

FINANCE ACT 2012

EXPLANATORY NOTES

INTRODUCTION

Section 214 Schedule 35: Higher Rates for Certain Transactions

Background Note

59. The measure forms part of a package designed to ensure that individuals and companies pay a fair share of tax on residential property transactions and to reduce avoidance.
60. This measure aims to dis-incentivise the ownership of high value residential property in structures that would permit the indirect ownership or enjoyment of the property to be transferred in a way that would not be chargeable to SDLT. The intention is to stop or reduce the number of properties that will enter such complex ownership structures. Taken together with the introduction of an annual charge in 2013 on such property owned by the same sorts of non-natural persons, this will result in a reduction in the number of high value properties owned in such structures.
61. The measure has effect for land transactions where the effective date is on or after the date of the Budget (21 March 2012). The effective date is normally the date on which a contract is completed, but may be earlier if the land is occupied or the consideration for the transaction is given before that date.