



Finance Act 2004

2004 CHAPTER 12

PART 6

OTHER TAXES

Stamp duty land tax

302 Charities relief

- (1) In Schedule 8 to the Finance Act 2003 (stamp duty land tax: charities relief), after paragraph 2 insert—

“Cases where first condition not fully met

- 3 (1) This paragraph applies where—
- (a) a land transaction is not exempt from charge under paragraph 1 because the first condition in that paragraph is not met, but
 - (b) the purchaser (“C”) intends to hold the greater part of the subject-matter of the transaction for qualifying charitable purposes.
- (2) In such a case—
- (a) the transaction is exempt from charge, but
 - (b) for the purposes of paragraph 2 (withdrawal of charities relief) “disqualifying event” includes—
 - (i) any transfer by C of a major interest in the whole or any part of the subject-matter of the transaction, or
 - (ii) any grant by C at a premium of a low-rental lease of the whole or any part of that subject-matter,that is not made in furtherance of the charitable purposes of C.
- (3) For the purposes of sub-paragraph (2)(b)(ii)—
- (a) a lease is granted “at a premium” if there is consideration other than rent, and

Status: This is the original version (as it was originally enacted).

- (b) a lease is a “low-rental” lease if the annual rent (if any) does not exceed £600 a year.
- (4) In relation to a transaction that, by virtue of this paragraph, is a disqualifying event for the purposes of paragraph 2—
- (a) the date of the event for those purposes is the effective date of the transaction;
 - (b) paragraph 2 has effect as if—
 - (i) in sub-paragraph (1)(b), for “at the time of” there were substituted “immediately before”,
 - (ii) in sub-paragraph (4)(a), for “at the time of” there were substituted “immediately before and immediately after”, and
 - (iii) sub-paragraph (4)(b) were omitted.
- (5) In this paragraph—
- “qualifying charitable purposes” has the same meaning as in paragraph 1;
 - “rent” has the same meaning as in Schedule 5 (amount of tax chargeable: rent) and “annual rent” has the same meaning as in paragraph 9(2) of that Schedule.”.
- (2) After paragraph 3 of that Schedule (inserted by subsection (1) above) insert—

“Charitable trusts

- 4 (1) This Schedule applies in relation to a charitable trust as it applies in relation to a charity.
- (2) In this paragraph “charitable trust” means—
- (a) a trust of which all the beneficiaries are charities, or
 - (b) a unit trust scheme in which all the unit holders are charities, and “charity” has the same meaning as in paragraph 1.
- (3) In this Schedule as it applies by virtue of this paragraph—
- (a) references to the purchaser in paragraphs (a) and (b) of paragraph 1(2) are to the beneficiaries or unit holders, or any of them;
 - (b) the reference to the purchaser in paragraph 2(3)(a) is to any of the beneficiaries or unit holders;
 - (c) the reference in paragraph 3(2)(b) to the charitable purposes of C is to those of the beneficiaries or unit holders, or any of them.”
- (3) In paragraph 1(1) of that Schedule, for “this paragraph” substitute “this Schedule”.
- (4) In paragraph 2(1) of that Schedule, for “paragraph 1 (charities relief)” substitute “this Schedule”.
- (5) In section 81 (further return where relief withdrawn), in paragraph (c) of subsection (4) (meaning of “the disqualifying event”), after “paragraph 2(3)” insert “or 3(2)”.
- (6) In section 87 (interest on unpaid tax), in paragraph (c) of subsection (4) (meaning of “the disqualifying event”), after “paragraph 2(3)” insert “or 3(2)”.

- (7) This section applies in relation to any transaction of which the effective date (within the meaning of Part 4 of the Finance Act 2003 (c. 14)) is on or after the day on which this Act is passed.