# Finance Act 2002

## 2002 CHAPTER 23

## PART 4

### STAMP DUTY AND STAMP DUTY RESERVE TAX

*Stamp duty*

### F1 110 Land in disadvantaged areas

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**Textual Amendments**

**F1** S. 110 omitted (with effect in accordance with Sch. 39 para. 10(1) of the amending Act) by virtue of Finance Act 2012 (c. 14), **Sch. 39 para. 7(2)(a)** (with Sch. 39 paras. 11-13)

### 111 Withdrawal of group relief

(1) This section applies where—

(a) an instrument ("the relevant instrument") transferring land in the United Kingdom from one company ("the transferor company") to another ("the transferee company") has been stamped on the basis that group relief applies,

(b) before the end of the period of **[**F2three years**]** beginning with the date on which the instrument was executed the transferee company ceases to be a member of the same group as the transferor company, and

(c) at the time when **[**F3the transferee company ceases**]** to be a member of the same group as the transferor company **[**F4it or a relevant associated company holds**]** an estate or interest in land—

(i) that was transferred **[**F5to the transferee company**]** by the relevant instrument, or

(ii) that is derived from an estate or interest that was so transferred, [F6 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 group relief was not claimed].

(2) In those circumstances—

(a) group relief in relation to the relevant instrument, or an appropriate proportion of it, is withdrawn, and

(b) the stamp duty that would have been payable on stamping the relevant instrument but for group relief if the estate or interest in land transferred by that instrument had been transferred at market value, or an appropriate proportion of the duty that would have been so paid, is payable by the transferee company within 30 days after that company ceases to be a member of the same group as the transferor company.

(3) In subsection (2)(a) and (b) "an appropriate proportion" means an appropriate proportion having regard to what was transferred [F7 to the transferee company] by the relevant instrument and [F8 what is held by that company or, as the case may be, that company and any relevant associated companies, at the time it or they cease to be members] of the same group as the transferor company.

(4) In this section "group relief" means relief under any of the following provisions—

(a) section 42 of the Finance Act 1930 (c. 28) or section 11 of the Finance Act (Northern Ireland) 1954 (c. 23 (N.I.)) (transfer of property between associated bodies corporate);

(b) section 151 of the Finance Act 1995 (c. 4) (leases etc between associated bodies corporate).

[F9 (4A) In this section "relevant associated company", in relation to the transferee company, means a company that—

(a) is a member of the same group as the transferee company immediately before that company ceases to be a member of the same group as the transferor company, and

(b) ceases to be a member of the same group as the transferor company in consequence of the transferee company so ceasing.]

(5) 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) "company" includes any body corporate; and

(c) references to a company being in the same group as another company are to the companies being associated bodies corporate within the meaning of the relevant group relief provision.

(6) Schedule 34 to this Act contains provisions supplementing this section.

(7) Where the relevant instrument transfers land in the United Kingdom together with other property, the provisions of this section and of Schedule 34 apply as if there were two separate instruments, one relating to land in the United Kingdom and the other relating to other property.

(8) This section applies where the relevant instrument is executed after 23rd April 2002.

(9) 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.

(10) This section shall be deemed to have come into force on 24th April 2002.

**Textual Amendments**

**F2** Words in s. 111(1)(b) substituted (retrospective to 15.4.2003) by Finance Act 2003 (c. 14), **s. 126(2)**(11) (with s. 126(9)(10))

**F3** Words in s. 111(1)(c) substituted (retrospective to 15.4.2003) by Finance Act 2003 (c. 14), **s. 126(3)(a)(i)**(11) (with s. 126(9)(10))

**F4** Words in s. 111(1)(c) substituted (retrospective to 15.4.2003) by Finance Act 2003 (c. 14), **s. 126(3)(a)(ii)**(11) (with s. 126(9)(10))

**F5** Words in s. 111(1)(c)(i) substituted (retrospective to 15.4.2003) by Finance Act 2003 (c. 14), **s. 126(3)(b)**(11) (with s. 126(9)(10))

**F6** Words in s. 111(1)(c) substituted (retrospective to 15.4.2003) by Finance Act 2003 (c. 14), **s. 126(3)(c)**(11) (with s. 126(9)(10))

**F7** Words in s. 111(3) inserted (retrospective to 15.4.2003) by Finance Act 2003 (c. 14), **s. 126(4)(a)**(11) (with s. 126(9)(10))

**F8** Words in s. 111(3) substituted (retrospective to 15.4.2003) by Finance Act 2003 (c. 14), **s. 126(4)(b)**(11) (with s. 126(9)(10))

**F9** S. 111(4A) inserted (retrospective to 15.4.2003) by Finance Act 2003 (c. 14), **s. 126(5)**(11) (with s. 126(9)(10))

## [F10]112 Restriction of relief for company acquisitions

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**Textual Amendments**

**F10** S. 112 omitted (with effect in accordance with Sch. 39 para. 10(1) of the amending Act) by virtue of Finance Act 2012 (c. 14), **Sch. 39 para. 5(2)(d)** (with Sch. 39 paras. 11-13)

## [F11]113 Withdrawal of relief for company acquisitions

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**Textual Amendments**

**F11** S. 113 repealed (with effect in accordance with Sch. 39 para. 10(1) of the amending Act) by Finance Act 2012 (c. 14), **Sch. 39 para. 5(1)(b)** (with Sch. 39 paras. 11-13)

## 114 Penalties for late stamping

(1) Section 15B of the Stamp Act 1891 (c. 39) (late stamping: penaties) is amended as follows.

(2) In subsection (1)—

(a) in paragraph (a) (penalty where instrument not stamped within 30 days of execution), after "is executed in the United Kingdom" insert " or relates to land in the United Kingdom ";

(b) in paragraph (b) (penalty where instrument not stamped within 30 days of instrument being first received in the United Kingdom), after "is executed outside the United Kingdom" insert " and does not relate to land in the United Kingdom ".

(3) After that subsection insert—

"(1A) For the purposes of subsection (1) every instrument that (whether or not it also relates to any other transaction) relates to a transaction which to any extent involves land in the United Kingdom is an instrument relating to land in the United Kingdom.".

(4) This section applies in relation to instruments executed on or after the day on which this Act is passed.

**115 Contracts for the sale of an estate or interest in land chargeable as conveyances**

(1) This section applies to a contract or agreement for the sale of an estate or interest in land in the United Kingdom where—

(a) the amount or value of the consideration exceeds £10 million, or

(b) the instrument forms part of a larger transaction or series of transactions in respect of which the amount or value, or aggregate amount or value, of the consideration exceeds £10 million.

(2) If, in the case of such a contract or agreement that is not otherwise chargeable to stamp duty, a conveyance or transfer made in conformity with the contract or agreement is not presented to the Commissioners for stamping with the *ad valorem* duty chargeable on it—

(a) within the period of 90 days after the execution of the contract or agreement, or

(b) within such longer period as the Commissioners may think reasonable in the circumstances of the case,

the contract or agreement shall be chargeable with the same *ad valorem* duty, to be paid by the purchaser, as if it were an actual conveyance on sale of the estate or interest contracted or agreed to be sold.

(3) The Commissioners—

(a) may refuse to allow a longer period unless they are provided with a copy of the contract or agreement and such other evidence as they may reasonably require as to the facts and circumstances relevant to their decision,

(b) may allow a longer period subject to compliance with such conditions as they think fit, and

(c) shall not allow any longer period if it appears to them that the whole, or substantially the whole, of the intended consideration has been paid or transferred.

(4) Where an instrument to which this section applies is presented for stamping before the end of the period mentioned in subsection (2)—

(a) any adjudication to the effect that stamp duty is not chargeable does not affect the operation of this section, and

(b) the fact that duty may be chargeable under this section may be denoted on the instrument in such manner as the Commissioners think fit.

(5) Where an instrument is chargeable with duty under this section—

(a) section 14(4) of the Stamp Act 1891 (c. 39) (inadmissibility of unstamped instruments) does not apply in relation to it until after the end of the period mentioned in subsection (2) above, and

(b) sections 15A and 15B of that Act (late stamping: interest and penalties), apply in relation to it as if it had been executed at the end of that period.

(6) The *ad valorem* duty paid upon a contract or agreement under this section shall be repaid by the Commissioners if the contract or agreement is afterwards rescinded or annulled or is for any other reason not substantially performed or carried into effect.

(7) Schedule 36 contains provisions supplementing this section.

(8) This section and that Schedule apply to contracts or agreements executed after the day on which this Act is passed.

## 116 Abolition of duty on instruments relating to goodwill

(1) No stamp duty is chargeable on an instrument for the sale, transfer or other disposition of goodwill.

(2) Schedule 37 to this Act contains provisions supplementing this section.

(3) This section and that Schedule shall be construed as one with the Stamp Act 1891 (c. 39).

(4) This section applies to instruments executed on or after 23rd April 2002.

(5) This section shall be deemed to have come into force on that date.

*Stamp duty and stamp duty reserve tax*

## [F12]117 Power to extend exceptions relating to recognised exchanges

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**Textual Amendments**

**F12** S. 117 repealed (11.8.2005) by Finance (No. 2) Act 2005 (c. 22), s. 50(6), **Sch. 11 Pt. 3(2)**; S.I. 2005/2007, art. 2

**Status:**
Point in time view as at 17/07/2012.

**Changes to legislation:**
There are currently no known outstanding effects for the Finance Act 2002, Part 4.