



Finance Act 2013

2013 CHAPTER 29

PART 3

ANNUAL TAX ON ENVELOPED DWELLINGS

Alternative property finance

157 [F¹Land in England, Wales or Northern Ireland sold to financial institution and leased to person]

- (1) This section applies where—
 - (a) section 71A of FA 2003 (land sold to financial institution and leased to person) ^{F²}... applies in relation to arrangements entered into between a financial institution and another person (“the lessee”), and
 - (b) the land in which the institution purchases a major interest under the first transaction [F³is in England, Wales or Northern Ireland and] consists of or includes one or more dwellings (or parts of a dwelling).
- (2) If the lessee is a company, this Part has effect in relation to times when the arrangements are in operation as if—
 - (a) the interest held by the financial institution as mentioned in subsection (3)(b) were held by the lessee (and not by the financial institution), and
 - (b) the lease or sub-lease granted under the second transaction had not been granted.
- (3) The reference in subsection (2) to times when the arrangements are in operation is to times when—
 - (a) the lessee holds the leasehold interest granted to it under the second transaction, and
 - (b) the interest purchased under the first transaction (or that interest except so far as transferred by a further transaction) is held by a financial institution.
- (4) A company treated under subsection (2)(a) as holding an interest at a particular time is treated as holding it as a member of a partnership if at the time in question the company

Status: Point in time view as at 15/09/2016.

Changes to legislation: There are currently no known outstanding effects for the Finance Act 2013, Cross Heading: Alternative property finance. (See end of Document for details)

holds the leasehold interest as a member of the partnership (and this Part has effect accordingly in relation to the other members of the partnership).

- (5) In relation to times when the arrangements operate for the benefit of a collective investment scheme, this Part has effect as if—
 - (a) the interest held by the financial institution as mentioned in subsection (6)(b) were held by the lessee for the purposes of a collective investment scheme (and were not held by the financial institution), and
 - (b) the lease or sub-lease granted under the second transaction had not been granted.
- (6) The reference in subsection (5) to times when the arrangements operate for the benefit of a collective investment scheme is to times when—
 - (a) the lessee holds the leasehold interest for the purposes of a collective investment scheme, and
 - (b) the interest purchased under the first transaction (or that interest except so far as transferred by a further transaction) is held by a financial institution.
- (7) In this section—
 - “financial institution” has the meaning given by section 73BA of FA 2003;
 - “the first transaction” has the same meaning as in section 71A ^{F4}... of FA 2003;
 - “further transaction” has the same meaning as in section 71A of FA 2003;
 - “the leasehold interest” means the interest granted to the lessee under the second transaction;
 - “the second transaction” has the same meaning as in section 71A ^{F5}... of FA 2003.
- (8) The reference in subsection (1) to a major interest in land is to be read in accordance with section 117 of FA 2003.
- (9) Where the lessee is an individual, references in subsections (5) and (6) to the lessee are to be read, in relation to times after the death of the lessee, as references to the lessee's personal representatives.

^{F6}(10)

Textual Amendments	
F1	S. 157 heading substituted (15.9.2016) (with effect in accordance with s. 136(8) of the amending Act) by Finance Act 2016 (c. 24), s. 136(6)
F2	Words in s. 157(1)(a) omitted (15.9.2016) (with effect in accordance with s. 136(8) of the amending Act) by virtue of Finance Act 2016 (c. 24), s. 136(3)(a)
F3	Words in s. 157(1)(b) inserted (15.9.2016) (with effect in accordance with s. 136(8) of the amending Act) by Finance Act 2016 (c. 24), s. 136(3)(b)
F4	Words in s. 157(7) omitted (15.9.2016) (with effect in accordance with s. 136(8) of the amending Act) by virtue of Finance Act 2016 (c. 24), s. 136(4)(a)
F5	Words in s. 157(7) omitted (15.9.2016) (with effect in accordance with s. 136(8) of the amending Act) by virtue of Finance Act 2016 (c. 24), s. 136(4)(b)
F6	S. 157(10) omitted (15.9.2016) (with effect in accordance with s. 136(8) of the amending Act) by virtue of Finance Act 2016 (c. 24), s. 136(5)

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[^{F7}157A Land in Scotland sold to financial institution and leased to person

- (1) This section applies where Conditions A and B are met.
- (2) Condition A is that arrangements are entered into between a person (“the lessee”) and a financial institution under which the institution—
 - (a) purchases a major interest in land (“the first transaction”),
 - (b) grants to the lessee out of that interest a lease (if the interest acquired is the interest of the owner) or a sub-lease (if the interest acquired is the tenant's right over or interest in a property subject to a lease) (“the second transaction”), and
 - (c) enters into an agreement under which the lessee has a right to require the institution to transfer the major interest purchased by the institution under the first transaction.
- (3) Condition B is that the land in which the institution purchases a major interest under the first transaction is in Scotland and consists of or includes one or more dwellings or parts of a dwelling.
- (4) If the lessee is a company, this Part has effect in relation to times when the arrangements are in operation (see subsection (5)) as if—
 - (a) the interest held by the financial institution as mentioned in subsection (5)(b) were held by the lessee (and not by the financial institution), and
 - (b) the lease or sub-lease granted under the second transaction had not been granted.
- (5) The reference in subsection (4) to times when the arrangements are in operation is to times when—
 - (a) the lessee holds the interest granted to it under the second transaction, and
 - (b) the interest purchased under the first transaction is held by a financial institution.
- (6) A company treated under subsection (4)(a) as holding an interest at a particular time is treated as holding it as a member of a partnership if at the time in question the company holds the interest granted to it under the second transaction as a member of the partnership (and this Part has effect accordingly in relation to the other members of the partnership).
- (7) In relation to times when the arrangements operate for the benefit of a collective investment scheme (see subsection (8)), this Part has effect as if—
 - (a) the interest held by the financial institution as mentioned in subsection (8)(b) were held by the lessee for the purposes of a collective investment scheme (and were not held by the financial institution), and
 - (b) the lease or sub-lease granted under the second transaction had not been granted.
- (8) The reference in subsection (7) to times when the arrangements operate for the benefit of a collective investment scheme is to times when—
 - (a) the lessee holds the interest granted to it under the second transaction for the purposes of a collective investment scheme, and
 - (b) the interest purchased under the first transaction is held by a financial institution.
- (9) In this section “financial institution” has the same meaning as in section 71A of FA 2003 (see section 73BA of that Act).

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- (10) References in this section to a “major interest” in land are to—
- (a) ownership of land, or
 - (b) the tenant's right over or interest in land subject to a lease.
- (11) Where the lessee is an individual, references in subsections (7) and (8) to the lessee are to be read, in relation to times after the death of the lessee, as references to the lessee's personal representatives.]

Textual Amendments

- F7** S. 157A inserted (15.9.2016) (with effect in accordance with s. 136(8) of the amending Act) by [Finance Act 2016 \(c. 24\), s. 136\(7\)](#)

Status:

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