



# Finance (No. 2) Act 2024

## 2024 CHAPTER 12

### *Measures relating to property*

#### **6 Reduction in higher CGT rate for residential property gains to 24%**

- (1) In section 1H of TCGA 1992 (the main rates of CGT)—
- (a) after subsection (1) insert—

“(1A) Residential property gains (see Schedule 1B) accruing in a tax year to an individual are charged to capital gains tax at a rate of 18% or 24%.”,
  - (b) in subsection (2), omit paragraph (a) together with the “or” at the end of the paragraph,
  - (c) after subsection (4) insert—

“(4A) Residential property gains accruing in a tax year to the personal representatives of a deceased individual are charged to capital gains tax at a rate 24%.”,
  - (d) in subsection (5), omit paragraph (a) together with the “or” at the end of the paragraph, and
  - (e) in subsection (7), for “28%” substitute “24%”.
- (2) In section 1I of that Act (income taxed at higher rates or gains exceeding unused basic rate band)—
- (a) in subsection (1)—
    - (i) before paragraph (a) insert—

“(za) at the rate of 24% (if they are residential property gains)”, and
    - (ii) in that paragraph, omit “residential property gains or”,
  - (b) in subsection (2), in the words after paragraph (b)—
    - (i) after “is charged at the rate of” insert “24% (so far as comprising residential property gains), at the rate of”, and
    - (ii) omit “residential property gains or”,

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- (c) in subsection (5)—
    - (i) before paragraph (a) insert—
      - “(za) at the rate of 24% (if they are residential property gains),”, and
    - (ii) in that paragraph, omit “residential property gains or”, and
  - (d) in subsection (9)—
    - (i) before paragraph (a) insert—
      - “(za) at the rate of 24% (if they are residential property gains),”, and
    - (ii) in that paragraph, omit “residential property gains or”.
- (3) The amendments made by this section have effect in relation to disposals made on or after 6 April 2024.

## 7 Abolition of multiple dwellings relief for SDLT

- (1) Section 58D of, and Schedule 6B to, FA 2003 (relief for transfers involving multiple dwellings) are repealed.
- (2) In consequence of the repeal of those provisions—
- (a) in Part 4 of FA 2003—
    - (i) in section 87(3) (interest on unpaid tax: meaning of “relevant date”), omit paragraph (aza),
    - (ii) in Schedule 4A (higher rates for certain transactions), in paragraph 2(6), omit paragraph (d) and, in paragraph 7, for sub-paragraph (6) substitute—
      - “(6) In sub-paragraph (5)—
        - “contract” includes any agreement;
        - “relevant deeming provision” means any of sections 44 to 45A, paragraph 5(1) or (2) of Schedule 2A or paragraph 12A or 19(3) of Schedule 17A.”,
    - (iii) in Schedule 5 (amount of tax chargeable: rent), in paragraph 9, in sub-paragraph (4), omit “or 6B” and, in sub-paragraph (5), omit “or Schedule 6B”,
    - (iv) in Schedule 10 (returns, enquiries, assessments and appeals), in paragraph 12(2A)(a), for “, 81A” substitute “or 81A” and omit “or paragraph 6 of Schedule 6B (adjustment for change of circumstances)”, and
    - (v) in Schedule 15 (partnerships), in paragraphs 11(2C) and 19(2C), in the substituted paragraph, omit “or 6B”,
  - (b) in Schedule 36 to FA 2008 (information and inspection powers), in paragraph 21A(7), omit paragraph (b) and the “or” before it, and
  - (c) in FA 2011, omit section 83 and Schedule 22 (transfers involving multiple dwellings).
- (3) The amendments made by this section have effect in relation to land transactions the effective date of which falls on or after 1 June 2024.
- (4) But those amendments do not have effect in relation to a land transaction if—

- (a) the transaction is effected in pursuance of a contract entered into and substantially performed before 1 June 2024, or
  - (b) the transaction is effected in pursuance of a contract entered into on or before 6 March 2024 and is not excluded.
- (5) For this purpose a land transaction is excluded if—
- (a) there is any variation of the contract, or assignment of rights under the contract, after 6 March 2024,
  - (b) the transaction is effected in consequence of the exercise after that date of any option, right of pre-emption or similar right, or
  - (c) after that date, there is an assignment, subsale or other transaction relating to the whole or part of the subject-matter of the contract as a result of which a person other than the purchaser under the contract becomes entitled to call for a conveyance.
- (6) If—
- (a) pre-commencement land transactions are linked to post-commencement land transactions, and
  - (b) all of the transactions would (but for this section) be relevant transactions for the purposes of Schedule 6B to FA 2003,
- a claim under that Schedule is available only in relation to the pre-commencement land transactions.
- (7) If a claim under that Schedule is made in relation to those transactions, none of the post-commencement land transactions are to be regarded any longer as linked to any of the pre-commencement land transactions for the purposes of Schedule 6B to FA 2003 and all other purposes of Part 4 of that Act.
- (8) For this purpose—
- “pre-commencement land transactions” means land transactions the effective date of which falls before 1 June 2024 or which meet the condition in subsection (4)(a) or (b), and
  - “post-commencement land transactions” means all other land transactions.
- (9) The amendments made by this section also do not have effect in relation to land transactions the effective date of which falls on or after 1 June 2024 if they fall within a description of land transactions specified in regulations made by the Treasury (irrespective of the date on which the regulations are made).
- (10) The regulations may make provision of a kind mentioned in section 114(6)(a) to (c) of FA 2003 but may not be made on or after 1 February 2025.

## **8 First-time buyers’ relief from SDLT: acquisition of new lease on bare trust**

- (1) Schedule 6ZA to FA 2003 (relief for first-time buyers) is amended as follows.
- (2) In Part 1 (eligibility for relief), after paragraph 3 insert—

*“Eligibility for relief: acquisition of new lease on bare trust*

- 3A In determining who is the purchaser for the purposes of paragraphs 1(4) and 2(2), paragraph 3 of Schedule 16 is to have effect as if sub-paragraphs

(2) and (3) (trustee of bare trust granted a lease treated as purchaser of the whole of the interest acquired) were omitted.”

(3) In paragraph 6 (definition of “first-time buyer”), at the end insert—

“(3) In determining any question for the purposes of sub-paragraph (1), paragraph 3 of Schedule 16 is to have effect as if sub-paragraphs (2) and (3) (trustee of bare trust granted a lease treated as purchaser of the whole of the interest acquired) were omitted.”

(4) The amendment made by subsection (2) has effect for the purposes of claims for relief under paragraph 1 of Schedule 6ZA to FA 2003 made in relation to any land transaction the effective date of which falls on or after 6 March 2024.

(5) The amendment made by subsection (3) also has effect for the purposes of claims for relief under that paragraph made in relation to any land transaction the effective date of which falls on or after that date unless—

- (a) the transaction is effected in pursuance of a contract entered into on or before that date, and
- (b) the transaction is not excluded.

(6) For this purpose a land transaction is excluded if—

- (a) there is any variation of the contract, or assignment of rights under the contract, after 6 March 2024,
- (b) the transaction is effected in consequence of the exercise after that date of any option, right of pre-emption or similar right, or
- (c) after that date, there is an assignment, subsale or other transaction relating to the whole or part of the subject-matter of the contract as a result of which a person other than the purchaser under the contract becomes entitled to call for a conveyance.

## 9 Exemption from SDLT: registered providers of social housing etc

(1) Section 71 of FA 2003 (certain acquisitions by registered social landlord) is amended as follows.

(2) In the heading, for “registered social landlord” substitute “registered providers of social housing etc”.

(3) In subsection (1), for paragraph (a) substitute—

“(a) the purchaser is a non-profit registered provider of social housing controlled by its tenants,”.

(4) In subsection (1A)—

(a) for paragraph (b) substitute—

“(b) a housing association registered in the register maintained under Article 14 of the Housing (Northern Ireland) Order 1992 (S.I. 1992/1725 (N.I. 15)), or

(c) an English local authority that is a registered provider of social housing.”, and

(b) omit the “or” after paragraph (a).

(5) In subsection (2) for “relevant housing provider”, in each place it occurs, substitute “non-profit registered provider of social housing”.

- (6) In subsection (3)—
- (a) omit paragraphs (b) and (e) to (g), and
  - (b) for paragraph (h) substitute—
    - “(h) the Department for Communities in Northern Ireland, or”.
- (7) In subsection (4) omit paragraphs (b) and (d) (but not the “or” after paragraph (d)).
- (8) In subsection (5)—
- (a) after “means” insert “—
    - (a) any amount that is receipts of the disposal of social housing, provided the purchaser is entitled to use the amount for the purpose of the provision of social housing, or
    - (b)”,
    - and
  - (b) in paragraph (b) (which is a result of the previous amendment) omit the words from “within” to the end.
- (9) After subsection (5) insert—
- “(6) In subsection (5) “social housing” has the meaning it has in Part 2 of the Housing and Regeneration Act 2008 (see, in particular, section 68 of that Act).
  - (7) In this section “English local authority” means—
    - (a) a principal council within the meaning of the Local Government Act 1972, or
    - (b) the Common Council of the City of London.”
- (10) In section 121 of FA 2003 (minor definitions), omit the definition of “registered social landlord”.
- (11) In section 122 of FA 2003 (index of defined expressions), omit the entry for “registered social landlord”.
- (12) The amendments made by this section have effect in relation to land transactions the effective date of which falls on or after 6 March 2024.
- (13) In consequence of those amendments, in section 150 of FA 2013 (annual tax on enveloped dwellings: relief for providers of social housing etc)—
- (a) in subsection (2)(a)—
    - (i) for “relevant” substitute “qualifying”, and
    - (ii) omit the words from “(that” to “landlord”,
  - (b) in subsection (3), for “relevant”, in each place it occurs, substitute “qualifying”, and
  - (c) for paragraphs (a) to (c) in subsection (4) substitute—
    - “(a) subsection (2) of section 71 of FA 2003 applies in relation to a reference to a qualifying housing provider controlled by its tenants as it applies to a reference in that section to a non-profit registered provider of social housing controlled by its tenants;
    - (b) “qualifying body” means—
      - (i) anything described as a qualifying body in subsection (3) of that section,

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- (ii) the Scottish Ministers,
- (iii) a council constituted under section 2 of the Local Government etc. (Scotland) Act 1994, or
- (iv) Scottish Homes;
- (c) “public subsidy” means—
  - (i) anything that is a public subsidy for the purposes of section 71 of FA 2003, and for the purposes of this section the reference in subsection (5)(a) of that section to “the purchaser” is to be treated as a reference to P or the qualifying housing provider (as the case may be);
  - (ii) any grant or other financial assistance under section 18 of the Housing Act 1996 (c. 52) (social housing grants);
  - (iii) any grant or other financial assistance under section 2 of the Housing (Scotland) Act 1988 (c. 43) (general functions of the Scottish Ministers);
- (d) “qualifying housing provider” means—
  - (i) a relevant housing provider (within the meaning of section 71 of FA 2003),
  - (ii) a body registered as a social landlord in a register maintained under section 1(1) of the Housing Act 1996 (Welsh registered social landlords), or
  - (iii) a body registered under section 20(1) of the Housing (Scotland) Act 2010 (asp 17) (Scottish registered social landlords).”

(14) [Subsection \(13\)](#) is to be treated as having come into force on 6 March 2024.

## **10 Purchases by public bodies not to be subject to special 15% rate of SDLT**

- (1) In paragraph 3 of Schedule 4A to FA 2003 (application of the higher rate of 15% to transactions where purchaser is a company etc)—
  - (a) in sub-paragraph (3)(a) and (b), after “company” insert “but is not a public body”, and
  - (b) in sub-paragraph (4), at the end insert “and, for the purposes of that sub-paragraph, whether a person is a public body is to be determined in accordance with section 66”.
- (2) The amendments made by this section have effect in relation to land transactions the effective date of which falls on or after 6 March 2024.

## **11 Treatment of non-UK agricultural property and woodlands for IHT purposes**

- (1) IHTA 1984 is amended in accordance with subsections (2) to (5).
- (2) In section 16(1) (grant of tenancies of agricultural property), omit “, the Channel Islands or the Isle of Man”.
- (3) In section 115 (agricultural property relief: preliminary)—
  - (a) in subsection (3), omit the words from “(or” to the end;

- (b) for subsection (5), substitute—
  - “(5) This Chapter applies to agricultural property only if it is in the United Kingdom.”
- (4) In section 116 (agricultural property relief: the relief), omit subsection (8).
- (5) In section 125 (woodlands relief)—
  - (a) in paragraph (a) of subsection (1), after “land” insert “in the United Kingdom”;
  - (b) omit subsection (1A).
- (6) In consequence of the amendments made by subsections (2) to (5), in FA 2009 omit section 122.
- (7) The amendments made by this section have effect—
  - (a) in relation to transfers of value made on or after 6 April 2024, and
  - (b) in relation to occasions on or after 6 April 2024 on which tax falls to be charged under Chapter 3 of Part 3 of IHTA 1984.