



Finance Act 2003

2003 CHAPTER 14

PART 4

STAMP DUTY LAND TAX

Reliefs

72 Alternative property finance: land sold to financial institution and leased to individual

- (1) This section applies where arrangements are entered into between an individual and a financial institution under which the institution—
 - (a) purchases a major interest in land (“the first transaction”),
 - (b) grants to the individual out of that interest a lease (if the interest acquired is freehold) or a sub-lease (if the interest acquired is leasehold) (“the second transaction”), and
 - (c) enters into an agreement under which the individual has a right to require the institution or its successor in title to transfer the major interest purchased by the institution under the first transaction.
- (2) The first transaction is exempt from charge if the vendor is—
 - (a) the individual, or
 - (b) another financial institution by whom the interest was acquired under arrangements of the kind mentioned in subsection (1) entered into between it and the individual.
- (3) The second transaction is exempt from charge if the provisions of this Part relating to the first transaction are complied with (including the payment of any tax chargeable).
- (4) A transfer to the individual that results from the exercise of the right mentioned in subsection (1)(c) (“the third transaction”) is exempt from charge if—
 - (a) the provisions of this Part relating to the first and second transactions are complied with, and

Status: This is the original version (as it was originally enacted).

- (b) at all times between the second and third transactions—
 - (i) the interest purchased under the first transaction is held by a financial institution, and
 - (ii) the lease or sub-lease granted under the second transaction is held by the individual.
- (5) The agreement mentioned in subsection (1)(c) is not to be treated—
 - (a) as substantially performed unless and until the third transaction is entered into (and accordingly section 44(5) does not apply), or
 - (b) as a distinct land transaction by virtue of section 46 (options and rights of pre-emption).
- (6) The requirements of subsection (1), or (4)(b)(ii), are not met if—
 - (a) the individual enters into the arrangement, or holds the lease or sub-lease, as trustee and any beneficiary of the trust is not an individual, or
 - (b) the individual enters into the arrangements, or holds the lease or sub-lease, as partner and any of the other partners is not an individual.
- (7) In this section “financial institution” means—
 - (a) a bank within the meaning of section 840A of the Taxes Act 1988,
 - (b) a building society within the meaning of the Building Societies Act 1986 (c. 53), or
 - (c) a wholly-owned subsidiary of a bank within paragraph (a) or a building society within paragraph (b).

For the purposes of paragraph (c) a company is a wholly-owned subsidiary of a bank or building society (“the parent”) if it has no members except the parent and the parent’s wholly-owned subsidiaries or persons acting on behalf of the parent or the parent’s wholly-owned subsidiaries.

- (8) In the application of this section to Scotland—
 - (a) the reference to a freehold interest is a reference to the interest of the owner, and
 - (b) the reference to a leasehold interest is to a tenant’s right over or interest in a property subject to a lease.

Until the appointed day for the purposes of the [Abolition of Feudal Tenure etc. \(Scotland\) Act 2000 \(asp 5\)](#), the reference in paragraph (a) to the interest of the owner shall be read, in relation to feudal property, as a reference to the estate or interest of the proprietor of the *dominium utile*.

- (9) References in this section to an individual shall be read, in relation to times after the death of the individual concerned, as references to his personal representatives.