

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

Status: This is the original version (as it was originally made). This item of legislation is currently only available in its original format.

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)”.