



Finance Act 2003

2003 CHAPTER 14

PART 4

STAMP DUTY LAND TAX

Land transactions

43 Land transactions

- (1) In this Part a “land transaction” means any acquisition of a chargeable interest. As to the meaning of “chargeable interest” see section 48.
- (2) Except as otherwise provided, this Part applies however the acquisition is effected, whether by act of the parties, by order of a court or other authority, by or under any statutory provision or by operation of law.
- (3) For the purposes of this Part—
 - (a) the creation of a chargeable interest is—
 - (i) an acquisition by the person becoming entitled to the interest created, and
 - (ii) a disposal by the person whose interest or right is subject to the interest created;
 - (b) the surrender or release of a chargeable interest is—
 - (i) an acquisition of that interest by any person whose interest or right is benefitted or enlarged by the transaction, and
 - (ii) a disposal by the person ceasing to be entitled to that interest; ^{F1}...
 - (c) the variation of a chargeable interest [^{F2}(other than a lease)] is—
 - (i) an acquisition of a chargeable interest [^{F2}(other than a lease)] by the person benefitting from the variation, and
 - (ii) a disposal of a chargeable interest [^{F2}(other than a lease)] by the person whose interest is subject to or limited by the variation.
 - ^{F3}(d) the variation of a lease is an acquisition and disposal of a chargeable interest only where

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[it takes effect, or is treated for the purposes of this Part, as the grant^{F4}(i)] of a new lease^{F5}, or

(ii) paragraph 15A of Schedule 17A (reduction of rent or term) applies.]]

- (4) References in this Part to the “purchaser” and “vendor”, in relation to a land transaction, are to the person acquiring and the person disposing of the subject-matter of the transaction.

These expressions apply even if there is no consideration given for the transaction.

- (5) A person is not treated as a purchaser unless he has given consideration for, or is a party to, the transaction.
- (6) References in this Part to the subject-matter of a land transaction are to the chargeable interest acquired (the “main subject-matter”), together with any interest or right appurtenant or pertaining to it that is acquired with it.

Textual Amendments

- F1** Word in s. 43(3) repealed (with effect in accordance with Sch. 39 para. 13 of the amending Act) by [Finance Act 2004 \(c. 12\)](#), [Sch. 42 Pt. 4\(2\)](#)
- F2** Words in s. 43(3)(c) inserted (with effect in accordance with Sch. 39 para. 13(3)-(6) of the amending Act) by [Finance Act 2004 \(c. 12\)](#), [Sch. 39 para. 2\(a\)](#)
- F3** S. 43(3)(d) inserted (with effect in accordance with Sch. 39 para. 13(3)-(6) of the amending Act) by [Finance Act 2004 \(c. 12\)](#), [Sch. 39 para. 2\(b\)](#)
- F4** Words in s. 43(3)(d) renumbered as s. 43(3)(d)(i) (with effect in accordance with s. 297(9) of the amending Act) by [Finance Act 2004 \(c. 12\)](#), [s. 297\(2\)](#)
- F5** S. 43(3)(d)(ii) and word inserted (with effect in accordance with s. 297(9) of the amending Act) by [Finance Act 2004 \(c. 12\)](#), [s. 297\(2\)](#)

Commencement Information

- I1** Pt. 4 wholly in force at Royal Assent subject to Sch. 19, see s. 124, Sch. 19 para. 1(1)

44 Contract and conveyance

- (1) This section applies where a contract for a land transaction is entered into under which the transaction is to be completed by a conveyance.
- (2) A person is not regarded as entering into a land transaction by reason of entering into the contract, but the following provisions have effect.
- (3) If the transaction is completed without previously having been substantially performed, the contract and the transaction effected on completion are treated as parts of a single land transaction. In this case the effective date of the transaction is the date of completion.
- (4) If the contract is substantially performed without having been completed, the contract is treated as if it were itself the transaction provided for in the contract.

In this case the effective date of the transaction is when the contract is substantially performed.

- (5) A contract is “substantially performed” when—

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- (a) the purchaser^[F6], or a person connected with the purchaser,] takes possession of the whole, or substantially the whole, of the subject-matter of the contract, or
 - (b) a substantial amount of the consideration is paid or provided.
- (6) For the purposes of subsection (5)(a)—
- [^{F7}(a) possession includes receipt of rents and profits or the right to receive them, and]
 - (b) it is immaterial whether [^{F8}possession is taken] under the contract or under a licence or lease of a temporary character.
- (7) For the purposes of subsection (5)(b) a substantial amount of the consideration is paid or provided—
- (a) if none of the consideration is rent, where the whole or substantially the whole of the consideration is paid or provided;
 - (b) if the only consideration is rent, when the first payment of rent is made;
 - (c) if the consideration includes both rent and other consideration, when—
 - (i) the whole or substantially the whole of the consideration other than rent is paid or provided, or
 - (ii) the first payment of rent is made.
- (8) Where subsection (4) applies and the contract is subsequently completed by a conveyance—
- (a) both the contract and the transaction effected on completion are notifiable transactions, and
 - (b) tax is chargeable on the latter transaction to the extent (if any) that the amount of tax chargeable on it is greater than the amount of tax chargeable on the contract.
- (9) Where subsection (4) applies and the contract is (to any extent) afterwards rescinded or annulled, or is for any other reason not carried into effect, the tax paid by virtue of that subsection shall (to that extent) be repaid by the Inland Revenue.

Repayment must be claimed by amendment of the land transaction return made in respect of the contract.

[^{F9}(9A) Where—

(a) paragraph 12A of Schedule 17A applies (agreement for lease), or

^{F10}(b)

it applies in place of subsections (4), (8) and (9).]

(10) In this section—

- (a) references to completion are to completion of the land transaction proposed, between the same parties, in substantial conformity with the contract; and
- (b) “contract” includes any agreement and “conveyance” includes any instrument.

[^{F11}(11) [^{F12}Section 1122 of the Corporation Tax Act 2010] (connected persons) has effect for the purposes of this section.]

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Textual Amendments

- F6** Words in s. 44(5)(a) inserted (with effect in accordance with Sch. 39 para. 26 of the amending Act) by [Finance Act 2004 \(c. 12\)](#), [Sch. 39 para. 15\(2\)](#) (which amending provision re-enacts, subject to certain changes, a corresponding amendment made by the now revoked [Stamp Duty and Stamp Duty Land Tax \(Variation of the Finance Act 2003\) \(No. 2\) Regulations 2003 \(S.I. 2003/2816\)](#), see Sch. 39 para. 14)
- F7** S. 44(6)(a) substituted (with effect in accordance with Sch. 39 para. 26 of the amending Act) by [Finance Act 2004 \(c. 12\)](#), [Sch. 39 para. 15\(3\)\(a\)](#) (which amending provision re-enacts, subject to certain changes, a corresponding amendment made by the now revoked [Stamp Duty and Stamp Duty Land Tax \(Variation of the Finance Act 2003\) \(No. 2\) Regulations 2003 \(S.I. 2003/2816\)](#), see Sch. 39 para. 14)
- F8** Words in s. 44(6)(b) substituted (with effect in accordance with Sch. 39 para. 26 of the amending Act) by [Finance Act 2004 \(c. 12\)](#), [Sch. 39 para. 15\(3\)\(b\)](#) (which amending provision re-enacts, subject to certain changes, a corresponding amendment made by the now revoked [Stamp Duty and Stamp Duty Land Tax \(Variation of the Finance Act 2003\) \(No. 2\) Regulations 2003 \(S.I. 2003/2816\)](#), see Sch. 39 para. 14)
- F9** S. 44(9A) inserted (with effect in accordance with Sch. 39 para. 13(3)-(6) of the amending Act) by [Finance Act 2004 \(c. 12\)](#), [Sch. 39 para. 3](#)
- F10** S. 44(9A)(b) omitted (with effect in accordance with s. 29(4) of the amending Act) by virtue of [Scotland Act 2012 \(c. 11\)](#), s. 44(2)(b)(3)(b), [Sch. 3 para. 3](#) (with s. 29(5)(6)); S.I. 2015/637, [art. 2](#)
- F11** S. 44(11) added (with effect in accordance with Sch. 39 para. 26 of the amending Act) by [Finance Act 2004 \(c. 12\)](#), [Sch. 39 para. 15\(4\)](#) (which amending provision re-enacts, subject to certain changes, a corresponding amendment made by the now revoked [Stamp Duty and Stamp Duty Land Tax \(Variation of the Finance Act 2003\) \(No. 2\) Regulations 2003 \(S.I. 2003/2816\)](#), see Sch. 39 para. 14)
- F12** Words in s. 44(11) substituted (with effect in accordance with s. 1184(1) of the amending Act) by [Corporation Tax Act 2010 \(c. 4\)](#), s. 1184(1), [Sch. 1 para. 401](#) (with Sch. 2)

Modifications etc. (not altering text)

- C1** S. 44(8) restricted (temp.) (22.7.2020) by [Stamp Duty Land Tax \(Temporary Relief\) Act 2020 \(c. 15\)](#), [s. 1](#) (as amended (10.6.2021) by [2021 c. 26](#), [s. 87\(2\)](#))
- C2** S. 44(10) applied (temp.) (22.7.2020) by [Stamp Duty Land Tax \(Temporary Relief\) Act 2020 \(c. 15\)](#), [s. 1](#) (as amended (10.6.2021) by [2021 c. 26](#), [s. 87\(2\)](#))

Commencement Information

- I2** Pt. 4 wholly in force at Royal Assent subject to Sch. 19, see s. 124, [Sch. 19 para. 1\(1\)](#)

[^{F13}44A Contract providing for conveyance to third party

- (1) This section applies where a contract is entered into under which a chargeable interest is to be conveyed by one party to the contract (A) at the direction or request of the other (B)—
 - (a) to a person (C) who is not a party to the contract, or
 - (b) either to such a person or to B.
- (2) B is not regarded as entering into a land transaction by reason of entering into the contract, but the following provisions have effect.
- (3) If the contract is substantially performed B is treated for the purposes of this Part as acquiring a chargeable interest, and accordingly as entering into a land transaction.

The effective date of the transaction is when the contract is substantially performed.

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- (4) Where the contract is (to any extent) afterwards rescinded or annulled, or is for any other reason not carried into effect, the tax paid by virtue of subsection (3) shall (to that extent) be repaid by the Inland Revenue.

Repayment must be claimed by amendment of the land transaction return made in respect of the contract.

- (5) Subject to subsection (6), section 44 (contract and conveyance) does not apply (except so far as it defines “substantial performance”) in relation to the contract.

- (6) Where—

- (a) this section applies by virtue of subsection (1)(b), and
(b) by reason of B’s direction or request, A becomes obliged to convey a chargeable interest to B,

section 44 applies to that obligation as it applies to a contract for a land transaction that is to be completed by a conveyance.

- (7) Section 44 applies in relation to any contract between B and C, in respect of the chargeable interest referred to in subsection (1) above, that is to be completed by a conveyance.

References to completion in that section, as it so applies, include references to conveyance by A to C of the subject matter of the contract between B and C.

- (8) In this section “contract” includes any agreement and “conveyance” includes any instrument.]

Textual Amendments

- F13** S. 44A inserted (with effect in accordance with Sch. 39 para. 13(1) of the amending Act) by [Finance Act 2004 \(c. 12\)](#), [Sch. 39 para. 4\(1\)](#)

[^{F14}45 Transactions entered into before completion of contract

Schedule 2A contains—

- (a) provision about the application of section 44 (contract and conveyance) in certain cases where an assignment of rights, subsale or other transaction is entered into without the contract having been completed, and
(b) other provision about such cases.]

Textual Amendments

- F14** S. 45 substituted (with effect in accordance with Sch. 39 para. 11 of the amending Act) by [Finance Act 2013 \(c. 29\)](#), [Sch. 39 para. 2](#) (with s. 194)

Commencement Information

- I3** Pt. 4 wholly in force at Royal Assent subject to Sch. 19, see s. 124, Sch. 19 para. 1(1)

[^{F15}45A Contract providing for conveyance to third party: effect of transfer of rights

- (1) This section applies where—

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- (a) a contract (“the original contract”) is entered into under which a chargeable interest is to be conveyed by one party to the contract (A) at the direction or request of the other (B)—
 - (i) to a person (C) who is not a party to the contract, or
 - (ii) either to such a person or to B,
 and
- (b) there is an assignment or other transaction (relating to the whole or part of the subject-matter of the original contract) as a result of which a person (D) becomes entitled to exercise any of B’s rights under the original contract in place of B.

References in the following provisions of this section to a transfer of rights are to any such assignment or other transaction.

- (2) D is not regarded as entering into a land transaction by reason of the transfer of rights, but section 44A (contract providing for conveyance to third party) has effect in accordance with the following provisions of this section.
- (3) That section applies as if—
 - (a) D had entered into a contract (a “secondary contract”) in the same terms as the original contract except with D as a party instead of B, and
 - (b) the consideration due from D under the secondary contract were—
 - (i) so much of the consideration under the original contract as is referable to the subject-matter of the transfer of rights and is to be given (directly or indirectly) by D or a person connected with him, and
 - (ii) the consideration given for the transfer of rights.
- (4) The substantial performance of the original contract shall be disregarded if—
 - (a) it occurs at the same time as, and in connection with, the substantial performance of the secondary contract, or
 - (b) it occurs after the transfer of rights.
- (5) Where there are successive transfers of rights, subsection (3) has effect in relation to each of them.
- (6) The substantial performance of the secondary contract arising from an earlier transfer of rights shall be disregarded if—
 - (a) it occurs at the same time as, and in connection with, the substantial performance of the secondary contract arising from a subsequent transfer of rights, or
 - (b) it occurs after that subsequent transfer.
- (7) Where a transfer of rights relates to only part of the subject matter of the original contract, or to only some of the rights under that contract—
 - (a) a reference in subsection (3)(a) or (4) to the original contract, or a reference in subsection (6) to the secondary contract arising from an earlier transfer, is to that contract so far as relating to that part or those rights, and
 - (b) that contract so far as not relating to that part or those rights shall be treated as a separate contract.
- (8) The effective date of a land transaction treated as entered into by virtue of subsection (3) is not earlier than the date of the transfer of rights.

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- (9) In relation to a such a transaction—
- (a) references in Schedule 7 (group relief) to the vendor shall be read as references to A;
 - (b) other references in this Part to the vendor shall be read, where the context permits, as referring to either A or B.
- (10) [^{F16}Section 1122 of the Corporation Tax Act 2010] (connected persons) applies for the purposes of subsection (3)(b).
- (11) In this section “contract” includes any agreement.]

Textual Amendments

- F15** S. 45A inserted (with effect in accordance with Sch. 39 para. 13(2) of the amending Act) by [Finance Act 2004 \(c. 12\)](#), [Sch. 39 para. 5\(5\)](#)
- F16** Words in s. 45A(10) substituted (with effect in accordance with s. 1184(1) of the amending Act) by [Corporation Tax Act 2010 \(c. 4\)](#), s. 1184(1), [Sch. 1 para. 403](#) (with [Sch. 2](#))

46 Options and rights of pre-emption

- (1) The acquisition of—
- (a) an option binding the grantor to enter into a land transaction, or
 - (b) a right of pre-emption preventing the grantor from entering into, or restricting the right of the grantor to enter into, a land transaction,
- is a land transaction distinct from any land transaction resulting from the exercise of the option or right.
- They may be “linked transactions” (see section 108).
- (2) The reference in subsection (1)(a) to an option binding the grantor to enter into a land transaction includes an option requiring the grantor either to enter into a land transaction or to discharge his obligations under the option in some other way.
- (3) The effective date of the transaction in the case of the acquisition of an option or right such as is mentioned in subsection (1) is when the option or right is acquired (as opposed to when it becomes exercisable).
- (4) Nothing in this section applies to so much of an option or right of pre-emption as constitutes or forms part of a land transaction apart from this section.

Commencement Information

- I4** Pt. 4 wholly in force at Royal Assent subject to Sch. 19, see s. 124, Sch. 19 para. 1(1)

47 Exchanges

- (1) Where a land transaction is entered into by the purchaser (alone or jointly) wholly or partly in consideration of another land transaction being entered into by him (alone or jointly) as vendor, this Part applies in relation to each transaction as if each were distinct and separate from the other [^{F17}(and they are not linked transactions within the meaning of section 108)].

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- (2) A transaction is treated for the purposes of this Part as entered into by the purchaser wholly or partly in consideration of another land transaction being entered into by him as vendor in any case where an obligation to give consideration for a land transaction that a person enters into as purchaser is met wholly or partly by way of that person entering into another transaction as vendor.
- (3) As to the amount of the chargeable consideration in the case of exchanges and similar transactions, see—
- paragraphs 5 and 6 of Schedule 4 (exchanges, partition etc),^{F18} ...
- [^{F19} paragraph 17 of that Schedule (arrangements involving public or educational bodies), and]
- ^{F18} ...

Textual Amendments

- F17** Words in s. 47(1) inserted (with effect in accordance with s. 76(3) of the amending Act) by [Finance Act 2007 \(c. 11\), s. 76\(1\)](#)
- F18** Words in s. 47(3) repealed (with effect in accordance with Sch. 39 para. 26 of the amending Act) by [Finance Act 2004 \(c. 12\), Sch. 42 Pt. 4\(2\)](#) (which amending provision re-enacts, subject to certain changes, a corresponding amendment made by the now revoked [Stamp Duty and Stamp Duty Land Tax \(Variation of the Finance Act 2003\) \(No. 2\) Regulations 2003 \(S.I. 2003/2816\)](#), see Sch. 39 para. 14)
- F19** S. 47(3) entry inserted (7.4.2004) by [The Stamp Duty Land Tax \(Amendment of Part 4 of the Finance Act 2003\) Regulations 2004 \(S.I. 2004/1069\)](#), regs. 1, **3(b)**

Commencement Information

- I5** Pt. 4 wholly in force at Royal Assent subject to Sch. 19, see s. 124, Sch. 19 para. 1(1)

Status:

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Changes to legislation:

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