

2003 No. 2914

TAXES

The Stamp Duty Land Tax (Amendment of Schedule 5 to the Finance Act 2003) Regulations 2003

Made - - - - *13th November 2003*

Coming into force - - *1st December 2003*

Whereas a draft of this instrument was laid before the House of Commons in accordance with section 112(3) of the Finance Act 2003(a) and approved by resolution of that House;

Now, therefore, the Treasury, in exercise of the powers conferred upon them by section 112(1), (2) and (4) of the Finance Act 2003, make the following Regulations:

Citation and commencement

1. These Regulations may be cited as the Stamp Duty Land Tax (Amendment of Schedule 5 to the Finance Act 2003) Regulations 2003 and shall come into force on 1st December 2003.

Amendment of Schedule 5 to the Finance Act 2003

2. Schedule 5 to the Finance Act 2003 is amended in accordance with the Schedule to these Regulations.

13th November 2003

Nick Ainger
Derek Twigg
Two of the Lords Commissioners of Her Majesty's Treasury

SCHEDULE

Regulation 2

AMENDMENTS TO SCHEDULE 5 TO THE FINANCE ACT 2003

Tax to be chargeable in respect of rent on “slice” system

1. In paragraph 2 (calculation of tax chargeable in respect of rent), for sub-paragraphs (2) to (5) substitute—

“(2) The tax chargeable is the total of the amounts produced by taking the relevant percentage of so much of the relevant rental value as falls within each rate band.

(3) The relevant percentages and rate bands are determined by reference to whether the relevant land—

- (a) consists entirely of residential property (in which case Table A below applies), or
- (b) consists of or includes land that is not residential property (in which case Table B below applies).

TABLE A: RESIDENTIAL

<i>Rate bands</i>	<i>Percentage</i>
£0 to £60,000	0%
Over £60,000	1%

TABLE B: NON-RESIDENTIAL OR MIXED

<i>Rate bands</i>	<i>Percentage</i>
£0 to £150,000	0%
Over £150,000	1%

(4) For the purposes of sub-paragraphs (2) and (3)—

- (a) the relevant rental value is the net present value of the rent payable over the term of the lease, and
- (b) the relevant land is the land that is the subject of the lease.

(5) If the lease in question is one of a number of linked transactions for which the chargeable consideration consists of or includes rent, the above provisions are modified.

(6) In that case the tax chargeable is determined as follows.

First, calculate the amount of the tax that would be chargeable if the linked transactions were a single transaction, so that—

- (a) the relevant rental value is the total of the net present values of the rent payable over the terms of all the leases, and
- (b) the relevant land is all land that is the subject of any of those leases.

Then, multiply that amount by the fraction:

$$\frac{NPV}{TNPV}$$

where—

NPV is the net present value of the rent payable over the term of the lease in question, and
TNPV is the total of the net present values of the rent payable over the terms of the all the leases.”.

Rent and other consideration: treatment of linked transactions

2.—(1) Paragraph 9 (tax chargeable in respect of consideration other than rent) is amended as follows.

(2) In sub-paragraph (2) (exclusion of 0% band for other consideration if annual rent exceeds £600 a year), for “annual rent” substitute “relevant rental figure”.

(3) After that sub-paragraph insert—

“(2A) For the purposes of sub-paragraph (2) the relevant rental figure is—

- (a) the annual rent in relation to the transaction in question, or
- (b) if that transaction is one of a number of linked transactions for which the chargeable consideration consists of or includes rent, the total of the annual rents in relation to all those transactions.”.

(4) In sub-paragraph (3) (meaning of “annual rent”) for “For the purposes of sub-paragraph (2)” substitute “In sub-paragraph (2A)”.

EXPLANATORY NOTE

(This note is not part of the Regulations)

Part 4 of the Finance Act 2003 (c. 14) (“the 2003 Act”) introduces stamp duty land tax. The implementation date for the purposes of stamp duty land tax will be 1st December 2003 (see generally paragraph 2 of Schedule 19 to the 2003 Act).

These Regulations are made under section 112 of the 2003 Act which provides that the Treasury may by regulations amend Schedule 5 to that Act. Schedule 5 sets out how to calculate the stamp duty land tax chargeable in respect of a lease on which rent is to be paid.

Regulation 1 provides for citation and commencement.

Regulation 2 introduces the amendments to Schedule 5 to the 2003 Act which are set out in the Schedule.

Paragraph 1 of the Schedule substitutes sub-paragraphs (2) to (6) for sub-paragraphs (2) to (5) of paragraph 2 of Schedule 5 to the 2003 Act. The amendment changes the calculation of stamp duty land tax chargeable in respect of chargeable consideration consisting of rent so that, if the net present value of the rent payable over the term of the lease in question (“the NPV”) exceeds the relevant threshold set out in the Tables in sub-paragraph (3) of that paragraph, only so much of the NPV as exceeds the relevant threshold is chargeable to tax at 1%.

Paragraph 2 of the Schedule amends paragraph 9 of Schedule 5 to the 2003 Act so that consideration other than rent is charged at a minimum 1% not only where the annual rent payable exceeds £600 but also where the total value of the annual rents in relation to linked transactions exceeds that amount.

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