

FINANCE ACT 2009

EXPLANATORY NOTES

INTRODUCTION

Section 82: Stamp Duty Land Tax: Rent to Shared Ownership

Summary

1. [Section 82](#) provides for a simplification of the stamp duty land tax rules as they apply to “rent to shared ownership” schemes.

Details of the Section

2. Sub-paragraph (1) inserts new paragraphs 13 and 14 at the end of Schedule 9 to Finance Act (FA) 2003.
3. New paragraph 13(2) defines a “rent to shared ownership lease scheme” as one in which a qualifying body grants an assured shorthold tenancy to a person or persons and subsequently grants a shared ownership lease to one or more of them.
4. New paragraph 13(3) provides that transactions in connection with the scheme are not treated as linked to each other.
5. New paragraph 13(4) provides that the tenant’s possession of the dwelling under an assured shorthold tenancy is disregarded in determining the effective date of the grant of the shared ownership lease.
6. New paragraph 14(2) defines a “rent to shared ownership trust scheme” as one in which a social landlord grants an assured shorthold tenancy to a person or persons and one or more of them subsequently becomes a purchaser under a shared ownership trust.
7. New paragraph 14(3) provides that transactions in connection with the scheme are not treated as linked to each other.
8. New paragraph 14(4) provides that the tenant’s possession of the dwelling under an assured shorthold tenancy is disregarded in determining the effective date of the declaration of the shared ownership trust.
9. Sub-paragraph (2) provides that the amendment made by the section has effect for cases where the effective date of the grant of the shared ownership lease or the declaration of the shared ownership trust is on or after 22 April 2009.
10. Sub-paragraph (3) provides that possession of the property under the assured shorthold tenancy is disregarded in determining the effective date for this purpose.

Background Note

11. “Rent to shared ownership” (generally known as “Rent to Homebuy”) is a scheme under which the grant of a shared ownership lease (or the declaration of a shared ownership trust) is preceded by the grant of an assured shorthold tenancy at a subsidised rent in order to allow the tenant to occupy the property while saving for a deposit.

*These notes refer to the Finance Act 2009 (c.10)
which received Royal Assent on 21 July 2009*

12. Depending on the details of the scheme and the amounts of consideration involved, the stamp duty land tax (SDLT) rules may result in unexpected liabilities at a time when the purchaser is least able to bear them.
13. In particular, a charge may arise retrospectively on the assured shorthold tenancy (and any other preceding land transaction) when the shared ownership lease is granted or the shared ownership trust is declared. In some other cases, the shared ownership lease (or shared ownership trust) may become chargeable when the tenant takes up occupation under the assured shorthold tenancy, but before the lease is granted (or the trust is declared).
14. This Section simplifies the SDLT treatment of these schemes so that a charge arises only on the shared ownership lease when it is granted, or on the shared ownership trust when it is declared.