beginning with 1 April.

(9) See also section 95.

95 Entitlement to interests

(1) In this Part "entitled" means beneficially entitled—
  (a) whether solely or jointly with another person, and
  (b) whether as a member of a partnership or otherwise.

This is subject to subsection (2).

(2) References in this Part to entitlement to a single-dwelling interest (or any other chargeable interest) do not include—
  (a) entitlement in the capacity of a trustee or personal representative, or
  (b) entitlement as a beneficiary under a settlement.

(3) Subsection (1)(b) does not apply where the contrary is specified.

(4) In this section "settlement" has the same meaning as in Part 4 of FA 2003 (see paragraph 1 of Schedule 16 to that Act).

96 Person liable

(1) The chargeable person is liable to pay tax charged under this Part.

(2) "The chargeable person" means—
  (a) in relation to tax charged by virtue of section 94(4), the company;
  (b) in relation to tax charged by virtue of section 94(5), the responsible partners.

(3) In relation to tax charged by virtue of section 94(6) "the chargeable person" means—
  (a) if the collective investment scheme is a unit trust scheme, the trustee of the scheme;
  (b) if the collective investment scheme is an open-ended investment company, the body corporate referred to in section 236(2) of the Financial Services and Markets Act 2000;
  (c) in relation to an EEA UCITS which is not an open-ended investment company or unit trust scheme, the management company for that UCITS;
  (d) in any other case, the person who has day-to-day control over the management of the property subject to the scheme.

(4) The liability of the responsible partners to pay tax charged on them under this Part is joint and several.

(5) References in this section to "the responsible partners" are to all the persons who are members of the partnership concerned on the first day in the chargeable period on which the partnership meets the ownership condition with respect to the single-dwelling interest.

(6) Tax charged under this Part is said to be "charged on" the chargeable person (and that person is said to be "chargeable to" the tax).

97 Liability of persons jointly entitled

(1) Subsection (2) applies if—

(a) a company is within the charge for a chargeable period with respect to a single-dwelling interest by virtue of section 96(2)(a), and

(b) one or more other persons are jointly entitled to the interest on the first day in that period on which the company is within the charge with respect to it.

(2) The company and the other person or persons are jointly and severally liable for the tax charged for that period with respect to the interest (whether or not those other persons are also within the charge with respect to the interest on the day in question).

(3) Subsection (4) applies if—

(a) a company that is a member of a partnership is entitled (as a member of the partnership) to a single-dwelling interest on a day in a chargeable period, and

(b) as a result, the responsible partners are within the charge with respect to the interest for the period.

(4) If, on the first day in the chargeable period on which the responsible partners are within the charge a person ("P") who is not one of the responsible partners is jointly entitled to the chargeable interest, P and the responsible partners are jointly and severally liable for the tax charged for the period with respect to the interest (whether or not P is also within the charge with respect to the interest on the day in question).

98 Collective investment schemes: liability for and collection of tax

(1) Subsection (2) applies where tax is charged for a chargeable period with respect to a single-dwelling interest by virtue of section 94(6).

(2) The persons who are major participants in the scheme on the first day of the chargeable period on which the chargeable person is within the charge with respect to the interest are jointly and severally liable with the chargeable person for the tax charged.

(3) Subsection (2) does not permit the recovery from a major participant of an amount exceeding the market value of the participant's holding in the scheme.

(4) The reference in subsection (3) to a participant's holding in a collective investment scheme is to the interests or rights by virtue of which the participant takes part in the scheme.

(5) Tax chargeable by virtue of section 94(6) may be recovered from the depositary (if any) of a collective investment scheme, but only up to the amount or value of any money or other property subject to the scheme that has been entrusted to the depositary for safekeeping.

(6) The depositary—

(a) may retain out of any money entrusted to it as mentioned in subsection (5) enough money to pay that tax, and

(b) is entitled to be fully reimbursed by the participants in the scheme (by that method or another) for amounts recovered under subsection (5).

(7) In this section—

(a) "depositary", in relation to a collective investment scheme (other than a unit trust scheme), has the meaning given by section 237(2) of the Financial Services and Markets Act 2000;

(b) "major participant", in relation to a collective investment scheme, is to be read in accordance with section 136(4);

(c) "participant", in relation to a collective investment scheme, is to be read in accordance with section 235 of the Financial Services and Markets Act 2000.

(8) For the purposes of this Part "market value" is to be determined as for the purposes of TCGA 1992 (see, particularly, section 272 of that Act).

99 Amount of tax chargeable

(1) The amount of tax charged for a chargeable period with respect to a single-dwelling interest is stated in subsection (2) or (3).

(2) If the chargeable person is within the charge with respect to the single-dwelling interest on the first day of the chargeable period, the amount of tax charged is equal to the annual chargeable amount.

(3) Otherwise, the amount of tax charged is equal to the relevant fraction of the annual chargeable amount.

(4) The annual chargeable amount for a single-dwelling interest and a chargeable period is determined in accordance with the following table, by reference to the taxable value of the interest on the relevant day.

Annual chargeable amount	*Taxable value of the interest on the relevant day*
£15,000	More than £2 million but not more than £5 million.
£35,000	More than £5 million but not more than £10 million.
£70,000	More than £10 million but not more than £20 million.
£140,000	More than £20 million.

(5) The "relevant day" is—

(a) for the purposes of subsection (2), the first day of the chargeable period;

(b) for the purposes of subsection (3), the first day in the chargeable period on which the chargeable person is within the charge with respect to the interest.

(6) The relevant fraction is—

$$\frac{N}{Y}$$

where—

"N" is the number of days from (and including) the relevant day to the end of the chargeable period;

"Y" is the number of days in the chargeable period.

(7) See also—

(a) section 100 (interim relief), and

(b) section 106 (adjustment of amount chargeable).

100 Interim relief

(1) Where tax is charged for a chargeable period with respect to a single-dwelling interest, the chargeable person may claim relief before the end of the chargeable period if—

(a) one or more days in the period is relievable with respect to the interest (by virtue of any of sections 133 to 150),

(b) one or more days in the chargeable period (after the first day in the period on which the chargeable person is within the charge with respect to the interest) are days on which the chargeable person is not within the charge with respect to the interest, or

(c) the taxable value of the single-dwelling interest on the first day in the chargeable period on which the chargeable person is within the charge with respect to the interest is higher than its taxable value on a later day in the chargeable period on which the chargeable person remains within the charge with respect to the interest.

(2) Relief under this section is called "interim relief", and must be claimed—

(a) in an annual tax on enveloped dwellings return, or

(b) by amending such a return.

(3) Where interim relief is claimed under this section, section 163(1) (payment of tax by filing date for annual tax on enveloped dwellings return) has effect as if the amount of tax charged with respect to the single-dwelling interest were the sum of amounts A and B.

(4) Amount A is the total of all the daily amounts for days in the pre-claim period on which the chargeable person is within the charge with respect to the single-dwelling interest, other than days that are relievable with respect to the single-dwelling interest.

(5) Amount B is zero if—

(a) the day of the claim is relievable with respect to the single-dwelling interest by virtue of any of sections 133 to 150, or

(b) the chargeable person is not within the charge with respect to the single-dwelling interest on the day of the claim.

(6) Otherwise, amount B is the appropriate fraction of the annual chargeable amount for the single-dwelling interest.

For this purpose the annual chargeable amount is determined (under section 99(4)) on the basis that the day of the claim is the relevant day.

(7) In subsection (6) "appropriate fraction" means—

$$\frac{X}{Y}$$

where—

"X" is the number of days in the period beginning with the day of the claim and ending at the end of the chargeable period, and

"Y" is the number of days in the chargeable period.

(8) In this section—

"day of the claim" means the day on which the return mentioned in subsection (2)(a), or notice of the amendment made under subsection (2)(b), is delivered to HMRC;

"pre-claim period" means the period—

(a) beginning with the first day in the chargeable period mentioned in subsection (1) on which the chargeable person is within the charge with respect to the single-dwelling interest, and

(b) ending with the day before the day of the claim.

(9) See sections 105 and 106 for provision about the adjustment of the amount of tax charged.

101 Indexation of annual chargeable amounts

(1) If the consumer prices index for September in 2013 or any later year ("the later year") is higher than it was for the previous September, section 99(4) applies in relation to chargeable periods beginning on or after 1 April in the year after the later year with the following amendments.

(2) For each of the annual chargeable amounts stated in the table in section 99(4) (as it applies in relation to chargeable periods beginning in the previous 12 months) there is substituted the indexed amount.

(3) "The indexed amount" is found by—

(a) increasing the previous amount by the same percentage increase as the percentage increase in the consumer prices index, and

(b) rounding down the result to the nearest multiple of £50.

(4) In this section "consumer prices index" means the all items consumer prices index published by the Statistics Board.

(5) The Treasury must, before 1 April 2014 and before each subsequent 1 April, make an order stating the amounts that by virtue of this section are to be the annual chargeable amounts for chargeable periods beginning on or after that date.

102 Taxable value

(1) The taxable value of a single-dwelling interest on any day ("the relevant day") is equal to its market value at the end of the latest day that—

(a) falls on or before that day, and

(b) is a valuation date in the case of that interest.

(2) Each of the following is a valuation date in the case of any single-dwelling interest—

(a) 1 April 2012;

(b) each 1 April falling 5 years, or a multiple of 5 years, after 1 April 2012.

(3) The following are also valuation dates in the case of any single-dwelling interest to which a company is entitled on the relevant day (otherwise than as a member of a partnership)—

(a) the effective date of any substantial acquisition by the company of a chargeable interest in or over the dwelling concerned;

(b) the effective date of any substantial disposal of part (but not the whole) of the single-dwelling interest.

(4) The following are also valuation dates in the case of any single-dwelling interest to which a company is entitled on the relevant day as a member of a partnership—

(a) the effective date of any substantial acquisition as a result of which a chargeable interest in or over the dwelling concerned became an asset of the partnership,

(b) the effective date of any substantial disposal of part (but not the whole) of the single-dwelling interest.

(5) The following are also valuation dates in the case of any single-dwelling interest that is on the relevant day held for the purposes of a collective investment scheme—

(a) the effective date of any substantial acquisition, made for the purposes of the scheme, of a chargeable interest in or over the dwelling concerned;

(b) the effective date of any substantial disposal of part (but not the whole) of the single-dwelling interest.

(6) In this section references to a disposal of part of a single-dwelling interest include the grant of a chargeable interest out of the single-dwelling interest.

(7) The grant of an option does not count as the grant of a chargeable interest for the purposes of subsection (6).

103 Section 102: "substantial" acquisitions and disposals

(1) For the purposes of section 102—

(a) the acquisition of a chargeable interest in a dwelling is a "substantial acquisition" only if the chargeable consideration for the acquisition is £40,000 or more;

(b) the disposal of part (but not the whole) of a single-dwelling interest is a "substantial disposal" only if the chargeable consideration for the acquisition of the chargeable interest by the person acquiring it is £40,000 or more.

(2) If the acquisition mentioned in subsection (1)(a) is a transaction between persons who are connected with each other or not acting at arm's length, subsection (1)(a) applies as if the reference to the chargeable consideration for the acquisition were to the market value of the chargeable interest acquired.

(3) If the disposal mentioned in subsection (1)(b) is a transaction between persons who are connected with each other or not acting at arm's length, subsection (1)(b) applies as if the reference to the chargeable consideration for the acquisition in question were to the market value of the part of the single-dwelling interest disposed of.

(4) The chargeable consideration for the acquisition mentioned in subsection (1)(a) is taken to include the chargeable consideration for any linked acquisition of a chargeable interest in or over the same dwelling.

(5) The chargeable consideration for the transaction mentioned in subsection (1)(b) is taken to include the chargeable consideration for any linked disposal of part (but not the whole) of the single-dwelling interest concerned.

(6) For the purposes of subsection (2) the market value of the chargeable interest acquired is taken to be the sum of the market values of that chargeable interest and any chargeable interest in or over the same dwelling that is acquired in a linked transaction.

(7) For the purposes of subsection (3) the market value of the part of the single-dwelling interest disposed of is taken to be the sum of the market values of that chargeable interest and any chargeable interest in or over the same dwelling that is disposed of in a linked transaction.

(8) For the purposes of this section two or more transactions are "linked" if they form part of a single scheme, arrangement or series of transactions between the same vendor and purchaser or, in either case, persons connected with them.

(9) In this section "chargeable consideration", "purchaser" and "vendor" have the same meaning as in Part 4 of FA 2003.

(10) In this section references to a disposal of part of a single-dwelling interest include the grant of a chargeable interest out of the single-dwelling interest.

104 No double charge

Tax in respect of a given single-dwelling interest is charged only once for any chargeable day even if more than one person is "the chargeable person" with respect to the tax charged.