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STATUTORY INSTRUMENTS

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**2006 No. 875**

**TAXES**

**STAMP DUTY LAND TAX**

The Stamp Duty Land Tax (Amendment to  
the Finance Act 2003) Regulations 2006

<i>Made</i>	- - - -	<i>22nd March 2006</i>
<i>Laid before the House of Commons</i>	- - - -	<i>22nd March 2006</i>
<i>Coming into force</i>	- -	<i>12th April 2006</i>

The Treasury, in exercise of the powers conferred by section 50(2) and (3) of the Finance Act 2003<sup>(1)</sup>, makes the following Regulations:

**Citation, commencement and effect**

1.—(1) These Regulations may be cited as the Stamp Duty Land Tax (Amendment to the Finance Act 2003) Regulations 2006 and shall come into force on 12th April 2006.

(2) These Regulations have effect in relation to land transactions with an effective date (within the meaning of Part 4 of the Finance Act 2003) on or after the day these Regulations come into force.

**Amendment to the Finance Act 2003**

2. Part 4 of the Finance Act 2003 is amended as follows.

3. In Schedule 4 (chargeable consideration for the purposes of stamp duty land tax) after paragraph 16 insert—

“Purchaser bearing inheritance tax liability

**16A.** Where—

(a) there is a land transaction that is—

- (i) a transfer of value within section 3 of the Inheritance Tax Act 1984<sup>(2)</sup> (transfers of value), or
  - (ii) a disposition, effected by will or under the law of intestacy, of a chargeable interest comprised in the estate of a person immediately before his death,
- and
- (b) the purchaser is or becomes liable to pay, agrees to pay or does in fact pay any inheritance tax due in respect of the transfer or disposition,
- his liability, agreement or payment does not count as chargeable consideration for the transaction.

#### Purchaser bearing capital gains tax liability

##### **16B.**—(1) Where—

- (a) there is a land transaction under which the chargeable interest in question—
    - (i) is acquired otherwise than by a bargain made at arm's length, or
    - (ii) is treated by section 18 of the Taxation of Chargeable Gains Act 1992<sup>(3)</sup> (connected persons) as so acquired,
- and
- (b) the purchaser is or becomes liable to pay, or does in fact pay, any capital gains tax due in respect of the corresponding disposal of the chargeable interest,
- his liability or payment does not count as chargeable consideration for the transaction.

(2) Sub-paragraph (1) does not apply if there is chargeable consideration for the transaction (disregarding the liability or payment referred to in sub-paragraph (1)(b)).

#### Costs of enfranchisement

**16C.** Costs borne by the purchaser under section 9(4) of the Leasehold Reform Act 1967<sup>(4)</sup> or section 33 of the Leasehold Reform, Housing and Urban Development Act 1993<sup>(5)</sup> (costs of enfranchisement) do not count as chargeable consideration.”

**4.**—(1) In Schedule 17A (further provisions relating to leases) in paragraph 10(1) (tenants' obligations etc that do not count as chargeable consideration) after paragraph (e) insert—

- “(f) any liability of the tenant for costs under section 14(2) of the Leasehold Reform Act 1967 or section 60 of the Leasehold Reform, Housing and Urban Development Act 1993 (costs to be borne by person exercising statutory right to be granted lease);
- (g) any other obligation of the tenant to bear the landlord's reasonable costs or expenses of or incidental to the grant of a lease;
  - (h) any obligation under the lease to transfer to the landlord, on the termination of the lease, payment entitlements granted to the tenant under the single payment scheme (that is, the scheme of income support for farmers in pursuance of Title III of Council Regulation (EC) No 1782/2003<sup>(6)</sup>) in respect of land subject to the lease.”

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(2) 1984 c. 51. By virtue of section 100(1) and (2) of the Finance Act 1986 (c. 41), on and after 25th July 1986 the Capital Transfer Act 1984 may be cited as the Inheritance Tax Act 1984, and any reference in that Act to capital transfer tax is to have effect as a reference to inheritance tax, except where the reference relates to a liability to tax arising before 25th July 1986.

(3) 1992 c. 12.

(4) 1967 c. 88.

(5) 1993 c. 28.

(6) O.J. No. L 270, 21.10.2003, p.1, as last amended by Council Regulation (EC) No. 864/2004 (O.J. No. L 161, 30.4.2004, p.48 as corrected by a corrigendum at O.J. No. L 206, 9.6.2004, p.20).

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**Status:** This is the original version (as it was originally made). This item of legislation is currently only available in its original format.

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22th March 2006

*Tom Watson*  
*Dave Watts*  
Two of the Lords Commissioners of Her  
Majesty's Treasury

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## EXPLANATORY NOTE

*(This note is not part of the Regulations)*

These Regulations amend Schedule 4 (chargeable consideration for the purposes of stamp duty land tax) and Schedule 17A (further provisions relating to leases) to the Finance Act 2003 (c. 14) to provide that certain amounts do not count as chargeable consideration for the purposes of stamp duty land tax.

Regulation 1 provides for the citation, commencement and effect of the instrument.

Regulation 2 introduces the amendments.

Regulation 3 amends Schedule 4 in relation to land transactions where the purchaser bears any inheritance tax, capital gains tax or costs of enfranchisement.

Regulation 4 amends Schedule 17A in relation to the grant of leases where the tenant bears the costs of the grant and where the lease includes a covenant that any payment entitlement pursuant to Council Regulation (EC) No 1782/2003 (establishing common rules for direct support under the common agricultural policy and establishing certain support schemes for farmers) be transferred to the landlord on the termination of the lease.

These Regulations do not impose any new costs on business.