

Consultation draft

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PART 1

ANNUAL RESIDENTIAL PROPERTY TAX

The charge to tax

1 Charge to tax

- (1) A tax (called “annual residential property tax”) is to be charged in accordance with this Part.
- (2) Tax is charged in respect of a chargeable interest if on one or more days in a chargeable period –
 - (a) the interest is a single-dwelling interest and has a taxable value of more than £2 million, and
 - (b) a company, partnership or collective investment scheme meets the ownership condition with respect to the interest.
- (3) The tax is charged for the chargeable period concerned.
- (4) A company meets the ownership condition with respect to a single-dwelling interest on any day on which the company is beneficially entitled to the interest (otherwise than as a member of a partnership or for the purposes of a collective investment scheme).
- (5) A partnership meets the ownership condition with respect to a single-dwelling interest on any day on which a member of the partnership that is a company is beneficially entitled to the interest (as a member of the partnership).
- (6) A collective investment scheme meets the ownership condition with respect to a single-dwelling interest on any day on which the interest is held for the purposes of the scheme.
- (7) If a company is jointly beneficially entitled to a chargeable interest (as a member of a partnership or otherwise), then regardless of whether the company is entitled as a joint tenant or tenant in common (or, in Scotland, as a joint owner or owner in common) the ownership condition is regarded as met in relation to the whole chargeable interest.
- (8) The chargeable periods are –
 - (a) the period beginning with 1 April 2013 and ending with 31 March 2014, and
 - (b) each subsequent period of 12 months beginning with 1 April.
- (9) See also section 66 (references to beneficial entitlement include beneficial entitlement jointly with another person).

2 Person liable

- (1) The chargeable person is liable to pay tax charged under this Part.
- (2) “The chargeable person” means—
 - (a) in relation to tax charged by virtue of section 1(4), the company;
 - (b) in relation to tax charged by virtue of section 1(5), the responsible partners.
- (3) In relation to tax charged by virtue of section 1(6) “the chargeable person” means—
 - (a) if the collective investment scheme is a unit trust scheme, the trustee of the scheme;
 - (b) if the collective investment scheme is an open-ended investment company, the body corporate referred to in section 236(2) of the Financial Services and Markets Act 2000;
 - (c) in relation to an EEA UCITS which is not an open-ended investment company or unit trust scheme, the management company for that UCITS;
 - (d) in any other case, the person who has day-to-day control over the management of the property subject to the scheme.
- (4) The liability of the responsible partners to pay tax charged on them under this Part is joint and several.
- (5) Reference in this section to “the responsible partners” are to all the persons who are members of the partnership concerned on the first day in the chargeable period on which the partnership meets the ownership condition with respect to the single-dwelling interest.
- (6) Tax charged under this Part is said to be “charged on” the chargeable person (and that person is said to be “chargeable to” the tax).

3 Liability of persons jointly entitled

- (1) Subsection (2) applies if—
 - (a) a company is within the charge for a chargeable period with respect to a single-dwelling interest by virtue of section 2(2)(a), and
 - (b) one or more other persons are jointly entitled to the interest on the first day in that period on which the company is within the charge with respect to it.
- (2) The company and the other person or persons are jointly and severally liable for the tax charged for that period with respect to the interest (whether or not those other persons are also within the charge with respect to the interest on the day in question).
- (3) Subsection (4) applies if—
 - (a) a company that is a member of a partnership is beneficially entitled (as a member of the partnership) to a single-dwelling interest on a day in a chargeable period, and
 - (b) as a result, the responsible partners are within the charge with respect to the interest for the period.
- (4) If, on the first day in the chargeable period on which the responsible partners are within the charge a person (“P”) who is not one of the responsible partners

is jointly entitled to the chargeable interest, P and the responsible partners are jointly and severally liable for the tax charged for the period with respect to the interest (whether or not P is also within the charge with respect to the interest on the day in question).

4 Collective investment schemes: liability for and collection of tax

- (1) Subsection (2) applies where tax is charged for a chargeable period with respect to a single-dwelling interest by virtue of section 1(6).
- (2) The persons who are participants in the scheme at the end of the first day of the chargeable period on which the chargeable person is within the charge with respect to the interest are jointly and severally liable with the chargeable person for the tax charged.
- (3) Subsection (2)(a) does not permit the recovery from a participant of an amount exceeding the market value at the relevant time of the participant's holding in the scheme.
- (4) The reference in subsection (3) to a participant's holding in a collective investment scheme is to the interests or rights by virtue of which the participant takes part in the scheme.
- (5) Tax chargeable by virtue of section 1(6) may be recovered from the depositary (if any) of a collective investment scheme, but only up to the amount or value of any money or other property subject to the scheme that has been entrusted to the depositary for safekeeping.
- (6) The depositary –
 - (a) may retain out of any money entrusted to it as mentioned in subsection (5) enough money to pay that tax, and
 - (b) is entitled to be fully reimbursed by the participants in the scheme (by that method or another) for amounts recovered under subsection (5).
- (7) In this section –
 - (a) “depositary”, in relation to a collective investment scheme (other than a unit trust scheme), has the meaning given by section 237(2) of the Financial Services and Markets Act 2000;
 - (b) “participant”, in relation to a collective investment scheme, is to be read in accordance with section 235 of that Act.

5 Amount of tax chargeable

- (1) The amount of tax charged for a chargeable period with respect to a single-dwelling interest is stated in subsection (2) or (3).
- (2) If the chargeable person is within the charge with respect to the single-dwelling interest on the first day of the chargeable period, the amount of tax charged is equal to the annual chargeable amount, as determined by reference to the taxable value of the interest on the relevant day.
- (3) Otherwise, the amount of tax charged is equal to the relevant fraction of the annual chargeable amount, as determined by reference to the taxable value of the interest on the relevant day.
- (4) The “relevant day” is –
 - (a) for the purposes of subsection (2), the first day of the chargeable period;

- (b) for the purposes of subsection (3), the first day in the chargeable period on which the chargeable person is within the charge with respect to the interest.
- (5) The following table gives the annual chargeable amount for a single-dwelling interest (based on the taxable value the interest has on the day mentioned in subsection (2) or (3)).

<i>Annual chargeable amount</i>	<i>Taxable value of the interest on the relevant day</i>
£15,000	More than £2 million but not more than £5 million.
£35,000	More than £5 million but not more than £10 million.
£70,000	More than £10 million but not more than £20 million.
£140,000	More than £20 million.

- (6) The relevant fraction is –

$$\frac{N}{Y}$$

where –

“N” is the number of days from (and including) the relevant day to the end of the chargeable period;

“Y” is the number of days in the chargeable period.

- (7) See also –
- (a) section 6 (provisional relief), and
 - (b) section 11 (adjustment of amount chargeable).

6 Provisional relief

- (1) Where tax is charged for a chargeable period with respect to a single-dwelling interest, relief under this section (“provisional relief”) may be claimed if the requirements in subsections (2) to (4) are met.
- (2) The relief must be claimed –
 - (a) in an annual residential property tax return, or
 - (b) by amending an annual residential property tax return.
- (3) The first chargeable day, and all the subsequent days up to and including the day on which the return or amendment of a return is delivered, must be relievable with respect to the interest (by virtue of any of sections 38 to 53).
- (4) The claim must –
 - (a) be made by the chargeable person, and

- (b) state that it is based on the assumption that the day on which the return or amendment of a return is delivered, and all the subsequent days in the relevant chargeable period, will be relievable with respect to the single-dwelling interest.
- (5) Where provisional relief is claimed under this section, section 61(1) (payment of tax by filing date for annual residential property tax return) has effect as if no tax were charged with respect to the interest for the chargeable period.
- (6) See sections 10 and 11 for provision about the adjustment of the amount of tax charged.
- (7) In this section “first chargeable day”, in relation to an annual residential property return (or an amendment of such a return) means the first day in the chargeable period concerned on which the chargeable person is within the charge with respect to the single-dwelling interest.

7 Indexation of annual chargeable amounts

- (1) If the consumer prices index for September in 2013 or any later year (“the later year”) is higher than it was for the previous September, section 5(5) applies in relation to chargeable periods beginning on or after the 1 April in the year after the later year with the following amendments.
- (2) For each of the annual chargeable amounts stated in the table in section 5(5) (as it applies in relation to chargeable periods beginning in the previous 12 months) there is substituted the indexed amount.
- (3) “The indexed amount” is found by –
 - (a) increasing the previous amount by the same percentage increase as the percentage increase in the consumer prices index, and
 - (b) rounding down the result to the nearest multiple of £50.
- (4) In this section “consumer prices index” means the all items consumer prices index published by the Statistics Board.
- (5) The Treasury must, before 1 April 2014 and before each subsequent 1 April, make an order stating the amounts that by virtue of this section are to be the annual chargeable amounts for chargeable periods beginning on or after that date.

8 Taxable value

- (1) The taxable value of a single-dwelling interest on any day (“the relevant day”) is equal to its market value at the end of the latest day that –
 - (a) falls on or before that day, and
 - (b) is a valuation date in the case of that interest.
- (2) Each of the following is a valuation date in the case of any single-dwelling interest –
 - (a) 1 April 2012;
 - (b) each 1 April falling 5 years, or a multiple of 5 years, after 1 April 2012.
- (3) The following are also valuation dates in the case of any single-dwelling interest to which a company is beneficially entitled on the relevant day (otherwise than as a member of a partnership) –

- (a) the effective date of any acquisition by the company of a chargeable interest in or over the dwelling concerned;
 - (b) the effective date of any disposal of part (but not the whole) of the single-dwelling interest.
- (4) The following are also valuation dates in the case of any single-dwelling interest to which a company is beneficially entitled on the relevant day as a member of a partnership—
- (a) the effective date of any acquisition as a result of which a chargeable interest in or over the dwelling concerned became partnership property of the partnership,
 - (b) the effective date of any disposal of part (but not the whole) of the single-dwelling interest.
- (5) The following are also valuation dates in the case of any single-dwelling interest that is on the relevant day held for the purposes of a collective investment scheme—
- (a) the effective date of any acquisition, made for the purposes of the scheme, of a chargeable interest in or over the dwelling concerned;
 - (b) the effective date of any disposal of part (but not the whole) of the single-dwelling interest.
- (6) In this section references to a disposal of part of a single-dwelling interest include the grant of a chargeable interest out of the single-dwelling interest.
- (7) The grant of an option does not count as the grant of a chargeable interest for the purposes of subsection (6).
- (8) For the purposes of this Part “market value” is to be determined as for the purposes of the TCGA 1992 (see sections 272 to 274 of that Act).

9 No double charge

Tax in respect of a given single-dwelling interest is charged only once for any chargeable day even if more than one person is “the chargeable person” with respect to the tax charged.

Adjustment of amount charged

10 “Adjusted chargeable amount”

- (1) In relation to a person on whom tax is charged for a chargeable period with respect to a single-dwelling interest, the “adjusted chargeable amount” is the total of the daily amounts for all the days in the period on which the chargeable person is within the charge with respect to the interest.
- (2) The daily amount for any such day (“the included day”) is—

$$\frac{1}{Y} \times A$$

where—

“Y” is the number of days in the chargeable period;

“A” is the annual chargeable amount, determined by reference to the taxable value of the interest on the included day.

11 Adjustment of amount chargeable

- (1) Where tax is charged for a chargeable period with respect to a single-dwelling interest and the adjusted chargeable amount is greater than the initial charged amount –
 - (a) the amount of tax charged is taken to be increased (at the end of the chargeable period) to the adjusted chargeable amount, and
 - (b) section 61(3) has effect in relation to any additional tax that may be payable as a result of the increase.
- (2) In this section “the initial amount charged” means –
 - (a) the amount of tax charged under section 5 for the period in respect of the interest, or
 - (b) zero, if provisional relief under section 6 has been claimed in relation to that amount.
- (3) Subsection (4) applies where –
 - (a) tax is charged for a chargeable period with respect to a single-dwelling interest,
 - (b) the adjusted chargeable amount is less than the initial charged amount, and
 - (c) a claim for relief is made under this subsection.
- (4) The amount of tax charged for the period with respect to the interest is taken to be reduced (at the end of the chargeable period) to the adjusted chargeable amount.
- (5) Relief under subsection (3) must be claimed –
 - (a) in an annual residential property tax return, or
 - (b) by amending an annual residential property tax return.
- (6) The claim must be delivered by the end of the chargeable period following the one to which the claim relates.
- (7) Relief under this section may be given by repayment of tax or otherwise.

Chargeable interests and “single-dwelling interest”

12 Chargeable interests

- (1) In this Part “chargeable interest” means –
 - (a) an estate, interest, right or power in or over land in the United Kingdom, or
 - (b) the benefit of an obligation, restriction or condition affecting the value of any such estate, interest, right or power.
- (2) Where two or more persons are jointly entitled to a chargeable interest the chargeable interest is not regarded, for the purposes of this Part, as consisting of separate interests corresponding to the shares (if any) that those persons have by virtue of their joint entitlement.
- (3) An exempt interest is not a chargeable interest for the purposes of this Part.

- (4) The following are exempt interests –
 - (a) any security interest;
 - (b) a licence to use or occupy land;
 - (c) in England and Wales or Northern Ireland, a tenancy at will.
- (5) In subsection (4) “security interest” means an interest or right (other than a rentcharge) held for the purpose of securing the payment of money or the performance of any other obligation.
- (6) In the application of this Part in Scotland the reference in subsection (5) to a rentcharge is to be read as a reference to a feu duty or a payment mentioned in section 56(1) of the Abolition of Feudal Tenure etc (Scotland) Act 2000 (asp 5).
- (7) The Treasury may by regulations provide that any other description of interest or right in or over a dwelling is an exempt interest.

13 Meaning of “single-dwelling interest”

- (1) References in this Part to a “single-dwelling interest” are to be read in accordance with this section.
- (2) A chargeable interest that is exclusively in or over land consisting (on any day) of a single dwelling is a single-dwelling interest (on that day).
- (3) Where a person is entitled to a chargeable interest that is exclusively in or over land consisting (on any day) of two or more single dwellings –
 - (a) provisions referring to a “single-dwelling interest” operate as if the person had (on that day) a separate chargeable interest in or over each dwelling, and
 - (b) the chargeable interest in or over each dwelling is therefore a single-dwelling interest.
- (4) Where a person is entitled to a chargeable interest in or over land that on any day consists of one or more single dwellings and non-residential land –
 - (a) provisions referring to a “single-dwelling interest” operate as if the person had (on that day) a separate chargeable interest in or over each dwelling and a further separate chargeable interest in or over the non-residential land, and
 - (b) the chargeable interest in or over each dwelling is therefore a single-dwelling interest.
- (5) A single dwelling interest is referred to as a single-dwelling interest “in” the dwelling concerned.
- (6) A single-dwelling interest in one dwelling is distinct from any single-dwelling interest in another dwelling, even if the dwellings stand successively on the same land.
- (7) In this section –
 - (a) “non-residential land” means land that is not a dwelling or part of a dwelling;
 - (b) references to a dwelling include a part of a dwelling.

14 Different interests held in the same dwelling

- (1) Subsection (2) applies if on one or more days in a chargeable period –

- (a) a company is beneficially entitled to two or more single-dwelling interests in the same dwelling, or
 - (b) two or more single-dwelling interests in the same dwelling are held for the purposes of the same collective investment scheme.
- (2) This Part has effect with respect to that chargeable period as if those separate interests constituted just one single-dwelling interest, the taxable value of which on any day is the sum of the taxable values of the separate interests.

15 Interests held by connected persons

- (1) If on any day a company (“A”) is beneficially entitled to a single-dwelling interest in a dwelling and another person (“B”) who is connected with A is beneficially entitled to a different single-dwelling interest in the same dwelling, this Part has effect –
- (a) in relation to A as if A were on that day beneficially entitled to B’s single-dwelling interest as well as A’s single dwelling interest, and
 - (b) (if B is a company) in relation to B as if B were on that day beneficially entitled to A’s single-dwelling interest as well as B’s single-dwelling interest.
- (2) If on any day a single-dwelling interest (“the scheme interest”) is held for the purposes of a collective investment scheme and a person (“B”) who is connected with the scheme is beneficially entitled to a different single-dwelling interest in the same dwelling, this Part has effect –
- (a) in relation to the scheme, as if those separate interests constituted (on that day) just one single-dwelling interest held for the purposes of the scheme, the taxable value of which is the sum of the taxable values of the separate interests, and
 - (b) (if B is a company) in relation to B as if B were (on that day) beneficially entitled to the scheme interest as well as B’s single-dwelling interest.
- (3) If on any day a single-dwelling interest in a dwelling (“the first scheme interest”) is held for the purposes of a collective investment scheme and another interest in the same dwelling (“the second scheme interest”) is held for the purposes of another collective investment scheme that is connected with the first-mentioned scheme, this Part has effect in relation to each scheme as if those separate interests constituted (on that day) just one single-dwelling interest held for the purposes of that scheme, the taxable value of which is the sum of the taxable values of the separate interests.
- (4) In accordance with section 9, tax is not charged more than once for any day with respect to the interest treated under this section (read with section 14(2)) as just one single-dwelling interest.
- (5) Where tax is charged for a day in a chargeable period with respect to an interest that on that day is treated as mentioned in subsection (4), each of the persons who is, by virtue of this section, the chargeable person in relation to that tax is jointly and severally liable with the other chargeable persons to pay the tax referable to that day.

*Meaning of “dwelling”***16 Meaning of “dwelling”**

- (1) A building or part of a building counts as a dwelling at any time when –
 - (a) it is used or suitable for use as a single dwelling, or
 - (b) it is in the process of being constructed or adapted for such use.
- (2) Land that is, or is at any time intended to be, occupied or enjoyed with a dwelling as a garden or grounds (including any building or structure on such land) is taken to be part of that dwelling at that time.
- (3) Land that subsists, or is at any time intended to subsist, for the benefit of a dwelling is taken to be part of the dwelling at that time.
- (4) A building, or part of a building, used for a purpose specified in section 116(2) or (3) of FA 2003 is not used as a dwelling for the purposes of subsection (1).
- (5) Where a building, or part of a building, is used for a purpose mentioned in subsection (4), no account is to be taken for the purposes of subsection (1) of its suitability for any other use.
- (6) If a building or part of a building becomes temporarily unsuitable for use as a dwelling for any reason (including accidental damage, repairs or any other physical change to the building or its environment), that temporary unsuitability is ignored in determining whether or not the building or part of a building is, during the period in question, a dwelling for the purposes of this Part.

This subsection does not affect any of the provisions in sections 31 to 36.

17 Substantial performance of “off plan” purchase

- (1) Subsection (2) applies where –
 - (a) a contract is entered into for the acquisition of a chargeable interest in or over land that consists of or includes a building, or part of a building, that is to be constructed or adapted for use as a single dwelling,
 - (b) substantial performance is treated as constituting the acquisition of the chargeable interest (under section 27), and
 - (c) construction or adaptation of the building, or the part of a building, has not begun by the time the contract is substantially performed.
- (2) The chargeable interest deemed to be acquired as mentioned in subsection (1)(b) is taken to be in or over land that consists of or (as appropriate) includes a dwelling.
- (3) If at any time after the substantial performance of the contract the obligation under the contract to carry out the construction or adaptation ceases to have effect without the construction or adaptation having been begun, subsection (2) ceases to apply at that time.
- (4) A building or part of a building used for a purpose specified in section 116(2) or (3) of FA 2003 is not used as a dwelling for the purposes of subsection (1).
- (5) In this section –

“contract” includes any agreement (including, in the case of Scotland, missives of let not constituting a lease);

“substantially performed” has the same meaning as in section 44 of FA 2003.

18 Power to widen references to “use as a dwelling”

- (1) The Treasury may by order amend this Part so as to specify cases where use of a building is to be use of a building as a dwelling for the purposes of section 16(1) or 17(2).
- (2) The reference in section 116(8)(a) of FA 2003 (power to amend section 116(2) and (3)) to “the purposes of subsection (1)” includes a reference to the purposes of sections 17(1) and 16(1).

19 Parts of a greater whole

- (1) The fact that a part of a building is suitable for use as a dwelling does not prevent that part from forming part of a larger single dwelling.
- (2) The fact that a building or structure that is –
 - (a) in the garden or grounds of a dwelling, and
 - (b) occupied or enjoyed with the dwelling,is itself suitable for use as a single dwelling does not prevent it from being treated (in accordance with section 16(3)) as part of the dwelling.

20 Dwelling in grounds of another dwelling

- (1) Subsection (4) applies where the conditions in subsection (2) are met in relation to two dwellings (the “main dwelling” and the “associated dwelling”) at the end of a day (“the day in question”) in a chargeable period.
- (2) The conditions are that –
 - (a) the main dwelling has a garden or grounds,
 - (b) the associated dwelling stands within the garden or grounds of the main dwelling, but is not occupied or enjoyed with that dwelling,
 - (c) the associated dwelling does not have separate access, and is not part of the same building as the main building, and
 - (d) the common ownership condition is met.
- (3) The common ownership condition is that –
 - (a) a company is beneficially entitled to a chargeable interest in the main dwelling, and the company or a person connected with the company is beneficially entitled to a chargeable interest in the associated dwelling, or
 - (b) a chargeable interest in the main dwelling is held for the purposes of a collective investment scheme, and a chargeable interest in the associated dwelling is held for the purposes of the same collective investment scheme.

(It does not matter whether or not the interest in the main dwelling and the interest in the associated dwelling are held for the same title.)

- (4) This Part has effect in relation to the interests mentioned in paragraph (a) or (as the case may be) (b) of subsection (3) as if the main dwelling and the associated dwelling were, on the day in question, suitable for use as a single dwelling.

-
- (5) Subsection (4) does not apply if the day in question is, in relation to the interest in the main dwelling or the interest in the associated dwelling, a relievable day by virtue of a provision mentioned in subsection (6).
- (6) Those provisions are –
- (a) section 38 (property rental businesses);
 - (b) section 43 (property developers);
 - (c) section 44 (property developers: exchange of dwellings);
 - (d) section 46 (property traders);
 - (e) section 50 (occupation by certain employees or partners);
 - (f) section 53 (farmhouses).
- (7) The reference in subsection (3)(b) to a chargeable interest being held for the purposes of the same collective investment scheme includes a reference to a person connected with the scheme being beneficially entitled to the interest.
- (8) The associated dwelling has “separate access” only if –
- (a) there is access to the associated dwelling directly from a highway (in Scotland, a road) that the dwelling adjoins, or
 - (b) the person entitled to possession of the associated dwelling has access to that dwelling from a highway (in Scotland, a road), exclusively by passing over land that the person is entitled to pass over by reason of one or more rights of way or other interests in land to which the person is separately entitled.
- (9) In this section –
- in relation to a dwelling or dwellings, references to the “garden or grounds” are to land occupied or enjoyed with the dwelling or dwellings as a garden or grounds;
 - references to the person entitled to possession of a dwelling are to the person entitled to possession of the dwelling by reason of an estate or interest held by that person;
 - “separately entitled” means entitled otherwise than by reason of a chargeable interest in or over the main dwelling.

21 Amalgamation of dwellings in the same building

- (1) Two parts of a building are “linked dwellings” if –
- (a) each of them counts as a dwelling,
 - (b) there is private access between the two dwellings,
 - (c) the two parts of the building are not (together) used or suitable for use as a single dwelling, and
 - (d) the common ownership condition and the use condition are met.
- (2) The common ownership condition is that –
- (a) a company is beneficially entitled to a chargeable interest in one of the dwellings, and the company or a person connected with the company is beneficially entitled to a chargeable interest in the other dwelling, or
 - (b) a chargeable interest in one of the dwellings is held for the purposes of a collective investment scheme, and a chargeable interest in the other dwelling is held for the purposes of the same collective investment scheme.
- (It does not matter whether or not the interests are held for the same title.)

- (3) If at the end of a day in a chargeable period (“the day in question”) two parts of a building constitute linked dwellings, this Part has effect in relation to the interests mentioned in paragraph (a) or (as the case may be) (b) of subsection (2) as if the two parts were, on the day in question, suitable for use as a single dwelling.
- (4) Subsection (3) does not apply if the day in question is, in relation to a chargeable interest mentioned in subsection (2)(a) or (as the case may be) (2)(b), a relievable day by virtue of a provision mentioned in subsection (5).
- (5) Those provisions are –
 - (a) section 38 (property rental businesses);
 - (b) section 42 (dwellings opened to the public);
 - (c) section 43 (property developers);
 - (d) section 44 (property developers: exchange of dwellings);
 - (e) section 46 (property traders);
 - (f) section 48 (financial institutions acquiring dwellings in the course of lending);
 - (g) section 50 (occupation by certain employees or partners);
 - (h) section 53 (farmhouses).
- (6) If two dwellings in a building (dwelling A and dwelling B) are treated under this section as suitable for use as a single dwelling, and dwelling B and a third dwelling in the building (“dwelling C”) are treated under this section as suitable for use as a single dwelling, all three are treated as suitable for use as a single dwelling (and so on).

22 Section 21: supplementary

- (1) The reference in section 21(2)(b) to a chargeable interest being held for the purposes of the same collective investment scheme includes a reference to a person connected with the scheme being beneficially entitled to the interest.
- (2) For the purposes of section 21, there is private access between two dwellings if the person entitled to possession of each dwelling is entitled, by reason of a right of way or other interest in land, to have access to that person’s dwelling from the other dwelling, without passing over any part of the building (or any other land) in which a third party has an interest entitling that third party to enter it.
- (3) In subsection (2) “third party” means a person other than –
 - (a) the persons entitled to possession of the dwellings mentioned in subsection (2), and
 - (b) persons connected with any of them.
- (4) The use condition mentioned in section 21(1)(d) is that each of the two dwellings –
 - (a) is occupied (or usually occupied) by a relevant individual,
 - (b) is intended to be so occupied (or usually so occupied), or
 - (c) is not occupied.
- (5) In subsection (4) “relevant individual” means –
 - (a) an individual connected with the company mentioned in section 21(2)(a),

- (b) an individual connected with the collective investment scheme mentioned in section 21(2)(b),
 - (c) an individual who occupies (or is to occupy) the dwelling concerned otherwise than on commercial terms, or
 - (d) an individual employed wholly or partly in connection with the occupation, by a person falling within any of paragraphs (a) to (c), of a dwelling in the building, or providing services in connection with such a person's occupation of a dwelling in the building.
- (6) In this section and section 21 references to the person entitled to possession of a dwelling are to the person entitled to possession of the dwelling by reason of an estate or interest held by that person.

23 Terraces etc

Any structure (such as a terrace of houses or a pair of semi-detached houses) that is composed of or includes dwellings is regarded as a building for the purposes of sections 21 and 22.

Acquisitions and disposals

24 Acquisitions and disposals of chargeable interests

- (1) References in this Part to the acquisition of a chargeable interest include any acquisition however effected (including an acquisition effected by the act of parties to a transaction, by order of a court or other authority, by or under any statutory provision or by operation of law).
- (2) The surrender or release of a chargeable interest is—
 - (a) an acquisition of that interest by any person whose interest or right is benefited or enlarged by the transaction, and
 - (b) a disposal by the person ceasing to be entitled to that interest.
- (3) The variation of a chargeable interest is—
 - (a) an acquisition of a chargeable interest by the person benefiting from the variation, and
 - (b) a disposal of a chargeable interest by the person whose interest is subject to or limited by the variation.

25 Date of acquisition

- (1) A person who acquires a chargeable interest in or over land that consists of or includes a dwelling is treated for the purposes of this Part as acquiring the interest at the beginning of the effective date of the acquisition.
- (2) The effective date of an acquisition is—
 - (a) the date on which the acquisition is completed, or
 - (b) any alternative date the Commissioners for Her Majesty's Revenue and Customs may specify by regulations.

26 Date of disposal

- (1) A person who disposes of a chargeable interest in or over land that consists of or includes a dwelling is treated for the purposes of this Part as ceasing to be

entitled to the interest at the end of the day preceding the effective date of the disposal.

- (2) The effective date of a disposal is –
 - (a) the date on which the disposal is completed, or
 - (b) any alternative date the Commissioners for Her Majesty’s Revenue and Customs may prescribe by regulations.

27 Contract and conveyance: the purchaser

- (1) This section applies where a person (“P”) enters into a contract under which –
 - (a) P is to acquire a relevant chargeable interest, and
 - (b) the acquisition is to be completed by a conveyance.
- (2) P is not regarded as acquiring any chargeable interest by reason of entering into the contract.
- (3) If the contract is substantially performed without having been completed, this Part has effect as if the substantial performance of the contract were the completion of the acquisition provided for by the contract.
- (4) Accordingly, where subsection (3) applies and the contract is subsequently completed by a conveyance, that completion is not treated for the purposes of section 8 as effecting the acquisition of a chargeable interest.
- (5) Where subsection (3) applies and –
 - (a) the contract is afterwards rescinded or annulled, or
 - (b) performance of the contract is for any other reason terminated before the contract has been carried fully into effect,this Part has effect as if P had at the relevant time disposed of the chargeable interest referred to in subsection (1)(a).
- (6) In subsection (5) “the relevant time” means –
 - (a) the time when the rescission or annulment takes effect, or
 - (b) (as the case requires) the time when performance of the contract ceases.
- (7) Where subsection (3) applies and the contract is afterwards varied (or partially rescinded) so that the chargeable interest to be acquired under the contract is not the same as the chargeable interest to which the contract originally related, this Part (including subsection (3)) has effect as if the variation of the contract effected –
 - (a) the disposal by P of the chargeable interest referred to in subsection (1)(a), and
 - (b) the substantial performance of the contract, as varied.
- (8) If the parties to the contract proceed as if they had varied the contract in the way mentioned in subsection (7) (without actually doing so), subsection (7) applies as if they had actually made the corresponding variation in the terms of the contract.
- (9) In this section –
 - (a) references to completion are to the completion of the acquisition proposed, whether or not between the original parties;
 - (b) “contract” includes any agreement;
 - (c) “conveyance” includes any instrument;

- (d) “relevant chargeable interest” means a chargeable interest in or over land that consists of or includes a dwelling;
- (e) “substantially performed” has the same meaning as in section 44 of FA 2003.

28 Contract and conveyance: the vendor

- (1) This section applies where a person (“V”) enters into a contract under which—
 - (a) V is to dispose of a relevant chargeable interest, and
 - (b) the disposal is to be completed by a conveyance.
- (2) V is not regarded as disposing of a chargeable interest by reason of entering into the contract.
- (3) If the contract is substantially performed without having been completed, this Part has effect as if the substantial performance of the contract were the completion of the disposal provided for by the contract.
- (4) Accordingly, where subsection (3) applies and the contract is subsequently completed by a conveyance, that completion is not treated for the purposes of section 8 as effecting the disposal of a chargeable interest.
- (5) Where subsection (3) applies and—
 - (a) the contract is afterwards rescinded or annulled, or
 - (b) performance of the contract is for any other reason terminated before the contract has been carried fully into effect,this Part has effect as if V had at the relevant time re-acquired the chargeable interest referred to in subsection (1)(a).
- (6) In subsection (5) “the relevant time” means—
 - (a) the time when the rescission or annulment takes effect, or
 - (b) (as the case requires) the time when performance of the contract ceases.
- (7) Where subsection (3) applies and the contract is afterwards varied (or partially rescinded) so that the chargeable interest to be disposed of under the contract is not the same as the chargeable interest to which the contract originally related, this Part (including subsection (3)) has effect as if the variation of the contract effected—
 - (a) the re-acquisition by V of the chargeable interest referred to in subsection (1)(a), and
 - (b) the substantial performance of the contract, as varied.
- (8) If the parties to the contract proceed as if they had varied the contract in the way mentioned in subsection (7) (without actually doing so), subsection (7) applies as if they had actually made the corresponding variation in the terms of the contract.
- (9) In this section—
 - (a) references to completion are to the completion of the disposal proposed, between the same parties, in substantial conformity with the contract;
 - (b) “contract” includes any agreement;
 - (c) “conveyance” includes any instrument;
 - (d) “relevant chargeable interest” means a chargeable interest in or over land that consists of or includes a dwelling;

- (e) “substantially performed” has the same meaning as in section 44 of FA 2003.

New dwellings, conversions, demolition etc

29 New dwellings

- (1) Where a new dwelling is being or has been constructed (whether or not as part of a larger building) the earlier of the following days is a valuation date in the case of a single-dwelling interest in that dwelling –
 - (a) the completion day;
 - (b) the day on which the dwelling is first occupied.
- (2) The reference in subsection (1) to the construction of a new dwelling –
 - (a) includes the production of a new dwelling by the alteration (whether structural or otherwise) of an existing building, but
 - (b) does not include a case to which section 30 (dwellings produced from other dwellings) or section 33 (demolition and replacement: new dwellings) applies.
- (3) The reference in subsection (1) to the “completion day” is to the day on which the new dwelling is treated as having come into existence for the purposes of –
 - (a) Part 1 of the Local Government Finance Act 1992 (council tax: England and Wales) (see section 17 of that Act), or
 - (b) Part 2 of that Act (council tax: Scotland) (see section 83 of that Act), or
 - (c) the Rates (Northern Ireland) Order 1977 (S.I. 1977/2157 (N.I. 28)) (see Article 25B of that Order).
- (4) In this section “building” includes a part of a building.

30 Dwellings produced from other dwellings

- (1) This section applies where an existing building that is a dwelling or dwellings (“the old dwelling” or “the old dwellings”) becomes a different dwelling or dwellings (“new” dwellings) as a result of structural alteration.
- (2) Any question as to whether or not a person has a single-dwelling interest at any time either in the old dwelling (or dwellings) or in a new dwelling is determined on the assumption that the old dwelling (or dwellings) cease to exist, and any new dwelling come into existence, only when the conversion is completed.
- (3) The day after the conversion is completed is a valuation date in the case of any single-dwelling interest in a new dwelling.
- (4) References to when the conversion is completed are to the end of the day on which the new dwelling is treated as having come into existence (or the first day on which all the new dwellings are treated as having come into existence) for the purposes of –
 - (a) Part 1 of the Local Government Finance Act 1992 (council tax: England and Wales) (see section 17 of that Act), or
 - (b) Part 2 of that Act (council tax: Scotland) (see section 83 of that Act), or
 - (c) the Rates (Northern Ireland) Order 1977 (N.I. 28) (S.I. 1977/2157 (N.I. 28)) (see Article 25B of that Order).

- (5) In this section “building” includes a part of a building.

31 Demolition of a dwelling

- (1) This section and sections 32 to 34 apply where a building that is a dwelling (“the old dwelling”) is demolished after 1 April 2013.
- (2) Except so far as express provision to the contrary is made in sections 32 to 34, any question as to whether a person has a single-dwelling interest in the dwelling, and any question as to the taxable value of such an interest, is determined as if the dwelling had not been demolished.
- (3) For the purposes of subsection (1) the demolition of a building is treated as having occurred after 1 April 2013 if a day after 1 April 2013 is the first day on which –
- (a) the demolition has begun, and
 - (b) as a result, the building is no longer suitable for use as a dwelling.
- (4) In this section “building” includes a part of a building.

32 Demolition without replacement

- (1) Subsection (2) applies if a person entitled to a single-dwelling interest in the old dwelling notifies an officer of Revenue and Customs that to the best of the person’s knowledge there is no proposal to construct any dwelling or dwellings on the site of the old dwelling.
- (2) Any question as to whether a person has a single-dwelling interest in the old dwelling is determined on the assumption that the old dwelling ceases (or ceased) to exist with effect from the end of the day mentioned in subsection (3).
- (3) That day is the first day on which –
- (a) the demolition has begun, and
 - (b) as a result, the building in question is no longer suitable for use as a dwelling.
- (4) A notification under subsection (1) must be in writing.
- (5) In this section –
- (a) “building” includes part of a building;
 - (b) “the site of the old dwelling” means the land on which the dwelling stood and that counted as part of the dwelling;
 - (c) the reference to the construction of a dwelling or dwellings on that site is to the construction of a dwelling or dwellings wholly or partly on the site.

33 Demolition and replacement: new dwellings

- (1) Subsection (2) applies if one or more dwellings (referred to below as “new dwellings”) are constructed on the site of the old dwelling after the demolition.
- (2) Any question as to whether or not a person has a single-dwelling interest at any time either in the old dwelling or in a new dwelling is determined on the assumption that the old dwelling ceases to exist, and the new dwellings come into existence, only when the rebuilding is completed.

- (3) The day after the rebuilding is completed is a valuation date in the case of any single-dwelling interest in a new dwelling.
- (4) In subsection (1) –
 - (a) “the site of the old dwelling” means the land on which the dwelling stood and that counted as part of the dwelling;
 - (b) the reference to the construction of a dwelling on that site is to the construction of a dwelling wholly or partly on the site.
- (5) References to when the rebuilding is completed are to the end of whichever of the following days is earlier –
 - (a) the completion day;
 - (b) the day on which the last of the new dwellings to be occupied is first occupied.
- (6) The reference in subsection (5) to the “completion day” is to the day on which the new dwelling is treated as having come into existence (or the first day on which all the new dwellings are treated as having come into existence) for the purposes of –
 - (a) Part 1 of the Local Government Finance Act 1992 (council tax: England and Wales) (see section 17 of that Act), or
 - (b) Part 2 of that Act (council tax: Scotland) (see section 83 of that Act), or
 - (c) the Rates (Northern Ireland) Order 1977 (N.I. 28) (S.I. 1977/2157 (N.I. 28)) (see Article 25B of that Order).

34 Demolition and replacement: other cases

- (1) This section applies if –
 - (a) a building is constructed on the site of the old dwelling after the demolition, and
 - (b) section 33 does not apply.
- (2) Any question as to whether a person has a single-dwelling interest in the old dwelling is determined on the assumption that the old dwelling ceases to exist at the end of –
 - (a) the day on which the change of use is approved, or
 - (b) if later, the day on which the old dwelling ceased to be occupied.
- (3) In subsection (1) –
 - (a) “the site of the old dwelling” means the land on which the dwelling stood and that counted as part of the dwelling;
 - (b) the reference to the construction of a dwelling on that site is to the construction of a dwelling wholly or partly on the site.

35 Conversion of dwelling for non-residential use

- (1) This section applies where a building or part of a building –
 - (a) has been suitable for use as a dwelling, and
 - (b) is altered for the purpose of making it suitable for use otherwise than as a dwelling.
- (2) The question whether or not the alterations make the building or part unsuitable for use as a dwelling is one of fact (but see subsection (3)).

- (3) The building or part will not be regarded as having become unsuitable for use as a dwelling as a result of the alterations at any time unless by that time any planning permission or development consent required for the alterations has been granted (and the alterations have been made in accordance with any such permission or consent).
- (4) In this section “planning permission” has the meaning given by the relevant planning enactment.
- (5) “The relevant planning enactment” means –
 - (a) in relation to land in England and Wales, section 336(1) of the Town and Country Planning Act 1990;
 - (b) in relation to land in Scotland, section 277(1) of the Town and Country Planning (Scotland) Act 1997;
 - (c) in relation to land in Northern Ireland, Article 2(2) of the Planning (Northern Ireland) Order 1991 (S.I. 1991/1220 (N.I. 11)).
- (6) In this section “development consent” means development consent under the Planning Act 2008.

36 Damage to a dwelling

- (1) Subsections (2) and (3) apply if on a day on which a person is within the charge with respect to a single-dwelling interest (“the relevant day”) –
 - (a) the dwelling in question suffers substantial damage that is accidental, or otherwise caused by events outside the control of the relevant person, and
 - (b) as a result of the damage the dwelling becomes temporarily unsuitable for occupation for a period of at least 90 days.
- (2) The day on which the period mentioned in subsection (1)(b) begins is a valuation date in the case of the single-dwelling interest.
- (3) Subsection (2) does not apply if the damage destroys the dwelling (so that it ceases to be a dwelling).
- (4) Damage done to a dwelling is disregarded for the purposes of subsection (1) if it occurs in the course of work done on the relevant person’s behalf for the purpose of demolishing part of the dwelling, or part of a building that contains the dwelling.
- (5) “The relevant person” means a person who is beneficially entitled to the single dwelling interest.

Reliefs

37 Effect of reliefs under sections 38 to 53

- (1) Subsection (2) applies where tax is charged, in respect of a single-dwelling interest, for a chargeable period that includes one or more days that are relievable as a result of any of the provisions listed in subsection (3) (or for more than one such period).
- (2) For any such period, the adjusted chargeable amount is to be calculated on the basis that the chargeable person is not within the charge with respect to the interest on any relievable day.

- (3) The provisions are –
- section 38 (property rental businesses);
 - section 39 (rental property: preparation for sale etc);
 - section 42 (dwellings opened to the public);
 - section 43 (property developers);
 - section 44 (property developers: exchange of dwellings);
 - section 46 (property traders);
 - section 48 (financial institutions);
 - section 50 (occupation by certain employees or partners);
 - section 53 (farmhouses).
- (4) See also section 11 (adjustment of amount chargeable and claim for relief) and section 58 (amendment of return where conditions for relief cease to be met).

38 Property rental businesses

- (1) A day in a chargeable period is “relievable” in relation to a single-dwelling interest if at the end of that day the interest –
- (a) is being exploited as a source of rents or other receipts (other than excluded rents) in the course of a qualifying property rental business carried on by a person beneficially entitled to the interest, or
 - (b) is held with the intention that it will be so exploited in the course of a qualifying property rental business that is being carried on, or is to be carried on, by a person beneficially entitled to the interest.
- (2) A day in a chargeable period is not relievable by virtue of subsection (1) or section 39 in the case of a single-dwelling interest if at the end of a day –
- (a) a non-qualifying individual is permitted to occupy the dwelling, or
 - (b) it is intended that the dwelling will (or will if certain circumstances arise) be made available for occupation by a non-qualifying individual.
- (3) A single-dwelling interest is not regarded as being “held with the intention that” it will be exploited as mentioned in subsection (1)(b) unless steps are being taken to secure that the interest will be so exploited without delay (except so far as delay is justified by commercial considerations, or cannot be avoided).
- (4) In this Part “qualifying property rental business” means a property rental business that is run on a commercial basis and with a view to profit.
- (5) A business is a “property rental business” for the purposes of subsection (4) if it is a property business as defined in Chapter 2 of Part 4 of CTA 2009, but –
- (a) the question whether or not a business is a property rental business for the purposes of subsection (4) is determined without reference to whether or not any profits of the business are chargeable to corporation tax (and section 204(2) of CTA 2009 is therefore disregarded), and
 - (b) for the purposes of this subsection the “rents or other receipts” referred to in section 207(1) of CTA 2009 are taken not to include excluded rents
- (6) In this Part “excluded rents” means rents within any of classes 2 to 6 in the table in section 605(2) of CTA 2010.

39 Rental property: preparation for sale etc

- (1) A day (“day X”) at the end of which a person (“P”) is beneficially entitled to a single-dwelling interest is relievably in relation to that interest if—
- (a) at the end of day X the dwelling is unoccupied and any of the first to fourth conditions is met (see below),
 - (b) day X is preceded by one or more days (“qualifying days”) that are relievably under section 38 in relation to the interest and at the end of which P, or a relevant partner, was beneficially entitled to the interest, and
 - (c) the days (if any) between day X and the last of the qualifying days to precede day X are all relievably under this section.

First condition

The first condition is that steps are being taken to secure that the interest will be sold without undue delay.

Second condition

The second condition is that—

- (a) steps are being taken to secure that the dwelling will be demolished without undue delay, and
- (b) if it is intended that a new dwelling will be constructed on the site of the existing dwelling, the intention is that it will be used in a relievably way.

Third condition

The third condition is that—

- (a) steps are being taken to secure that the dwelling will be converted into a different dwelling without undue delay, and
- (b) it is intended that the new dwelling will be used in a relievably way.

Fourth condition

The fourth condition is that steps are being taken to secure that the dwelling will be converted into a building other than a dwelling without undue delay.

- (2) A dwelling is “used in a relievably way” for the purposes of subsection (1) if the single-dwelling interest in question is exploited in such a way, or held in such a way and for such purposes, (and, if relevant, the dwelling itself is used in such a way) that a day of such exploitation, ownership or use would be relievably under any of sections 38, 42, 50 and 53.
- (3) In this section—
- “relevant partner”, where P is (on day X) beneficially entitled to the interest as a member of a partnership, means a person who was at the time in question carrying on the qualifying rental property business concerned as a member of that partnership;
- “without undue delay” means without delay, except so far as delay is justified by commercial considerations, or cannot be avoided.

40 Non-qualifying occupation: look-forward and look-back

- (1) Subsection (2) applies if at the end of a day in a chargeable period (“the day of non-qualifying occupation”)—

- (a) a single-dwelling interest to which a person (“the landlord”) is beneficially entitled is being exploited as mentioned in section 38(1)(a) or held with the intention mentioned in section 38(1)(b), and
 - (b) a non-qualifying individual is permitted to occupy the dwelling.
- (2) No subsequent day in that chargeable period, or in any of the subsequent three chargeable periods, that meets the continuity of ownership condition and would (in the absence of this subsection) be relievable by virtue of section 38(1)(b) is treated as relievable by virtue of that provision unless a day of qualifying use falls between that day and the day of non-qualifying occupation.
- (3) A day meets the continuity of ownership condition if at the end of it –
 - (a) the landlord is beneficially entitled to the single-dwelling interest, or
 - (b) if the landlord carried on or (as the case requires) intended to carry on the property rental business in partnership, another member of the partnership is beneficially entitled to the interest.
- (4) Subsection (5) applies if at the end of a day in a chargeable period (“the day of non-qualifying occupation”) a person who is a non-qualifying individual in relation to a single-dwelling interest is occupying the dwelling.
- (5) An earlier day in that or the preceding chargeable period (“the earlier day”) is not relievable by virtue of section 38(1)(b) or 39 if a relevant person is beneficially entitled to the single-dwelling interest at the end of that day.
- (6) In subsection (5) “relevant person” means –
 - (a) a person who is beneficially entitled to the single-dwelling interest at the end of the day of non-qualifying occupation, or
 - (b) if a person falling within paragraph (a) is or has been a member of a partnership whose members have at any time exploited the single-dwelling interest as a source of rents and receipts in a property rental business, any other member of that partnership.
- (7) Subsection (5) does not apply in relation to the earlier day if a day that is relievable by virtue of section 38(1)(a) falls between that earlier day and the day of non-qualifying occupation.
- (8) For the purposes of this section –
 - (a) “day of qualifying use”, in relation to a single-dwelling interest, means a day that is relievable in the case of the interest by virtue of section 38(1)(a);
 - (b) occupation of any part of a dwelling is regarded as occupation of the dwelling.

41 Meaning of “non-qualifying individual” and “qualifying individual”

- (1) In sections 38 and 40 “non-qualifying individual”, in relation to a single-dwelling interest, means any of the following –
 - (a) an individual who is beneficially entitled to the interest,
 - (b) an individual (“a connected person”) who is connected with a person beneficially entitled to the interest,
 - (c) if a person is beneficially entitled to the chargeable interest as a member of a partnership, any person who is connected with a partner in that partnership,

- (d) a relevant settlor,
 - (e) the spouse or civil partner of a connected person or of a relevant settlor,
 - (f) a relative of a connected person or of a relevant settlor, or the spouse or civil partner of a relative of a connected person or of a relevant settlor,
 - (g) a relative of the spouse or civil partner of a connected person or of a relevant settlor,
 - (h) the spouse or civil partner of a person falling within paragraph (g), or
 - (i) an individual who is a major participant in a relevant collective investment scheme or is connected with a major participant in a relevant collective investment scheme.
- (2) In section 40 “qualifying individual”, in relation to a single-dwelling interest, means an individual other than a non-qualifying individual.
- (3) In subsection (1)(i) “relevant collective investment scheme”, in relation to a single-dwelling interest, means a collective investment scheme that meets the ownership condition with respect to the interest.
- (4) A person who participates in a collective investment scheme is a “major participant” in the scheme if the person—
- (a) is entitled to a share of at least 50% either of all the profits or income arising from the scheme or of any profits or income arising from the scheme that may be distributed to participants, or
 - (b) would in the event of the winding up of the scheme be entitled to 50% or more of the assets of the scheme that would then be available for distribution among the participants.e connected with a collective investment scheme.
- (5) The reference in subsection (4)(a) to profits or income arising from the scheme is to profits or income arising from the acquisition, holding, management or disposal of the property subject to the scheme.
- (6) In this section—
- “relative” means brother, sister, ancestor or lineal descendant;
 - “relevant settlor”, in relation to a single-dwelling interest, means an individual who is a settlor in relation to a relevant settlement (as defined in subsection (7));
 - “settlement” and “settlor” have the same meaning as in Chapter 5 of Part 5 of ITTOIA 2005 (see section 620 of that Act).
- (7) Where a person, in the capacity of trustee of a settlement, is connected with a person who is beneficially entitled to a single-dwelling interest, that settlement is a “relevant settlement” in relation to the single-dwelling interest.
- (8) In subsection (7) “trustee” is to be read in accordance with section 1123(3) of CTA 2010 (“connected persons”: supplementary).

42 Dwellings opened to the public

- (1) A day in a chargeable period is “relievable” in relation to a single-dwelling interest if the first or second condition is met at the end of the day.
- (2) The first condition is that the interest is being exploited as a source of income in the course of a qualifying trade in the normal course of which the public are offered the opportunity to make use of, stay in or otherwise enjoy the dwelling as customers of the trade on least 28 days in any year.

- (3) The second condition is that the interest is held with the intention that it will (in that or a future chargeable period) be exploited as a source of income in the course of a qualifying trade such as is mentioned in subsection (2).
- (4) In this section “qualifying trade” means a trade carried on on a commercial basis and with a view to profit.
- (5) For the purposes of this section persons are not taken to have an opportunity to make use of, stay in or otherwise enjoy a dwelling unless the areas that they are permitted to make use of, stay in or otherwise enjoy include a significant part of the interior of the dwelling.
- (6) The size (relative to the size of the whole dwelling), nature, and function of the area or areas concerned are to be taken into account in determining whether they form a significant part of the interior of the dwelling.
- (7) A single-dwelling interest is not regarded as being “held with the intention that” it will be exploited as mentioned in subsection (3) unless steps are being taken to secure that the interest will be so exploited without delay (except so far as delay is justified by commercial considerations or cannot be avoided).

43 Property developers

- (1) A day in a chargeable period is “relievable” in relation to a single-dwelling interest if at the end of that day –
 - (a) a person carrying on a property development trade (“the property developer”) is beneficially entitled to the interest, and
 - (b) the interest is held exclusively for the purpose of developing and reselling the land in the course of the trade.
- (2) If the property developer holds an interest for the purpose mentioned in subsection (1)(b), any additional purpose the property developer may have of exploiting the interest as a source of rents or other receipts in the course of a qualifying property rental business (after developing the land and before reselling it) is treated as not being a separate purpose in applying the test in subsection (1)(b).
- (3) A single-dwelling interest is not relievable by virtue of subsection (1) on any day at the end of which –
 - (a) a non-qualifying individual is permitted to occupy the dwelling, or
 - (b) it is intended that the dwelling will (or will if certain circumstances arise) be made available for occupation by a non-qualifying individual.
- (4) In this Part “property development trade” means a trade that –
 - (a) consists of or includes buying and developing for resale residential or non-residential property, and
 - (b) is run on a commercial basis and with a view to profit.
- (5) In this section references to development include redevelopment.

44 Property developers: exchange of dwellings

- (1) A day in a chargeable period is “relievable” in relation to a single-dwelling interest if –
 - (a) a person (“the property developer”) is, at the end of that day, beneficially entitled to a single-dwelling interest (“the returned

- interest”) that was acquired (by the relevant person) in the course of a property development trade, and
- (b) that acquisition (“the reverse acquisition”) was part of a qualifying exchange.
- (2) A day is not a relievable day by virtue of this section if at the end of the day –
- (a) a non-qualifying individual is permitted to occupy the dwelling, or
- (b) it is intended that the dwelling will (or will if certain circumstances arise) be made available for occupation by a non-qualifying individual.
- (3) In this section “the relevant person” means –
- (a) if the property developer is beneficially entitled to the returned interest as a member of a partnership, the persons who acquired the interest as members of the partnership, or
- (b) otherwise, the property developer (and any person who acquired the returned interest jointly with the property developer).
- (4) The reverse acquisition is “part of a qualifying exchange” only if –
- (a) it was made by way of transfer,
- (b) the person from whom the acquisition was made itself acquired (by way of grant or transfer) a chargeable interest in or over a new dwelling from the relevant person, and
- (c) each of those acquisitions was entered into in consideration of the other.
- (5) A building or part of a building is a “new dwelling” if –
- (a) it has been constructed for use as a single dwelling and has not previously been occupied, or
- (b) it has been adapted for use as a single dwelling and has not been occupied since its adaptation.

45 Property developers: supplementary

- (1) Subsection (2) applies if at the end of a day in a chargeable period –
- (a) a person carrying on a property development trade (“the property developer”) is beneficially entitled to a single-dwelling interest that has been acquired in the course of that trade (whether or not the acquisition was part of a qualifying exchange for the purposes of section 44), and
- (b) a non-qualifying individual is permitted to occupy the dwelling.
- (2) No subsequent day is relievable in the case of the single-dwelling interest by virtue of section 43(1) or 44(1) if –
- (a) the day falls within that chargeable period, or any of the subsequent three chargeable periods, and
- (b) there is continuity of ownership on that day.
- (3) There is “continuity of ownership” on a day if at the end of it –
- (a) the property developer is beneficially entitled to the single-dwelling interest, or
- (b) if the property developer carried on the property development trade in partnership, another member of the partnership is beneficially entitled to the interest.
- (4) Subsection (5) applies if –

- (a) at the end of a day in a chargeable period (“the day of non-qualifying occupation”) a person who is a non-qualifying individual in relation to a single-dwelling interest is occupying the dwelling in question, and
 - (b) at the end of an earlier day in that, or the preceding, chargeable period (“the earlier day”) the conditions in section 43(1)(a) and (b) are met in relation to the same single-dwelling interest.
- (5) The earlier day is not relievable by virtue of section 43(1) in the case of the single-dwelling interest if –
 - (a) a person who is beneficially entitled to the interest at the end of the earlier day is also beneficially entitled to it at the end of the day of non-qualifying occupation, or
 - (b) if the trade mentioned in section 43(1) is carried on in partnership, a person who has at any time carried that business on in partnership is beneficially entitled to the interest at the end of the day of non-qualifying ownership.
- (6) Subsection (7) applies if –
 - (a) at the end of a day in a chargeable period (“the day of non-qualifying occupation”) a person who is a non-qualifying individual in relation to a single-dwelling interest is occupying the dwelling in question, and
 - (b) at the end of an earlier day in that, or the preceding, chargeable period (“the earlier day”) the conditions in section 44(1)(a) and (b) are met in relation to the same single-dwelling interest.
- (7) The earlier day is not relievable by virtue of section 44(1) in the case of the single-dwelling interest if –
 - (a) a person who is beneficially entitled to the interest at the end of the earlier day is also beneficially entitled to it at the end of the day of non-qualifying occupation, or
 - (b) if the trade mentioned in section 44(1) is carried on in partnership, a person who has at any time carried that business on in partnership is beneficially entitled to the interest at the end of the day of non-qualifying ownership.
- (8) If a day that is relievable by virtue of section 38(1)(a) falls between the earlier day mentioned in subsection (5) or (as the case may be) (7) and the day of non-qualifying occupation, that subsection does not apply in relation to that earlier day.
- (9) For the purposes of sections 43 and 44 and this section –
 - (a) “non-qualifying individual” has the meaning given by section 41(1);
 - (b) occupation of any part of a dwelling is regarded as occupation of the dwelling.

46 Property traders

- (1) A day in a chargeable period is “relievable” in relation to a single-dwelling interest if at the end of that day –
 - (a) a person carrying on a property trading business is beneficially entitled to the interest, and
 - (b) the interest is held as stock of the business and for the sole purpose of resale in the course of the business.

- (2) A single-dwelling interest in a dwelling is taken not to be held for the sole purpose of resale in the course of a property trading business at any time when –
 - (a) a non-qualifying individual is permitted to occupy the dwelling, or
 - (b) it is intended that the dwelling will (or will if certain circumstances arise) be made available for occupation by a non-qualifying individual.
- (3) In this Part “property trading business” means a business that –
 - (a) consists of or includes activities in the nature of a trade of buying and selling dwellings, and
 - (b) is carried on on a commercial basis and with a view to profit.

47 Property traders: supplementary

- (1) Subsection (2) applies if at the end of a day in a chargeable period (“the day of non-qualifying occupation”) –
 - (a) a person carrying on a property trading business (“the property trader”) is beneficially entitled to a single-dwelling interest that is held as mentioned in section 46(1)(b), and
 - (b) a non-qualifying individual is permitted to occupy the dwelling.
- (2) No subsequent day is relivable in the case of the single-dwelling interest by virtue of section 46(1) if –
 - (a) the day falls within that chargeable period, or any of the subsequent three chargeable periods, and
 - (b) the property trader or a relevant partner was beneficially entitled to the interest on that day.
- (3) If on the day of non-qualifying occupation mentioned in subsection (1) the property trader carries on the property trading business in partnership, “relevant partner” means any other person who is, at any time, a member of that partnership.
- (4) Subsection (5) applies if –
 - (a) at the end of a day in a chargeable period (“the day of non-qualifying occupation”) a person who is a non-qualifying individual in relation to a single-dwelling interest is occupying the dwelling in question, and
 - (b) at the end of an earlier day in that, or the preceding, chargeable period (“the earlier day”) the conditions in section 46(1)(a) and (b) are met in relation to the same single-dwelling interest.
- (5) The earlier day is not relivable by virtue of section 46(1) in the case of the single-dwelling interest if –
 - (a) a person who is beneficially entitled to the interest at the end of the earlier day is also beneficially entitled to it at the end of the day of non-qualifying occupation, or
 - (b) if the business mentioned in section 46(1) is carried on in partnership, a person who has at any time carried that business on in partnership is beneficially entitled to the interest at the end of the day of non-qualifying ownership.
- (6) Subsection (5) does not apply in relation to the earlier day if a day that is relivable by virtue of section 38(1)(a) falls between the earlier day and the day of non-qualifying occupation.

- (7) For the purposes of this section and section 46—
 - (a) “non-qualifying individual” has the meaning given by section 41(1);
 - (b) occupation of any part of a dwelling is regarded as occupation of the dwelling.

48 Financial institutions acquiring dwellings in the course of lending

- (1) A day in a chargeable period is “relievable” in relation to a single-dwelling interest if at the end of that day matters stand as follows—
 - (a) a financial institution carrying on a business that involves the lending of money is beneficially entitled to the interest,
 - (b) the financial institution has acquired the interest in the course of that business and in connection with those lending activities, and
 - (c) the interest is held with the intention that it will be sold in the course of that business without delay (except so far as delay is justified by commercial considerations or cannot be avoided).
- (2) A single-dwelling interest in a dwelling is taken not to be held with the intention mentioned in subsection (1)(c) at any time when—
 - (a) a non-qualifying individual is permitted to occupy the dwelling, or
 - (b) it is intended that the dwelling will (or will if certain circumstances arise) be made available for occupation by a non-qualifying individual.
- (3) In this Part (except where otherwise stated) “financial institution” has the meaning given by section 564B of ITA 2007; but for this purpose section 546B(1) is to be read as if paragraph (d) of that subsection were omitted.

49 Section 48: supplementary

- (1) Subsection (2) applies if at the end of a day in a chargeable period—
 - (a) a financial institution that carries on a business involving the lending of money is beneficially entitled to a single-dwelling interest that has been acquired by it as mentioned in section 48(1)(b), and
 - (b) a non-qualifying individual is permitted to occupy the dwelling.
- (2) No subsequent day is relievable in the case of the single-dwelling interest by virtue of section 48(1) if—
 - (a) the day falls within that chargeable period, or any of the subsequent three chargeable periods, and
 - (b) there is continuity of ownership on that day.
- (3) There is continuity of ownership on a day if at the end of it—
 - (a) the financial institution is beneficially entitled to the single-dwelling interest, or
 - (b) if the financial institution carried on the business mentioned in subsection (1)(a) in partnership, another member of the partnership is beneficially entitled to the interest.
- (4) Subsection (5) applies if—
 - (a) at the end of a day in a chargeable period (“the day of non-qualifying occupation”) a person who is a non-qualifying individual in relation to a single-dwelling interest is occupying the dwelling in question, and

- (b) at the end of an earlier day in that, or the preceding, chargeable period (“the earlier day”) the conditions in section 48(1)(a) to (c) are met in relation to the same single-dwelling interest.
- (5) The earlier day is not relievable by virtue of section 48(1) in the case of the single-dwelling interest if –
 - (a) a person who is beneficially entitled to the interest at the end of the earlier day is also beneficially entitled to it at the end of the day of non-qualifying occupation, or
 - (b) if the business mentioned in section 48(1) is carried on in partnership, a person who has at any time carried that business on in partnership is beneficially entitled to the interest at the end of the day of non-qualifying ownership.
- (6) Subsection (5) does not apply in relation to the earlier day if a day that is relievable by virtue of section 38(1)(a) falls between the earlier day and the day of non-qualifying occupation.
- (7) For the purposes of this section and section 48 –
 - (a) “non-qualifying individual” has the meaning given by section 41(1);
 - (b) occupation of any part of a dwelling is regarded as occupation of the dwelling.

50 Occupation by certain employees or partners

- (1) A day in a chargeable period is a “relievable day” if at the end of that day –
 - (a) a person (“P”) is beneficially entitled to a single-dwelling interest,
 - (b) P, or a relevant group member, carries on a qualifying trade,
 - (c) the interest is held for the purpose of making the dwelling available to one or more qualifying employees or qualifying partners for use as living accommodation, and
 - (d) the dwelling is, or is to be, made available as mentioned in paragraph (c) for purposes that are solely or mainly purposes of the trade.
- (2) “Qualifying trade” means a trade that is carried on on a commercial basis and with a view to profit.
- (3) In this section references to making a dwelling available to a qualifying employee or qualifying partner include making it available to persons who are to share the accommodation with such an individual as their family.
- (4) Where P is a company, “a relevant group member” means a company which is a member of the same group as P for the purposes mentioned in paragraph 1(2) of Schedule 7 to FA 2003 (stamp duty land tax: group relief).

51 Meaning of “qualifying employee” and “qualifying partner” in section 50

- (1) In a case where the person carrying on the trade mentioned in section 50(1)(b) carries it on in partnership with one or more other persons, “qualifying partner” means any individual who is a member of the partnership, except one who is entitled to a 5% or greater share –
 - (a) in the income profits of the partnership, or
 - (b) in any company that is beneficially entitled to the single-dwelling interest mentioned in section 50(1)(a), or
 - (c) in that single-dwelling interest.

- (2) “Qualifying employee” means any individual employed for the purposes of the qualifying trade, except one who –
 - (a) is entitled to a 5% or greater share –
 - (i) in the income profits of the trade, or
 - (ii) in any company that is beneficially entitled to the single-dwelling interest mentioned in section 50(1)(a), or
 - (iii) in that single-dwelling interest, or
 - (b) provides excluded domestic services.
- (3) The reference in subsection (2)(b) to an individual who provides excluded domestic services is to an individual the duties of whose employment include the provision of services in connection with the (actual or intended) occupation, by a non-qualifying individual, of the dwelling mentioned in section 50(1)(b) (“the relevant dwelling”), or a linked dwelling.
- (4) In subsection (3) “non-qualifying individual” means an individual connected with a person who is beneficially entitled to the single-dwelling interest.
- (5) The following are “linked” dwellings for the purposes of subsection (3) –
 - (a) if the conditions in section 20(2) are met in relation to the relevant dwelling and another dwelling, that other dwelling;
 - (b) a dwelling that is linked to the relevant dwelling, as described in section 21(1).
- (6) In this section references to employment include the holding of an office.
- (7) For the purposes of subsections (1)(c) and (2)(a)(iii) persons who are entitled to a chargeable interest as beneficial joint tenants (or, in Scotland, as joint owners) are taken to be entitled to the chargeable interest as beneficial tenants in common (or, in Scotland, as owners in common) in equal shares.

52 Meaning of “5% or greater share in a company”

- (1) This section applies for the purposes of section 51.
- (2) An individual (“P”) is taken to be entitled to a 5% or greater share in a company (“C”) if P possesses (directly or indirectly) or is entitled to acquire –
 - (a) 5% or more of the share capital of C,
 - (b) 5% or more of the issued share capital of C,
 - (c) 5% or more of the voting power in C,
 - (d) so much of the issued share capital of C as would, on the assumption that the whole of the income of C were distributed among the participators, entitle P to receive 5% or more of the amount so distributed, or
 - (e) such rights as would entitle P, in the event of the winding up of C or in any other circumstances, to receive 5% or more of the assets of C which would then be available for distribution among the participators.
- (3) Any rights that P or any other person has as a loan creditor are to be disregarded for the purposes of the assumption in subsection (2)(d).
- (4) For the purposes of subsection (2) a person is treated as entitled to acquire anything which the person –
 - (a) is entitled to acquire at a later date, or
 - (b) will at a future date be entitled to acquire.

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- (5) If a person –
- (a) possesses any rights or powers on behalf of another person (“A”), or
 - (b) may be required to exercise any rights or powers on A’s direction or behalf,
- those rights or powers are to be attributed to A.
- (6) The following are also to be attributed to a person –
- (a) the rights and powers of any company of which the person has, or the person and associates of the person have, control;
 - (b) the rights and powers of any two or more companies within paragraph (a);
 - (c) the rights and powers of any associate of the person (or of any two or more associates of the person).
- (7) The rights and powers which are to be attributed under subsection (6) –
- (a) include those attributed to a company or associate under subsection (5), but
 - (b) do not include those attributed to an associate under subsection (6).
- (8) A person who does not meet the conditions in subsection (2) is nevertheless treated as having a 5% or greater share in a company if the person exercises, is able to exercise or is entitled to acquire, direct or indirect control over the company’s affairs.
- (9) In this section –
- “associate” has the same meaning as in Part 10 of CTA 2010 (see section 448 of that Act); but for this purpose section 448 is to be read as if the words “or partner” were omitted in subsection (1)(a);
 - “control” has the same meaning as in that Part (see section 450 of that Act);
 - “loan creditor” has the same meaning as in that Part (see section 453 of that Act);
 - “participator” has the same meaning as in that Part (see section 454 of that Act).

53 Farmhouses

- (1) A day in a chargeable period is a “relievable day” in relation to a single-dwelling interest in a farmhouse if at the end of the day –
- (a) a person carrying on a qualifying trade of farming is beneficially entitled to the interest, and
 - (b) the farmhouse is occupied by a qualifying farm worker.
- (2) In subsection (1) “farmhouse” means a dwelling that –
- (a) forms part of land occupied for the purposes of the trade mentioned in that subsection, and
 - (b) is of a character appropriate to a dwelling occupied in connection with the farming of the land concerned, having regard to the size of the farm and to the nature and scale of the trade carried on.
- (3) In subsection (1) “qualifying farm worker” means an individual who –
- (a) occupies the farmhouse for the purposes of the trade mentioned in that subsection, and
 - (b) has a substantial involvement (as a manager or otherwise) in the day-to-day work of the trade.

- (4) A trade of farming is a “qualifying trade of farming” only if it is carried on—
 - (a) on a commercial basis, and
 - (b) with a view to profit.
- (5) A person occupying part of a dwelling is regarded as occupying the dwelling for the purposes of this section.
- (6) In this section—
 - (a) “farming” has the same meaning as in the Corporation Tax Acts (see section 1125 of CTA 2010), except that in this section “farming” includes market gardening;
 - (b) “market gardening” has the same meaning as in the Corporation Tax Acts (see section 1125(5) of CTA 2010).

Alternative property finance

54 Land 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) or section 72 of that Act (land in Scotland sold to financial institution and leased to person) 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 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 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 or (as the case requires) 72 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 or (as the case requires) 72 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.

Administration and payment of tax

55 Responsibility for collection and management

The Commissioners for Her Majesty’s Revenue and Customs are responsible for the collection and management of annual residential property tax.

56 Duty to make an annual residential property tax return

- (1) Where tax is charged on a person for a chargeable period with respect to a single-dwelling interest the person must deliver a return for the period with respect to the interest.
- (2) A return under subsection (1) must be delivered by the end of the period of 30 days beginning with first day in the period on which the person is within the charge with respect to the interest.
- (3) If the first day in the chargeable period on which the person is within the charge with respect to the interest (“day 1”) is a valuation date only because of section 29 or 30 –
 - (a) subsection (2) does not apply, and
 - (b) the return must be delivered by the end of the period of 90 days beginning with day 1.
- (4) Subsections (5) and (6) apply if –
 - (a) as a result of the acquisition of a chargeable interest in or over a dwelling (“the new interest”), a person is within the charge with respect

- to a single-dwelling interest on one or more days in a chargeable period, and
- (b) that person was within the charge with respect to a single-dwelling interest in the same dwelling (“the previously-held interest”) on one or more days in the chargeable period that precede the effective date of the acquisition of the new interest.
- (5) If the person was not within the charge with respect to the previously-held interest on the day before the effective date of the acquisition mentioned in subsection (4)(a), the new interest is, for the purposes of this Part, a different single-dwelling interest from the previously-held interest (and subsection (2) applies accordingly).
 - (6) In any other case, the person mentioned in subsection (4) must deliver (in addition to the return required under subsection (2) for the period) a further return with respect to the interests mentioned in subsection (4) (whether or not those interests are, or are treated under section 14 or 15 as being, one single-dwelling interest as a result of the acquisition).
 - (7) A return under subsection (6) must be delivered by the end of the period of 30 days beginning with the effective date of the acquisition referred to in subsection (4)(a).
 - (8) A return under this section must be delivered to an officer of Revenue and Customs, and is called an “annual residential property tax return”.

57 Duty to give notice of certain valuation events

- (1) This section applies where a person is required to make an annual residential property tax return for a chargeable period with respect to a single-dwelling interest and a later day in the chargeable period is a valuation date in the case of the single-dwelling interest.
- (2) In subsection (1) “later day” means a day later than the first day in the chargeable period on which the person is within the charge with respect to the interest.
- (3) The person must notify HMRC that that day is a valuation date in the case of the single-dwelling interest.
- (4) A notification under this section must be made –
 - (a) in an annual residential property tax return, or
 - (b) by amending an annual residential property tax return.
- (5) “Relevant valuation date” means a day that is a valuation date in the case of the single-dwelling interest by virtue of –
 - (a) section 8(3)(a), (4)(a) or (5)(a) (acquisition of a further chargeable interest in or over the dwelling concerned),
 - (b) section 29(1) (new dwellings),
 - (c) section 30(3) (dwellings produced from other dwellings), or
 - (d) section 33(3) (demolition and replacement: new dwellings).

58 Duty to amend return where conditions for relief cease to be met

- (1) This section applies if –

- (a) the chargeable person has claimed under section 6 provisional relief for a chargeable period with respect to a single-dwelling interest, and
 - (b) circumstances change so that a day in the chargeable period on which the chargeable person is within the charge with respect to the single-dwelling interest, is not relievable in relation to the single-dwelling interest.
- (2) The chargeable person must amend the annual residential property tax return –
 - (a) in which the relief was claimed, or
 - (b) which was amended to claim the relief.
- (3) The return must be amended within 12 months of the end of the chargeable period mentioned in subsection (1)(a).
- (4) So far as the duty under this section to amend a return relates to days that have ceased to be relievable as a result of section 40(5) (property rental-businesses: retrospective removal of relief in cases involving non-qualifying occupation of dwelling), subsection (3) applies as if the reference to 12 months were to 15 months.

59 Annual residential property tax return to include self-assessment

- (1) An annual residential property tax return must include a self-assessment.
- (2) A “self-assessment” is –
 - (a) an assessment of the amount of tax to which the person is chargeable for the period in respect of the interest, or
 - (b) in the case of a return under section 56(6), a re-assessment of that amount.
- (3) A self-assessment must include a statement of the amount taken to be the market value of the interest on each valuation date (earlier than the date on which the return is delivered) that is relevant for the purposes of the assessment.

60 Returns, enquiries, assessments and other administrative matters

- (1) Schedule 1 contains provision about returns, enquiries and related matters.
- (2) The Treasury may by regulations make any amendments of Schedule 1, and any consequential amendments of any other provisions of this Part, they may at any time think appropriate.

61 Payment of tax

- (1) Tax charged on a person for a chargeable period with respect to a single-dwelling interest must be paid not later than the filing date for the return required to be made with respect to the interest for the period.
- (2) Tax payable as a result of the amendment of an annual residential property tax return must be paid –
 - (a) immediately, or
 - (b) if the amendment is made on or before the filing date for the return, not later than that date.

But see subsection (3).

- (3) Where the amount of tax charged for a chargeable period is required to be adjusted under section 11, any additional tax payable as a result of the adjustment must be paid –
 - (a) within 12 months of the end of the chargeable period, or
 - (b) so far as the additional tax is payable because one or more days ceased to be relievable as a result of section 40(5) (property rental businesses: retrospective removal of relief in cases involving non-qualifying occupation of dwelling), within 15 months of the end of the chargeable period.
- (4) Tax payable in accordance with a determination or assessment by an officer of Revenue and Customs must be paid within the period of 30 days beginning with the day on which the determination or assessment is issued.

62 Interest on repayment of tax overpaid etc

- (1) A repayment by an officer of Revenue and Customs to which this section applies must be made with interest at the rate applicable under section 178 of FA 1989 for the period beginning with the relevant day and ending with the day (if later than the relevant day) on which the order for repayment is issued.
- (2) This section applies to a repayment of tax under section 11 (adjustment of amount chargeable).
- (3) The relevant day is the day after the last day of the chargeable period for which the tax was paid.
- (4) Interest paid to any person under this section is not income of that person for any tax purposes.

Application of provisions

63 Companies

- (1) Everything to be done by a company under this Part must be done by the company acting through –
 - (a) the proper officer of the company, or
 - (b) another person who has the express, implied or apparent authority to act on its behalf for the purpose.
- (2) For the purposes of subsection (1) the proper officer of a company is –
 - (a) the secretary, or a person acting as secretary, of the company, or
 - (b) if the company does not have a proper officer within paragraph (a), the treasurer, or a person acting as treasurer, of the company.
- (3) Service of a document on a company under this Part may be effected by serving the document on the proper officer.
- (4) Tax due from any company that is incorporated under the law of a country or territory outside the United Kingdom may be recovered from the proper officer of the company (as well as by any means available in the absence of this subsection).
- (5) The proper officer –
 - (a) may retain out of any money that may come into the hands of that officer on the company's behalf enough money to pay that tax, and

- (b) is entitled to be fully reimbursed by the company (by that method or another) for amounts recovered from the officer under subsection (4).
- (6) If a liquidator or administrator has been appointed for the company, the following rules apply instead of subsections (1) and (2).

Rule 1

Everything to be done by the company under this Part must be done by the company acting through the proper officer.

Rule 2

The liquidator or administrator is the proper officer.

Rule 3

If two or more persons are appointed to act jointly or concurrently as the administrator of the company, the reference in rule 1 to the administrator is to—

- (a) whichever of them is specified in a notice given by the administrators to an officer of Revenue and Customs, or
- (b) if a notice is not given under sub-paragraph (a), whichever of them is designated by an officer of Revenue and Customs as the administrator for the purposes of rule 1.

64 Partnerships

- (1) In this Part “partnership” means—
- (a) a partnership within the Partnerships Act 1890,
 - (b) a limited partnership registered under the Limited Partnerships Act 1907,
 - (c) a limited liability partnership formed under the Limited Liability Partnerships Act 2000 or the Limited Liability Partnerships Act (Northern Ireland) 2002, or
 - (d) a firm or entity of a similar character to any of those mentioned in paragraphs (a) to (c) formed under the law of a country or territory outside the United Kingdom.
- (2) This Part has effect as follows in relation to a partnership (for instance, a limited liability partnership formed as mentioned in subsection (1)(c)) that is itself capable of being beneficially entitled to, or of acquiring or disposing of, a chargeable interest—
- (a) transactions entered into on behalf of the partnership are treated as entered into by or on behalf of the partners;
 - (b) where the partnership is beneficially entitled to a single-dwelling interest, this Part has effect as if the partners were jointly beneficially entitled to the interest (and the partnership had no entitlement to it).
- (3) For the purposes of this Part a partnership is treated as the same partnership despite a change in membership if any person who was a member before the change remains a member after the change.
- (4) A partnership is not regarded for the purposes of this Part as a collective investment scheme.

- (5) Anything required or authorised by this Part to be done by or in relation to the responsible partners for a partnership may instead be done by or in relation to any representative partner or partners.
- (6) A representative partner means a partner nominated by a majority of the partners to act as the representative of the partnership for the purposes of this Part of this Act.
- (7) Any such nomination, or the revocation of such a nomination, has effect only after notice of the nomination, or revocation, has been given to an officer of Revenue and Customs.

Supplementary provisions

65 Orders and regulations

- (1) An order or regulations under this Part are to be made by statutory instrument.
- (2) A statutory instrument containing regulations or an order made under this Part, other than an order under section 7(5), is subject to annulment in pursuance of a resolution of the House of Commons.
- (3) An order or regulations under this Part –
 - (a) may make different provision for different purposes,
 - (b) may include consequential or transitional provisions or savings.

Interpretation

66 References to beneficial entitlement

- (1) In this Part “beneficially entitled” means beneficially entitled –
 - (a) whether solely or jointly with another person, and
 - (b) whether as a member of a partnership or otherwise.
- (2) Subsection (1)(b) does not apply where the contrary is specified.

67 Meaning of “chargeable day” and “within the charge”

- (1) Any day on which the conditions in section 1(2) are met with respect to a single-dwelling interest is a “chargeable day” for that interest.
- (2) Where a day is a chargeable day as a result of subsection (1), the chargeable person is “within the charge” with respect to a single-dwelling interest on that day.

68 Connected persons

- (1) Section 1122 of the Corporation Tax Act 2010 (connected persons) has effect for the purposes of this Part.
- (2) For the purposes of this Part a person is taken to be connected with a collective investment scheme if the person is a participant in the scheme who –
 - (a) is entitled to a share of at least 50% either of all the profits or income arising from the scheme or of any profits or income arising from the scheme that may be distributed to participants,

- (b) would in the event of the winding up of the scheme be entitled to 50% or more of the assets of the scheme that would then be available for distribution among the participants.
- (3) The reference in subsection (2) to a collective investment scheme does not include a unit trust scheme; but see section 1123(2) of CTA 2010 (provision about the application of rules about connected persons to unit trust schemes).
- (4) The reference in subsection (2)(a) to profits or income arising from the scheme is to profits or income arising from the acquisition, holding, management or disposal of the property subject to the scheme.
- (5) For the purposes of subsection (2) a person is taken to have any rights and powers that the person –
 - (a) is entitled to acquire at a later date, or
 - (b) will at a future date be entitled to acquire.
- (6) For the purposes of subsection (2) the rights and powers of any associate of a person (or of any two or more associates of a person) are to be attributed to the person.
- (7) In this section “associate” has the same meaning as in Part 10 of CTA 2010 (see section 448 of that Act); but for this purpose section 448 is to be read as if the words “or partner” were omitted in subsection (1)(a).

69 General interpretation

- (1) In this Part –
 - “chargeable day” (in relation to a single-dwelling interest) is to be read in accordance with section 67;
 - “the chargeable person” has the meaning given by section 2(2) or (3);
 - “closure notice” has the meaning given by paragraph 12 of Schedule 1;
 - “collective investment scheme” has the same meaning as in Part 17 of the Financial Services and Markets Act 2000 (see section 235 of that Act);
 - “company” has the same meaning as in Schedule 4A to FA 2003 (see paragraph 9 of that Schedule and paragraph 1 of Schedule 15 to that Act);
 - “completion”, in Scotland, means –
 - (a) in relation to a lease, when it is executed by the parties (that is to say, by signing) or constituted by any means,
 - (b) in relation to any other transaction, the settlement of the transaction;
 - “discovery assessment” has the meaning given by paragraph 18 of Schedule 1;
 - “EEA UCITS” has the same meaning as in Part 17 of the Financial Services and Markets Act 2000 (see section 237 of that Act);
 - “filing date”, in relation to an annual residential property tax return or a nil charge return, has the meaning given by paragraph 54 of Schedule 1;
 - “HMRC” means Her Majesty’s Revenue and Customs;
 - “HMRC determination” has the meaning given by paragraph 14 of Schedule 1;
 - “excluded rents” has the meaning given by section 38(6);
 - “financial institution” has the meaning given by section 48 (except where otherwise stated);

“jointly entitled” means –

- (a) in England and Wales, beneficially entitled as joint tenants or tenants in common,
- (b) in Scotland, entitled as joint owners or owners in common,
- (c) in Northern Ireland, beneficially entitled as joint tenants, tenants in common or coparceners;

“participant”, in relation to a collective investment scheme, has the meaning given by section 4(7);

“property rental business” has the meaning given by section 38(5);

“market value” has the meaning given by section 8(8);

“open-ended investment company” has the same meaning as in Part 17 of the Financial Services and Markets Act 2000 (see section 236(1) of that Act);

“property development trade” has the meaning given by section 43(4)

“property trading business” has the meaning given by section 46(3);

“qualifying property rental business” has the meaning given by section 38;

“tax” means tax under this Part;

“trade” has the same meaning as in section 35 of CTA 2009 (and cognate expressions are to be read accordingly);

“unit trust scheme” has the same meaning as in Part 17 of the Financial Services and Markets Act 2000 (see section 237(1) of that Act).

(2) In this Part –

references to an “annual residential property tax return” are to be read in accordance with section 56(8);

references to the “effective date” of an acquisition are to be read in accordance with section 25(2);

references to the “effective date” of a disposal are to be read in accordance with section 26(2);

references to a “major interest” in land are to be read in accordance with section 117 of FA 2003;

references to meeting the “ownership condition” are to be read in accordance with section 1(4) to (6);

references to being “within the charge” with respect to a single-dwelling interest are to be read in accordance with section 67.

SCHEDULES

SCHEDULE 1

Section 60

ANNUAL RESIDENTIAL PROPERTY CHARGE: RETURNS, ENQUIRIES, ASSESSMENTS AND APPEALS

PART 1

RETURNS

Contents of return

- 1 (1) The Commissioners for Her Majesty's Revenue and Customs may by regulations make provision about –
 - (a) the content of an annual residential property tax return;
 - (b) the form of such a return;
 - (c) the method of delivering such a return.
- (2) Regulations under sub-paragraph (1) may make different provision for different purposes.
- (3) Every return must include a declaration by the person making it to the effect that the return is correct and complete to the best of the person's knowledge.
- (4) An annual residential property tax return is treated as containing any information provided by the person making the return for the purpose of completing the return.
- 2 References in this Part of this Act to the delivery of an annual residential property tax return are to the delivery of a return that complies with all requirements imposed by or under section 56 or 59 or paragraph 1.

Amendment of return by taxpayer

- 3 (1) A person who has delivered an annual residential property tax return or a nil charge return may amend the return by notice to an officer of Revenue and Customs.
- (2) An officer of Revenue and Customs may specify –
 - (a) the form in which the return must be made;
 - (b) information that it must contain.
- (3) An amendment under this paragraph must be made by the end of the next chargeable period after the chargeable period to which the return relates (but see the exception that follows).
- (4) If a return is delivered on or after 1 January in the chargeable period next after that to which it relates, the latest time for amending the return under

this paragraph is the end of the period of 3 months after the day on which the return is delivered.

PART 2

ENQUIRY INTO RETURN

Notice of enquiry

- 4 (1) An officer of Revenue and Customs may enquire into an annual residential property tax return or a nil charge return if sub-paragraph (2) has been complied with.
- (2) Notice of the intention to make an enquiry must be given –
- (a) to the person by whom or on whose behalf the return was delivered (“the relevant person”);
 - (b) before the end of the period of 12 months after the relevant date.
- (3) The relevant date is –
- (a) the filing date, if the return was delivered on or before that date;
 - (b) the date on which the return was delivered, if the return was delivered after the filing date;
 - (c) the date on which the amendment was made, if the return is amended under paragraph 3 (amendment by person making the return).
- (4) A return that has been the subject of one notice of enquiry may not be the subject of another, except a notice given in consequence of an amendment (or another amendment) of the return under paragraph 3.

Scope of enquiry

- 5 (1) An enquiry extends to anything contained in the return, or required to be contained in the return, that relates –
- (a) to the question whether the relevant person is chargeable to tax with respect to the interest to which the return relates for the chargeable period concerned, or
 - (b) to the amount of tax chargeable on the relevant person with respect to that interest for that period.
- (2) Sub-paragraph (3) applies if notice of an enquiry is given as a result of the amendment of a return under paragraph 3 (amendment by person making the return) –
- (a) at a time when it is no longer possible to give notice of enquiry under paragraph 4(3)(a) or (b), or
 - (b) after an enquiry into the return has been completed.
- (3) The enquiry is limited to –
- (a) matters to which the amendment relates, and
 - (b) matters affected by the amendment.

Amendment of self-assessment during enquiry to prevent loss of tax

- 6 (1) If at a time when an enquiry is in progress into an annual residential property tax return an officer of Revenue and Customs forms the opinion –

- (a) that the amount stated in the self-assessment contained in the return as the amount of tax payable is insufficient, and
 - (b) that unless the assessment is immediately amended there is likely to be a loss of tax to the Crown,
- the officer may by notice in writing to the relevant person amend the assessment to make good the deficiency.
- (2) If the enquiry is one that is limited by paragraph 5(2) and (3) to matters arising from an amendment of the return, sub-paragraph (1) above applies only so far as the deficiency is attributable to the amendment.
- (3) For the purposes of this paragraph the period during which an enquiry is in progress is the whole of the period –
- (a) beginning with the day on which the notice of enquiry is given, and
 - (b) ending with the day on which the enquiry is completed.

Referral of questions to tribunal during enquiry

- 7 (1) At any time when an enquiry is in progress into an annual residential property tax return or a nil charge return any question arising in connection with the subject-matter of the return may be referred to the tribunal for determination.
- (2) Notice of the referral must be given to the tribunal jointly by the relevant person and an officer of Revenue and Customs.
- (3) More than one notice of referral may be given under this paragraph in relation to an enquiry.
- (4) For the purposes of this paragraph the period during which an enquiry is in progress is the whole of the period –
- (a) beginning with the day on which the notice of enquiry is given, and
 - (b) ending with the day on which the enquiry is completed.

Withdrawal of notice of referral

- 8 An officer of Revenue and Customs or the relevant person may withdraw a notice of referral under paragraph 7.

Effect of referral on enquiry

- 9 (1) While proceedings on a referral under paragraph 7 are in progress in relation to an enquiry –
- (a) no closure notice may be given in relation to the enquiry, and
 - (b) no application may be made for a direction to give a closure notice.
- (2) Proceedings on a referral are “in progress” where –
- (a) notice of referral has been given and has not been withdrawn, and
 - (b) the questions referred have not been finally determined.
- (3) A question referred has been “finally determined” when –
- (a) it has been determined by the tribunal, and
 - (b) there is no further possibility of the determination being varied or set aside (disregarding any power to grant permission to appeal out of time).

Effect of determination

- 10 (1) A determination under paragraph 7 is binding on the parties to the referral in the same way, and to the same extent, as a decision on a preliminary issue in an appeal.
- (2) The officer of Revenue and Customs conducting the enquiry must take the determination into account –
- (a) in reaching conclusions on the enquiry, and
 - (b) in the formulation of any amendments of the return that may be required to give effect to those conclusions.
- (3) The question determined may not be reopened on an appeal, except to the extent that it could be reopened if it had been determined as a preliminary issue in that appeal.

Tribunal to which referrals are made

- 11 (1) Where the question to be referred under paragraph 7 is of the market value of any single-dwelling interest, the referral is to be made to –
- (a) the Upper Tribunal, if the land is in England and Wales;
 - (b) the Lands Tribunal for Scotland, if the land is in Scotland;
 - (c) the Lands Tribunal for Northern Ireland, if the land is in Northern Ireland.
- (2) In any other case a referral under paragraph 7 is to be made to –
- (a) the First-tier Tribunal, or
 - (b) where determined by or under Tribunal Procedure Rules, the Upper Tribunal.
- (3) References to “the tribunal” in paragraphs 7 and 9 are to be read accordingly.

Completion of enquiry

- 12 (1) An enquiry under paragraph 4 is completed when an officer of Revenue and Customs informs the relevant person by a notice (a “closure notice”) that the enquiry is complete and states the conclusions reached in the enquiry.
- (2) A closure notice must either –
- (a) state that in the officer’s opinion no amendment of the return is required, or
 - (b) make the amendments of the return required to give effect to the officer’s conclusions.
- (3) A closure notice takes effect when it is issued.

Direction to complete enquiry

- 13 (1) The relevant person may apply to the tribunal for a direction that a closure notice is to be given within a specified period.
- (2) The tribunal hearing the application must give a direction unless satisfied that HMRC have reasonable grounds for not giving a closure notice within that period.
- (3) In this paragraph “the tribunal” means –

- (a) the First-tier Tribunal, or
- (b) where determined by or under Tribunal Procedure Rules, the Upper Tribunal.

PART 3

HMRC DETERMINATION WHERE NO RETURN DELIVERED

Determination of tax chargeable if no return delivered

- 14 (1) This paragraph applies where –
- (a) an officer of Revenue and Customs has reason to believe that a person (“P”) is chargeable to tax for a chargeable period in respect of a single-dwelling interest,
 - (b) P has not made an annual residential property tax return for the period in respect of the interest, and
 - (c) the relevant filing date has passed.
- (2) “The relevant filing date” means the date by which the officer believes a return was required to be delivered.
- (3) The officer may make a determination (an “HMRC determination”) to the best of the officer’s information and belief of the amount of tax to which P is chargeable for that period with respect to the interest.
- (4) Notice of the determination must be given to P and must state the date on which it is issued.
- (5) No HMRC determination may be made more than 4 years after the end of the chargeable period to which it relates.

Determination to have effect as a self-assessment

- 15 (1) A determination under paragraph 14 has effect for enforcement purposes as if it were a self-assessment made by P.
- (2) In sub-paragraph (1) “for enforcement purposes” means for the purposes of the provisions of Schedule 55 to FA 2009 providing for tax-related penalties.
- (3) Nothing in this paragraph affects any liability of a person to a penalty for failure to deliver a return.

Determination superseded by actual self-assessment

- 16 (1) If after an HMRC determination has been made P delivers an annual residential property tax return for the chargeable period with respect to the interest in question, the self-assessment included in that return supersedes the determination.
- (2) Sub-paragraph (1) does not apply to a return delivered –
- (a) more than 4 years after the power to make the determination first became exercisable, or
 - (b) more than 12 months after the date of the determination, whichever is the later.
- (3) Where –

- (a) proceedings have been begun for the recovery of any tax charged by an HMRC determination, and
 - (b) before the proceedings are concluded the determination is superseded by a self-assessment,
- the proceedings may be continued as if they were proceedings for the recovery of so much of the tax charged by the self-assessment as is due and payable and has not yet been paid.

Nil charge return following determination

- 17 (1) If after an HMRC determination has been made P makes a nil charge return for the chargeable period with respect to the interest in question, that return supersedes the determination.
- (2) Sub-paragraph (1) does not apply to a return delivered –
- (a) more than 4 years after the power to make the determination first became exercisable, or
 - (b) more than 12 months after the date of the determination,
- whichever is the later.
- (3) A nil charge return is a return that –
- (a) refers to the determination, and
 - (b) states that the person making the return is not liable to tax for the chargeable period with respect to any chargeable interest in or over the dwelling concerned.
- (4) The Commissioners for Her Majesty’s Revenue of Customs may by regulations make provision (or further provision) about –
- (a) the content of a nil charge return;
 - (b) the form of such a return;
 - (c) the method of delivering such a return.
- (5) Regulations under sub-paragraph (4) may make different provision for different purposes.
- (6) Every nil charge return must include a declaration by the person making it to the effect that the return is correct and complete to the best of the person’s knowledge.

PART 4

HMRC ASSESSMENTS

Assessment where loss of tax discovered

- 18 (1) Sub-paragraph (2) applies if an officer of Revenue and Customs discovers, that –
- (a) an amount of tax that ought to have been assessed under this Part as tax chargeable on a person for a chargeable period with respect to a single-dwelling interest has not been assessed,
 - (b) an assessment of the tax chargeable on a person for a chargeable period in respect of a single-dwelling interest is or has become insufficient, or
 - (c) relief has been given that is or has become excessive.

- (2) An officer of Revenue and Customs may make an assessment (a “discovery assessment”) in the amount or further amount that ought in the officer’s opinion to be charged in order to make good to the Crown the loss of tax.
- (3) The functions of an officer of Revenue and Customs under this paragraph are also exercisable by the Commissioners for Her Majesty’s Revenue and Customs.

Assessment to recover excessive repayment of tax

- 19 (1) If an amount of tax has been, but ought not to have been, repaid to a person that amount may be assessed and recovered as if it were unpaid tax.
- (2) If the repayment was made with interest, the amount assessed and recovered may include the amount of interest that ought not to have been paid.

References to “the taxpayer”

- 20 In paragraphs 21 to 24 references to “the taxpayer” are to the person mentioned in paragraph 18(1)(a) or (b) or 19(1).

Conditions for making assessment where return has been delivered

- 21 (1) If the taxpayer has delivered an annual residential property tax return or a nil charge return in respect of the interest in question for the chargeable period in question, an assessment under paragraph 18 or 19 may only be made in the two cases specified in sub-paragraphs (2) and (3).
See also the further restriction in sub-paragraph (7).
- (2) The first case is where the situation mentioned in paragraph 18(1) or 19(1) is attributable to fraudulent or negligent conduct on the part of –
 - (a) the taxpayer,
 - (b) a person acting on behalf of the taxpayer, or
 - (c) a person who was a partner of the taxpayer at the relevant time.
- (3) The second case is where it could not reasonably have been expected, on the basis of the information made available to HMRC before the relevant time, that any officer of Revenue and Customs would be aware at the relevant time of the situation mentioned in paragraph 18(1) or 19(1).
- (4) In sub-paragraph (3) “the relevant time” means the time HMRC –
 - (a) ceased to be entitled to give a notice of enquiry into the return, or
 - (b) completed their enquiries into the return.
- (5) For this purpose information is regarded as made available to HMRC if –
 - (a) it is contained in an annual residential property tax return or nil charge return delivered by the taxpayer,
 - (b) it is contained in any documents produced or information provided to an officer of Revenue and Customs for the purposes of an enquiry into any such return,
 - (c) it is information the existence and relevance of which officers of Revenue and Customs could reasonably have been expected to infer from information made available as mentioned in paragraph (a) or (b), or

- (d) it is information the existence and relevance of which was notified to an officer of Revenue and Customs by the taxpayer or a person acting on the taxpayer's behalf.
- (6) In sub-paragraphs (5)(c) and (d) “relevance” means relevance as regards the situation mentioned in paragraph 18(1) or 19(1).
- (7) No assessment may be made under paragraph 18 or 19 if –
 - (a) the situation mentioned in paragraph 18(1) or 19(1) is attributable to a mistake in the return as to the basis on which the tax liability ought to have been calculated, and
 - (b) the return was in fact made on the basis prevailing, or in accordance with the practice generally prevailing, at the time it was made.

Time limit for assessments

- 22 (1) The general rule is that no assessment may be made more than 4 years after the end of the chargeable period to which the assessment relates.
- (2) An assessment of a person to tax in a case involving a loss of tax brought about carelessly by the taxpayer or a related person may be made up to 6 years after the end of the chargeable period to which the assessment relates.
- (3) An assessment to which this sub-paragraph applies may be made up to 20 years after the end of the chargeable period to which the assessment relates.
- (4) Sub-paragraph (3) applies to an assessment of a person in any case involving a loss of tax –
 - (a) brought about deliberately by the taxpayer or a related person,
 - (b) attributable to a failure by the taxpayer to comply with obligations under section 56(1) (duty to make return), or
 - (c) attributable to arrangements in respect of which the person has failed to comply with an obligation under section 309, 310 or 313 of FA 2004 (obligation of parties to tax avoidance schemes to provide information to HMRC).
- (5) An assessment under paragraph 19 (assessment to recover excessive repayment of tax) is not out of time if it is made –
 - (a) while an enquiry is in progress into a relevant return, or
 - (b) within the period of one year beginning with the date on which the repayment in question was made.
- (6) In sub-paragraph (5) –
“in progress” is to be read in accordance with paragraph 7(4);
“relevant return” means an annual residential property tax return or nil charge return delivered by the taxpayer and relating to the chargeable period and the interest in question.
- (7) If the taxpayer has died –
 - (a) any assessment on the personal representatives must be made within 4 years after the death, and
 - (b) an assessment is not to be made by virtue of sub-paragraph (2) in respect of a chargeable period that ended more than six years before the death.

- (8) Any objection to the making of an assessment on the ground that the time limit for making it has expired can only be made on an appeal against the assessment.
- (9) In this paragraph “related person”, in relation to the taxpayer, means –
 - (a) a person acting on the taxpayer’s behalf, or
 - (b) a person who was the partner of the taxpayer at the relevant time.

Losses brought about carelessly or deliberately

- 23 (1) This paragraph applies for the purposes of paragraph 22.
- (2) A loss of tax is brought about carelessly by a person if the person fails to take reasonable care to avoid bringing about that loss.
- (3) Sub-paragraph (4) applies where –
 - (a) information is provided to HMRC,
 - (b) the person who provided the information, or the person on whose behalf the information was provided, discovers some time later that the information was inaccurate, and
 - (c) that person fails to take reasonable steps to inform HMRC.
- (4) Any loss of tax brought about by the inaccuracy is to be treated as having been brought about carelessly by that person.
- (5) References to a loss of tax brought about deliberately by a person include a loss of tax brought about as a result of a deliberate inaccuracy in a document given to HMRC by or on behalf of that person.

Assessment procedure

- 24 (1) Notice of an assessment must be served on the taxpayer.
- (2) The notice must state –
 - (a) the tax due,
 - (b) the date on which the notice is issued, and
 - (c) the time within which any appeal against the assessment must be made.
- (3) After notice of the assessment has been served on the taxpayer, the assessment may not be altered except in accordance with the express provisions of this Part of this Act.
- (4) Where an officer of Revenue and Customs has decided to make an assessment to tax, and has taken all other decisions needed for arriving at the amount of the assessment, the officer may entrust to some other officer of Revenue and Customs the responsibility for completing the assessing procedure, whether by means involving the use of a computer or otherwise, including responsibility for serving notice of the assessment.

PART 5

RELIEF IN CASE OF OVERPAID TAX OR EXCESSIVE ASSESSMENT

Relief in case of double assessment

- 25 (1) A person who believes that tax has been assessed on that person more than once in respect of the same matter may make a claim to the Commissioners for Her Majesty's Revenue and Customs for relief against any double charge.
- (2) Schedule 11A to FA 2003 (claims not included in returns) applies in relation to a claim under sub-paragraph (1) as it applies to a claim such as is mentioned in paragraph 1 of that Schedule.

Claim for relief for overpaid tax etc

- 26 (1) This paragraph applies where –
- (a) a person has paid an amount by way of tax but believes the tax was not chargeable, or
 - (b) a person has been assessed as chargeable to an amount of tax, or a determination has been made that a person is chargeable to an amount of tax but the person believes the tax is not chargeable.
- (2) The person may make a claim to the Commissioners for Her Majesty's Revenue and Customs for the amount to be repaid or discharged.
- (3) Where this paragraph applies, the Commissioners for Her Majesty's Revenue and Customs are not liable to give relief, except as provided in this Schedule or by or under any other provision of this Part of this Act.
- (4) For the purposes of this paragraph and paragraphs 27 to 31, an amount paid by one person on behalf of another is treated as paid by the other person.

Cases in which Commissioners are not liable to give effect to a claim

- 27 (1) The Commissioners for Her Majesty's Revenue and Customs are not liable to give effect to a claim under paragraph 26 if or to the extent that the claim falls within a case described in this paragraph.
- (2) Case A is where the claimant is or will be able to seek relief by taking other steps under this Part of this Act.
- (3) Case B is where the claimant –
- (a) could have sought relief by taking such steps within a period that has now expired, and
 - (b) knew or ought reasonably to have known, before the end of that period, that such relief was available.
- (4) Case C is where the claim is made on grounds that –
- (a) have been put to a court or tribunal in the course of an appeal by the claimant relating to the amount paid or liable to be paid, or
 - (b) have been put to HMRC in the course of an appeal by the claimant relating to that amount that is treated as having been determined by a tribunal (by virtue of paragraph 43 (settling of appeals by agreement)).

- (5) Case D is where the claimant knew, or ought reasonably to have known, of the grounds for the claim before the latest of the following –
- (a) the date on which a relevant appeal in the course of which the ground could have been put forward was determined by a court or tribunal (or is treated as having been so determined);
 - (b) the date on which the claimant withdrew a relevant appeal to a court or tribunal;
 - (c) the end of the period in which the claimant was entitled to make a relevant appeal to a court or tribunal.
- (6) In sub-paragraph (5) “relevant appeal” means an appeal by the claimant relating to the amount paid or liable to be paid.
- (7) Case E is where the amount in question was paid or is liable to be paid –
- (a) in consequence of proceedings enforcing the payment of that amount brought against the claimant by HMRC, or
 - (b) in accordance with an agreement between the claimant and HMRC settling such proceedings.
- (8) Case F is where –
- (a) the amount paid, or liable to be paid, is excessive by reason of a mistake in calculating the claimant’s liability to tax, and
 - (b) liability was calculated in accordance with the practice generally prevailing at the time.
- (9) Case F does not apply where the amount paid, or liable to be paid, is tax which has been charged contrary to EU law.
- (10) For the purposes of sub-paragraph (9), an amount of tax is charged contrary to EU law if, in the circumstances in question, the charge to tax is contrary to –
- (a) the provisions relating to the free movement of goods, persons, services and capital in Titles II and IV of the Treaty on the Functioning of the European Union, or
 - (b) the provisions of any subsequent treaty replacing the provisions mentioned in paragraph (a).

Making a claim

- 28 (1) A claim under paragraph 26 must be made before the end of the period of 4 years beginning with –
- (a) in a case falling within paragraph 26(1)(a), the day on which amount in question was paid, or
 - (b) in a case falling within paragraph 26(1)(b) the day on which notice of the assessment or determination was issued.
- (2) A claim under paragraph 26 may not be made by being included in a return.
- (3) Schedule 11A to FA 2003 (claims not included in returns) applies in relation to a claim under paragraph 26 as it applies to a claim such as is mentioned in paragraph 1 of that Schedule.

The claimant: partnerships

- 29 (1) This paragraph is about the application of paragraph 26 in a case where either –

- (a) (in a case falling within sub-paragraph (1)(a) of that paragraph) the person paid the amount in question in the capacity of a responsible partner or representative partner, or
 - (b) (in a case falling within sub-paragraph (1)(b) of that paragraph) the assessment was made on, or the determination related to the liability of, the person in such a capacity.
- (2) In such a case, only a relevant person who has been nominated to do so by all of the relevant persons may make a claim under paragraph 26 in respect of the amount in question.
- (3) The relevant persons are all the persons who would have been liable as responsible partners to pay the amount in question had the payment been due or (in a case falling within sub-paragraph (1)(b)) had the assessment or determination been correctly made.

Assessment of claimant in connection with claim

- 30 (1) This paragraph applies where –
- (a) a claim is made under paragraph 26 (relief for overpaid tax etc),
 - (b) the grounds for giving effect to the claim also provide grounds for a discovery assessment on the claimant in respect of single-dwelling interest, and
 - (c) such an assessment could be made but for a relevant restriction.
- (2) In a case falling within paragraph 29(1)(a) or (b), the reference to the claimant in sub-paragraph (1)(b) of this paragraph includes any relevant person (as defined in paragraph 29(3)).
- (3) The following are relevant restrictions –
- (a) the restrictions in paragraph 21 (assessment where return has been delivered);
 - (b) the expiry of a time limit for making a discovery assessment.
- (4) Where this paragraph applies –
- (a) the relevant restrictions are to be disregarded, and
 - (b) the discovery assessment is not out of time if it is made before the final determination of the claim.
- (5) A claim is not finally determined until it, or the amount to which it relates, can no longer be varied (whether on appeal or otherwise).

Contract settlements

- 31 (1) In paragraph 26(1)(a) the reference to an amount paid by a person by way of tax includes an amount paid by a person under a contract settlement in connection with tax believed to be due.
- (2) Sub-paragraphs (3) to (6) apply if the person who paid the amount under the contract settlement (“the payer”) and the person from whom the tax was due (“the taxpayer”) are not the same person.
- (3) In relation to a claim under paragraph 26 in respect of that amount –
- (a) the references to the claimant in paragraph 27(4), (5) and (7) (Cases C, D and E) have effect as if they included the taxpayer,

- (b) the reference to the claimant in paragraph 27(8) (Case F) has effect as if it were a reference to the taxpayer,
 - (c) the reference to the claimant in paragraph 30(1)(b) has effect as if it were a reference to the taxpayer, and
 - (d) references to tax in Schedule 11A to FA 2003 (as it applies to a claim under paragraph 26) include the amount paid under the contract settlement.
- (4) Sub-paragraph (5) applies where the grounds for giving effect to a claim by the payer in respect of the amount also provide grounds for a discovery assessment on the taxpayer in respect of any single-dwelling interest.
- (5) The Commissioners for Her Majesty’s Revenue and Customs may set any amount repayable to the payer as a result of the claim against any amount payable by the taxpayer as a result of the assessment.
- (6) The obligations of the Commissioners for Her Majesty’s Revenue and Customs and the taxpayer are discharged to the extent of any set-off under sub-paragraph (5).
- (7) “Contract settlement” means an agreement made in connection with any person’s liability to make a payment to the Commissioners for Her Majesty’s Revenue and Customs under or by virtue of an enactment.

PART 6

REVIEWS AND APPEALS

Right of appeal

- 32 (1) An appeal may be brought against –
- (a) an amendment of a self-assessment under paragraph 6 (amendment during enquiry to prevent loss of tax),
 - (b) a conclusion stated or amendment made by a closure notice (see paragraph 12),
 - (c) an HMRC determination under paragraph 14 (determination of tax chargeable if no return delivered),
 - (d) a discovery assessment (see paragraph 18), or
 - (e) an assessment under paragraph 19 (assessment to recover excessive repayment).
- (2) If an appeal under sub-paragraph (1)(a) against an amendment of a self-assessment is made while an enquiry is in progress none of the steps mentioned in paragraph 35(2)(a) to (c) may be taken in relation to the appeal until the enquiry is completed.

Notice of appeal

- 33 (1) Notice of an appeal under paragraph 32 must be given –
- (a) in writing,
 - (b) within 30 days after the specified date,
 - (c) to HMRC.
- (2) In sub-paragraph (1) “specified date” means –

- (a) in relation to an appeal under paragraph 32(1)(a), the date on which the notice of amendment was issued;
 - (b) in relation to an appeal under paragraph 32(1)(b), the date on which the closure notice was issued;
 - (c) in relation to an appeal under paragraph 32(1)(c) the date on which the HMRC determination was issued;
 - (d) in relation to an appeal under paragraph 32(1)(d) or (e), the date on which the notice of assessment was issued.
- (3) The notice of appeal must specify the grounds of appeal.
- (4) Where a determination has been made under paragraph 14 as to the amount of tax to which a person is chargeable with respect to a single-dwelling interest, the only grounds on which an appeal lies under paragraph 32(1)(c) are –
- (a) that the condition in section 1(2)(a) (nature and value of interest) is not met in relation to the interest in question on any day to which the determination relates,
 - (b) that the person, partnership or scheme that the determination identifies as meeting the ownership condition on one or more days does not meet that condition on any day in the chargeable period,
 - (c) if the tax is determined to be chargeable by virtue of section 1 (5), that a person identified in the determination as one of the responsible partners is not a responsible partner in relation to any tax chargeable for the period in question, or
 - (d) if the tax is determined to be chargeable by virtue of section 1(6), that the person identified in the determination as the chargeable person in relation to the collective investment scheme concerned is not the chargeable person.

Late notice of appeal

- 34 (1) This paragraph applies in a case where –
- (a) notice of appeal may be given to HMRC under this Schedule, but
 - (b) no notice is given before the relevant time limit.
- (2) Notice may be given after the relevant time limit if –
- (a) HMRC agree, or
 - (b) where HMRC do not agree, the tribunal gives permission.
- (3) HMRC must agree to notice being given after the relevant time limit if the appellant has requested in writing that HMRC do so and HMRC are satisfied –
- (a) that there was reasonable excuse for not giving the notice before the relevant time limit, and
 - (b) that the request has been made without unreasonable delay.
- (4) If a request of the kind mentioned in sub-paragraph (3) is made, HMRC must notify the appellant whether or not HMRC agree to the request.
- (5) In this paragraph “relevant time limit”, in relation to notice of appeal, means the time before which the notice must to be given (disregarding this paragraph).

Steps that may be taken following notice of appeal

- 35 (1) This paragraph applies if notice of appeal has been given to HMRC.
- (2) In such a case –
- (a) the appellant may notify HMRC that it requires them to review the matter in question (see paragraph 36),
 - (b) HMRC may notify the appellant of an offer to review the matter in question (see paragraph 37), or
 - (c) the appellant may notify the appeal to the tribunal.
- (3) If the appellant notifies the appeal to the tribunal, the tribunal is to determine the matter in question.
- (4) See paragraphs 40 and 41 for provision about the circumstances in which an appeal may be notified to the tribunal after a review has been required by the appellant or offered by HMRC.
- (5) This paragraph does not prevent the matter in question from being dealt with in accordance with paragraph 43(1) (settling of appeals by agreement).

Right of appellant to require review

- 36 (1) If the appellant notifies HMRC that it requires them to review the matter in question, HMRC must –
- (a) notify the appellant of HMRC’s view of the matter in question within the relevant period, and
 - (b) review the matter in question in accordance with paragraph 38.
- (2) Sub-paragraph (1) does not apply if –
- (a) the appellant has already given a notification under this paragraph in relation to the matter in question,
 - (b) HMRC have given a notification under paragraph 37 in relation to the matter in question, or
 - (c) the appellant has notified the appeal to the tribunal.
- (3) In this paragraph “the relevant period” means –
- (a) the period of 30 days beginning with the day on which HMRC receive the notification from the appellant, or
 - (b) such longer period as is reasonable.

Offer of review by HMRC

- 37 (1) Sub-paragraphs (2) to (5) apply if HMRC notify the appellant of an offer to review the matter in question.
- (2) The notification must include a statement of HMRC’s view of the matter in question.
- (3) If the appellant notifies HMRC within the acceptance period that it accepts the offer, HMRC must review the matter in question in accordance with paragraph 38.
- (4) If the appellant does not accept the offer in accordance with sub-paragraph (3) –

- (a) HMRC’s view of the matter in question is treated as if it were contained in a settlement agreement (see paragraph 43(1)); but
 - (b) paragraph 43(3) (right to withdraw from agreement) does not apply in relation to that notional agreement.
- (5) Sub-paragraph (4) does not apply to the matter in question if, or to the extent that, the appellant notifies the appeal to the tribunal.
(See paragraph 41 for the circumstances in which the appellant may do so after accepting HMRC’s offer of a review).
- (6) HMRC may not take the action mentioned in sub-paragraph (1) at any time if before that time –
- (a) HMRC have given a notification under this paragraph in relation to the matter in question,
 - (b) the appellant has given a notification under paragraph 36 in relation to the matter in question, or
 - (c) the appellant has notified the appeal to the tribunal.
- (7) In this paragraph “acceptance period” means the period of 30 days beginning with the date of the document by which HMRC notify the appellant of the offer to review the matter in question.

Nature of review

- 38 (1) This paragraph applies if HMRC are required by paragraph 36 or 37 to review the matter in question.
- (2) The nature and extent of the review are to be such as appear appropriate to HMRC in the circumstances.
- (3) For the purpose of sub-paragraph (2), HMRC must, in particular, have regard to steps taken before the beginning of the review –
- (a) by HMRC in deciding the matter in question, and
 - (b) by any person in seeking to resolve disagreement about the matter in question.
- (4) The review must take account of any representations made by the appellant at a stage which gives HMRC a reasonable opportunity to consider them.
- (5) The review may conclude that HMRC’s view of the matter in question is to be –
- (a) upheld,
 - (b) varied, or
 - (c) cancelled.
- (6) HMRC must notify the appellant of the conclusions of the review and their reasoning within –
- (a) the period of 45 days beginning with the relevant day, or
 - (b) such other period as may be agreed.
- (7) In sub-paragraph (6) “relevant day” means –
- (a) in a case where the appellant required the review, the day when HMRC notified the appellant of HMRC’s view of the matter in question,
 - (b) in a case where HMRC offered the review, the day when HMRC received notification of the appellant’s acceptance of the offer.

- (8) If HMRC do not give notice of the conclusions of the review within the period specified in sub-paragraph (6), the review is treated as having concluded that HMRC's view of the matter in question is upheld.
- (9) If sub-paragraph (8) applies, HMRC must notify the appellant of the conclusions which the review is treated as having reached.

Effect of conclusions of review

- 39 (1) If HMRC give notice of the conclusions of a review (see paragraph 38) –
 - (a) the conclusions are to be treated as if they were contained in a settlement agreement (see paragraph 43(1)), but
 - (b) paragraph 43(3) (withdrawal from agreement) does not apply in relation to that notional agreement.
- (2) Sub-paragraph (1) does not apply to the matter in question if, or to the extent that, the appellant notifies the appeal to the tribunal (see paragraphs 40 and 41).

Notifying appeal to tribunal after appellant has required review

- 40 (1) Where HMRC have notified an appellant under paragraph 36(1)(a) of their view of a matter to which an appeal under paragraph 32 relates, the appellant –
 - (a) may not notify the appeal to the tribunal before the beginning of the post-review period;
 - (b) may notify the appeal to the tribunal after the end of that period only if the tribunal gives permission.
- (2) Except where sub-paragraph (3) applies, the post-review period is the period of 30 days beginning with the date of the document in which HMRC give notice of the conclusions of the review in accordance with paragraph 38(6).
- (3) If the period specified in paragraph 38(6) ends without HMRC having given notice of the conclusions of the review, the post-review period is the period that –
 - (a) begins with the day following the last day of the period specified in paragraph 38(6), and
 - (b) ends 30 days after the date of the document in which HMRC give notice of the conclusions of the review in accordance with paragraph 38(9).

Notifying appeal to tribunal after HMRC have offered review

- 41 (1) Where HMRC have offered to review the matter to which a notice of an appeal under paragraph 32 relates, the right of the appellant at any time to notify the appeal to the tribunal depends on whether or not the appellant has accepted the offer at that time.
- (2) If the appellant has accepted the offer, the appellant –
 - (a) may not notify the appeal to the tribunal before the beginning of the post-review period;
 - (b) may notify the appeal to the tribunal after the end of that period only if the tribunal gives permission.

- (3) If the appellant has not accepted the offer, the appellant –
 - (a) may notify the appeal to the tribunal within the acceptance period;
 - (b) may notify the appeal to the tribunal after the end of that period only if the tribunal gives permission.
- (4) In this paragraph –
 - “acceptance period” has the same meaning as in paragraph 37;
 - “post-review period” has the same meaning as in paragraph 40.

Interpretation of paragraphs 35 to 41

- 42 (1) In paragraphs 35 to 41 –
 - (a) “matter in question” means the matter to which an appeal relates;
 - (b) a reference to a notification is to a notification in writing.
- (2) In paragraphs 35 to 41, a reference to the appellant includes a person acting on behalf of the appellant except in relation to –
 - (a) notification of HMRC’s view under paragraph 36(1)(a),
 - (b) notification by HMRC of an offer of review (and of their view of the matter) under paragraph 37,
 - (c) notification of the conclusions of a review under paragraph 38(6) or (9).
- (3) But if a notification falling within any of the paragraphs of sub-paragraph (2) is given to the appellant, a copy of the notification may also be given to a person acting on behalf of the appellant.

Settling of appeals by agreement

- 43 (1) In relation to an appeal of which notice has been given under paragraph 33, “settlement agreement” means an agreement between the appellant and an officer of Revenue and Customs that is –
 - (a) entered into before the appeal is determined, and
 - (b) to the effect that the decision appealed against should be upheld without variation, varied in a particular manner or discharged or cancelled.
- (2) Where a settlement agreement is entered into in relation to an appeal, the consequences are to be the same (for all purposes) as if, at the time the agreement was entered into, the tribunal had decided the appeal and had upheld the decision without variation, varied it in that manner or discharged or cancelled it, as the case may be.
- (3) Sub-paragraph (2) does not apply if, within 30 days from the date when the settlement agreement was entered into, the appellant gives notice in writing to HMRC that it wishes to withdraw from the agreement.
- (4) Where a settlement agreement is not in writing –
 - (a) sub-paragraph (2) does not apply unless the fact that an agreement was entered into, and the terms agreed, are confirmed by notice in writing given by HMRC to the appellant or by the appellant to the HMRC, and
 - (b) the references in sub-paragraphs (2) and (3) to the time when the agreement was entered into are to be read as references to the time when the notice of confirmation was given.

- (5) Sub-paragraph (6) applies where notice of an appeal has been given under paragraph 33 and –
- (a) the appellant notifies HMRC, orally or in writing, that the appellant does not wish to proceed with the appeal, and
 - (b) HMRC do not, within 30 days after that notification, give the appellant notice in writing indicating that they are unwilling that the appeal should be withdrawn.
- (6) Sub-paragraphs (1) to (4) have effect as if, at the date of the appellant's notification, the appellant and an officer of Revenue and Customs had agreed (orally or in writing, as the case may be) that the decision under appeal should be upheld without variation.
- (7) References in this paragraph to an agreement being entered into with an appellant, and to the giving of notice or notification by or to the appellant, include references to an agreement being entered into, or notice or notification being given by or to, a person acting on behalf of the appellant in relation to the appeal.

Appeal does not postpone recovery of tax

- 44 (1) Where there is an appeal under paragraph 32, the tax charged by the amendment or assessment in question remains due and payable as if there had been no appeal.
- (2) Sub-paragraph (1) is subject to paragraphs 45 and 46.

Application for payment of tax to be postponed

- 45 (1) If the appellant has grounds for believing that the amendment or assessment overcharges the appellant to tax, or as a result of the conclusion stated in the closure notice the tax charged on the appellant is excessive, the appellant may –
- (a) first apply by notice in writing to HMRC within 30 days of the specified date for a determination by them of the amount of tax the payment of which should be postponed pending the determination of the appeal, and
 - (b) if the appellant does not agree with a determination made by HMRC under paragraph (a), refer the application for postponement to the tribunal within 30 days from the date of the document notifying HMRC's determination.
- (2) An application under sub-paragraph (1)(a) must state the amount believed to be overcharged to tax and the grounds for that belief.
- (3) An application may be made more than 30 days after the specified date if there is a change in the circumstances of the case as a result of which the appellant has grounds for believing that it is overcharged to tax by the decision appealed against.
- (4) If, after an application under sub-paragraph (1) has been determined, there is a change in the circumstances of the case as a result of which either party has grounds for believing that the amount determined has become either excessive or insufficient, that party may (if the parties cannot agree on a revised determination) apply to the tribunal for a revised determination of that amount.

- (5) An application under sub-paragraph (4) may be made at any time before the determination of the appeal.
- (6) An application under this paragraph is to be subject to the relevant provisions of Part 5 of the Taxes Management Act 1970 (see, in particular, section 48(2)(b) of that Act).
- (7) The amount of tax of which payment is to be postponed pending the determination of the appeal is the amount (if any) by which it appears that there are reasonable grounds for believing that the appellant is overcharged.
- (8) Where an application under this paragraph has been determined, section 61 has effect in relation to any tax of which payment is not postponed as if –
 - (a) the tax were payable in accordance with an assessment under paragraph 19 issued on the date on which the application was determined, and
 - (b) there was no appeal against that assessment.
- (9) In this paragraph “specified date” has the meaning given by paragraph 33.

Agreement to postpone payment of tax

- 46 (1) If the appellant and an officer of Revenue and Customs agree that payment of an amount of tax should be postponed pending the determination of the appeal, the consequences are to be the same (for all purposes) as if the tribunal had, at the time when the agreement was entered into, made a direction to the same effect as the agreement.
This is without prejudice to the making of a further agreement or further direction.
- (2) Where the agreement is not in writing –
 - (a) sub-paragraph (1) does not apply unless the fact that an agreement was entered into, and the terms agreed, are confirmed by notice in writing given by the officer of Revenue and Customs to the appellant or by the appellant to that officer, and
 - (b) the reference in sub-paragraph (1) to the time when the agreement was entered into is to be read as a reference to the time when notice of confirmation was given.
 - (3) References in this paragraph to an agreement being entered into with an appellant, and to the giving of notice to or by the appellant, include references to an agreement being entered into, or notice being given to or by, a person acting on behalf of the appellant in relation to the appeal.

Assessments and self-assessments

- 47 (1) This paragraph applies where an appeal under paragraph 32(1) has been notified to the tribunal.
- (2) If the tribunal decides that the appellant is overcharged by a self-assessment or any other assessment, the assessment must be reduced accordingly.
 - (3) If the tribunal does not so decide, the assessment is to stand good.

- (4) If it appears to the tribunal that the appellant is undercharged to tax by a self-assessment or any other assessment, the assessment must be increased accordingly.

Tribunal determinations

- 48 The determination of the tribunal in relation to any proceedings under this Part is to be final and conclusive except as otherwise provided in—
- (a) sections 9 to 14 of the Tribunals, Courts and Enforcement Act 2007, or
 - (b) this Part.

Payment of tax where appeal has been determined

- 49 (1) On the determination of an appeal under paragraph 32 any tax overpaid must be repaid.
- (2) On the determination of an appeal under paragraph 32, section 61 (payment of tax) has effect in relation to any relevant tax as if—
- (a) the tax were payable in accordance with an assessment under paragraph 19 issued on the date on which HMRC issues to the appellant a notice of the total amount payable in accordance with the determination, and
 - (b) there had been no appeal against that assessment.
- (3) The reference in sub-paragraph (2) to “relevant tax” is to any tax payable in accordance with the determination, so far as it is tax—
- (a) the payment of which had been postponed, or
 - (b) which would not have been charged by the amendment or assessment if there had been no appeal.

Payment of tax where there is a further appeal

- 50 (1) Where a party to an appeal to the tribunal under paragraph 32 makes a further appeal, tax is to be payable or repayable in accordance with the determination of the tribunal or court (as the case may be), even though the further appeal is pending.
- (2) But if the amount charged by the assessment is altered by the order or judgment of the Upper Tribunal or court, then—
- (a) if too much tax has been paid, the amount overpaid must be refunded, with any interest allowed by the order or judgment, and
 - (b) if too little tax has been charged, the amount undercharged is due and payable at the end of the 30 days beginning with the date on which HMRC issue to the other party a notice of the total amount payable in accordance with the order or judgment.

References to “the tribunal”

- 51 (1) In this Part of this Schedule “the tribunal” means—
- (a) the First-tier Tribunal, or
 - (b) where determined by or under Tribunal Procedure Rules, the Upper Tribunal.
- (2) Sub-paragraph (1) does not apply so far as sub-paragraph (3) requires otherwise.

- (3) Where the question in any dispute on any appeal under paragraph 32(1) is of the market value of any single-dwelling interest, that question is to be determined on a reference by –
- (a) the Upper Tribunal, if the land is in England and Wales;
 - (b) the Lands Tribunal for Scotland, if the land is in Scotland;
 - (c) the Lands Tribunal for Northern Ireland, if the land is in Northern Ireland.

PART 7

SUPPLEMENTARY

Application of Schedule in cases involving joint ownership

- 52 (1) This paragraph applies where –
- (a) tax is charged for a chargeable period with respect to a single-dwelling interest, and
 - (b) on one or more chargeable days in that period two or more persons (referred to below as “the owners”) are jointly entitled to the interest.
- (2) If two or more persons are jointly entitled to the interest on the first chargeable day in the period concerned –
- (a) the obligation to deliver the return is a joint obligation of those persons;
 - (b) the declaration required by paragraph 1(3) must be made by all those persons;
 - (c) a single return is required, even if more than one of those persons is chargeable to the tax to which the return relates.

Partnerships

- 53 In relation to an annual residential property tax return or a nil charge return delivered by the responsible partners for a partnership, anything required or authorised under section 56 or this Schedule to be done by the responsible partners is required or authorised to be done by all the responsible partners.

Meaning of “filing date”

- 54 “Filing date”, in relation to an annual residential property tax return or a nil charge return, means the day by the end of which the return is required to be delivered.

SCHEDULE 2

Section [\[ref\]](#)

ANNUAL RESIDENTIAL PROPERTY CHARGE: SPECIAL PROVISION FOR 2013-14

Duty to make returns

- 1 In relation to the chargeable period beginning on 1 April 2013, section 56 has

effect as if subsections (2) and (3) of that section provided as follows –

- “(2) A return under subsection (1) must be delivered by the end of 1 October 2013 if the days on which the person is within the charge with respect to the interest include 1 April 2013.
- (3) If the days on which the person is within the charge with respect to the interest do not include 1 April 2013, the return must be delivered –
 - (a) by the end of 1 October 2013, or
 - (b) by the end of the period of 30 days beginning with the first day in the chargeable period on which the person is within the charge with respect to the interest,whichever is the later.”

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EXPLANATORY NOTE

ANNUAL CHARGE

SUMMARY

1. Clauses 1 to 69 introduce a new tax called the annual residential property tax. This is chargeable on companies, collective investment schemes and partnerships with company members who hold UK residential dwellings valued at greater than £2 million on specified valuation dates. The measure takes effect from 1 April 2013. The annual tax is in most cases payable on or before 31 October 2013 for 2013/14, and on or before 30 April each year subsequently. If the payer is not chargeable for the full year, a later repayment claim can be made. The clause provides a number of reliefs against the tax for, amongst other, residential dwellings that are leased out in a property rental business; held for sale in a property development or trading business; exploited in a trade of permitting the public to visit, stay in or otherwise enjoy the property; or provided for employees to use in the owner's trade.

DETAILS OF THE CLAUSE

Clause 1 – Charge to Tax

2. Subsection (1) provides for the new annual residential property tax to be charged.
3. Subsection (2) sets out the two conditions that must apply on any day for the tax to be charged: an interest (a “single-dwelling interest”) in a UK dwelling exists of taxable value greater than £2 million, and a company, partnership or collective investment scheme meets the ownership condition in relation to that interest.
4. Subsection (3) provides for the tax to be charged for the chargeable period.
5. Subsection (4) defines the ownership condition for a company as beneficial entitlement to the single-dwelling interest (except where it is beneficially entitled as a member of a partnership or the purpose of a collective investment scheme).
6. Subsection (5) defines the ownership condition for a single-dwelling interest for a member of a partnership that is a company as beneficial entitlement as a member of the partnership.

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7. Subsection (6) defines the ownership condition for a collective investment scheme as holding for the purposes of the scheme.
8. Subsection (7) provides for the ownership condition to be regarded as met in relation to the whole chargeable interest where a company is jointly beneficially entitled to a chargeable interest (as a member of a partnership or otherwise).
9. Subsection (8) defines the chargeable periods.
10. Subsection (9) refers to Section 66 of the legislation which provides a definition of “beneficially entitled”.

Clause 2 – Person Liable

11. Subsection (2) defines the chargeable person for section 1(4) as the company and for section 1(5) as the responsible partners.
12. Subsection (3) defines the chargeable person for section 1(6) for the different types of collective investment schemes set out in this subsection.
13. Subsection (4) specifies the liability of the responsible partners to pay tax is joint and several.
14. Subsection (5) defines the responsible partners for subsection 2(b) as all the members of the partnership from the first day of the chargeable period when the partnership meets the ownership condition with respect to the single dwelling interest.

Clause 3 – Liability of persons jointly entitled

15. Subsection (1) sets out the application of subsection 2 where the joint owners include a company.
16. Subsection (2) states that the company and other person/persons are jointly and severally liable for the tax charged if they are jointly entitled to the single-dwelling interest.
17. Subsection (3) sets out the application of subsection (4) where the single dwelling interest is owned by a partnership which includes a company as a member.
18. Subsection (4) states that if the responsible partners include a person who was not a partner at the start of the chargeable period that they,

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and the other partners are jointly and severally liable for the tax charged in relation to the single-dwelling interest.

Clause 4 - Collective Investment Schemes

19. Subsection (1) sets out the application of subsection 2 where the single dwelling interest is owned for the purposes of a collective investment scheme.
20. Subsection (2) states that the participants in the scheme on the first day in a chargeable period that it is within the charge to the tax are jointly and severally liable for the tax charged in relation to the single-dwelling interest.
21. Subsection (3) limits the amount of liability in relation to any participant to the limit of their holding in the scheme.
22. Subsection (4) defines the participants holding in the scheme.
23. Subsection (5) states that tax charged may be recovered from any depositary of a scheme, limited to the value of any property held by the scheme in the depositary.
24. Subsection (6) provides that the depositary may retain out of any money in the scheme property it holds sufficient funds to pay any tax due and that the depositary will also have a right of reimbursement against the participants in the scheme for any tax it has paid (whether my way of retention out of the scheme property or otherwise).
25. Subsection (7) defines “depositary” and “participant”.

Clause 5 – Amount of tax chargeable

26. Subsection (1) provides for the amount of tax to be charged as specified under subsection (2) or (3).
27. Subsection (2) defines the amount of tax to be charged to be the annual chargeable amount if the chargeable person is within the charge on the first day of the chargeable period. The annual chargeable amount is determined by reference to the taxable value of the interest on the relevant day.
28. Subsection (3) provides for the amount of tax to be charged as a fraction of the annual chargeable amount if the chargeable person is not within the charge on the first day of the chargeable period.

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29. Subsection (4) defines the relevant day for subsections (2) and (3).
30. Subsection (5) provides the annual chargeable amount for a single-dwelling interest, based on band into which the taxable value of the single-dwelling interest falls on the relevant day.
31. Subsection (6) defines the relevant fraction for calculating the annual chargeable amount with the number of days that it is owned in a chargeable period as a fraction of the chargeable period.
32. Subsection (7) directs to Sections 6 (provisional relief) and 11 (adjustment of amount charged) of the legislation.

Clause 6 – Provisional Relief

33. Subsection (1) provides that provisional relief may be claimed if the conditions in subsections (2) to (4) are met.
34. Subsection (2) sets out that relief must be claimed in a return or an amendment to a return.
35. Subsection (3) sets out that the first chargeable day, and all subsequent days in the must be relievable under one of the reliefs in sections 38 to 53.
36. Subsection (4) sets out that the claim must be made by the chargeable person and state that all days for which provisional relief is claimed will be relievable.
37. Subsection (5) provides that where provisional relief is claimed that sections 61(1) has effect as if no tax were charged for the chargeable period.
38. Subsection (6) directs to Sections 10 (adjusted chargeable amount) and 11 (adjustment of amount charged) of the legislation.
39. Subsection (7) provides that the definition of “first chargeable day”.

Clause 7 – Indexation of annual chargeable amounts

40. Subsection (1) sets out that section 4(5) is to be amended for chargeable periods beginning on or after 1 April 2014, if the consumer price index (CPI) is higher for September in 2013, or any later year than it was for the previous September.

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41. Subsection (2) provides for the annual chargeable amounts in section 4(3) that apply for the chargeable periods beginning in the previous 12 months to be substituted with the indexed amount.
42. Subsection (3) specifies the method of calculating the indexed amount.
43. Subsection (4) defines “consumer prices index” for the purposes of this section.
44. Subsection (5) requires the Treasury to make an order before 1 April 2014 and before 1 April annually thereafter, stating the annual chargeable amounts for chargeable periods beginning on or after that date.

Clause 8 – Taxable value

45. Subsection (1) defines the taxable value as equal to the market value on the last previous valuation date.
46. Subsection (2) sets out that the first valuation date for single-dwelling interests is 1 April 2012 and then there is a valuation date of 1 April every five years subsequently.
47. Subsection (3) defines valuation dates in respect of a single-dwelling interest to which a company (other than as a member of a partnership) is beneficially entitled also to cover when interests are acquired or in part disposed of.
48. Subsection (4) defines valuation dates in respect of a single-dwelling interest to which a company is beneficially entitled as a member of a partnership also to cover when the partnership acquires or part disposes of an interest.
49. Subsection (5) defines the valuation dates in the case of a single-dwelling interest held by a collective investments scheme also to cover when an interest is acquired or part disposed of for the scheme.
50. Subsection (6) confirms that references to disposal of part of a single-dwelling interest to include the grant of a chargeable interest.
51. Subsection (7) excludes the grant of an option from being a chargeable interest for the purposes of subsection (6).

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52. Subsection (8) defines “market value” as the same as for the Taxation of Chargeable Gains Act 1992; see in particular sections 272 to 274 of that Act.

Clause 9 – No double charge

53. Section 9 provides for tax in respect of a single-dwelling interest will be charged only once for any chargeable day even if more than one person is the “chargeable person”.

Clause 10 – Adjustment of amount chargeable

54. Subsection (1) allows relief to be claimed if the tax charged is greater than the adjusted chargeable amount for that single-dwelling interest in that period.
55. Subsection (2) provides for the tax charge to be reduced to the adjusted chargeable amount upon a claim being made under this section.
56. Subsection (3) defines the adjustable chargeable amount.

Clause 11 – Adjustment of amount chargeable

57. Subsection (1) provides that where the “adjusted chargeable amount” is greater than that self assessed then the greater amount is payable and the provisions in section 61(3) (payment of tax) apply.
58. Subsection (2) defines “the initial amount charged”.
59. Subsection (3) provides that subsection (4) applies when relief is claimed where more tax was paid than is due for the chargeable period.
60. Subsection (4) provides that, where the “adjusted chargeable amount” is less than that self assessed, then the lesser amount is taken to be the amount due for the chargeable period.
61. Subsection (5) provides for relief under subsection (3) to be claimed either in an annual residential property tax return or by amending an annual residential property return.

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62. Subsection (6) specifies the deadline by which a claim for relief must be delivered.

63. Subsection (7) provides how relief may be given.

Clause 12 – Chargeable interests

64. Subsection (1) defines what a chargeable interest is for this Part.

65. Subsection (2) provides that for this Part, when two or more people are jointly entitled to a chargeable interest, it will not be regarded as consisting of separate interests corresponding to their shares (if any) arising from joint entitlement, but will be viewed as a whole.

66. Subsection (3) excludes exempt interests from being chargeable interests.

67. Subsection (4) lists the exempt interests for the purposes of this Part.

68. Subsection (5) defines a security interest for the purposes of subsection (4) (exempt interests for this Part).

69. Subsection (6) states that in respect of the application of this Part in Scotland, the reference to “rentcharge” in section 12(5) means, in Scotland, a “feu duty” or a payment in section 56(1) of the Abolition of the Feudal Tenure etc Scotland Act.

70. Subsection (7) provides for the Treasury to provide by regulations that any other descriptions of interest in or right over a dwelling may be an exempt interest.

Clause 13 – Meaning of ‘single-dwelling interest’

71. Subsection (1) introduces the clause as defining “single dwelling interest”.

72. Subsection (2) defines a single-dwelling interest as a chargeable interest that is exclusively in or over land which (on any day) consists of a single dwelling.

73. Subsection (3) provides that where a person is entitled to a chargeable interest in or over land that consists of two or more single dwellings, provisions referring to a “single-dwelling interest” operate as if the person had a separate chargeable interest over each dwelling and that

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the chargeable interest for each dwelling is thus a single-dwelling interest.

74. Subsection (4) provides that where a person is entitled to a chargeable interest in or over land that consists of non-residential land in addition to one or more single dwellings, provisions referring to a “single-dwelling interest” operate as if the person had a separate chargeable interest over each dwelling, with a further separate chargeable interest over the non-residential land, and the chargeable interest for each dwelling thus a single-dwelling interest.
75. Subsection (5) reference to a single-dwelling interest should be made to a single-dwelling interest “in” the dwelling concerned.
76. Subsection (6) defines each single-dwelling interest as distinct, even where dwellings stand successively on the same land.
77. Subsection (7) defines for the purposes of this Part “non-residential land” and also states that references to a dwelling include part of a dwelling.

Clause 14 – Different interests held in the same dwelling

78. Subsection (1) applies subsection (2) where a company or a collective investment scheme holds two or more single-dwelling interests in the same dwelling for one or more days in a chargeable period.
79. Subsection (2) provides for this Part to have effect in respect of the chargeable period such that the taxable value of different interests held in the same dwelling is the sum of the taxable values of the separate interests, and the separate interests constituted one single-dwelling interest.

Clause 15 – Interests held by connected persons

80. Subsection (1) provides that where on any day separate beneficial entitlements to separate single-dwelling interests in the same dwelling are held by connected persons (e.g. company A and company or person B), this Part has effect as if they are beneficially entitled to the other’s single-dwelling interest as well as their own.
81. Subsection (2) provides that where on any day, a single-dwelling interest is held for the purposes of a collective investment scheme and

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where a connected person is beneficially entitled to a different single-dwelling interest in the same dwelling, this Part has effect:

(i) in relation to the scheme: as if those separate interests constituted one single-dwelling interest held for the purposes of the collective investment scheme with a taxable value of the sum of the taxable values of the separate interests; and

(ii) where the other person is a company: as if it was beneficially entitled to the scheme's interest as well as to its own single-dwelling interest.

82. Subsection (3) provides for two different interests in the same dwelling, each held by a collective investment scheme that is connected to the other collective investment scheme, to be treated in relation to each scheme as if those separate interests constituted just one single dwelling interest held for the purpose of that scheme, the taxable value of which is the sum of the taxable values of the separate interests.
83. Subsection (4) ensures that in accordance with section 9 tax is not charged more than once for any day on an interest treated under this section (when read with section 14(2)) as one single dwelling interest. This will avoid a double charge.
84. Subsection (5) provides for chargeable persons to be jointly and severally liable with other chargeable persons.

Clause 16 – Meaning of “dwelling”

85. Subsection (1) states when a building or part of a building counts as a dwelling.
86. Subsection (2) provides for land such as a garden or grounds (including any buildings or structures on the land) that is or is intended to be occupied or enjoyed with the dwelling to be part of the dwelling.
87. Subsection (3) provides for land to be considered to be part of the dwelling where it subsists or is intended to subsist for the benefit of the dwelling.
88. Subsection (4) excludes a building or part of a building used for a purpose specified in section 116(2) or (3) of FA2003 from being considered a dwelling under subsection (1).

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89. Subsection (5) makes clear that this use disqualifies the building, or part of the building, from being regarded as suitable for any other use.
90. Subsection (6) provides for the temporary unsuitability of a building for use as a dwelling to be disregarded when considering whether it is a dwelling for the purposes of this Part. This subsection does not affect any of the provisions in sections 31 to 36.

Clause 17 – Substantial performance of “off-plan” purchase

91. Subsection (1) applies subsection (2) to substantial performance of a contract to acquire a chargeable interest in land or a building to be constructed or adapted, beginning after substantial performance of that contract.
92. Subsection (2) defines the chargeable interest for the purposes of subsection (1)(b).
93. Subsection (3) disapplies subsection (2) if the subject of the contractual obligations cease to have effect before the construction or adaptation work is started.
94. Subsection (4) excludes a building that is used for a purpose specified in sections 116(2) or (3) of FA2003 from being considered a dwelling under subsection (1).
95. Subsection (5) defines “contract” and the meaning of “substantially performed” for this section.

Clause 18 – Power to widen references to “use as a dwelling”

96. Subsection (1) provides for the Treasury to amend this Part by order in order to specify cases where use of a building is to be use as a dwelling for sections 17(2) or 16(1).
97. Subsection (2) notes that the reference in section 116(8)(a) of FA 2003 to “the purposes of subsection (1)” includes a reference for the purposes of sections 16(1) and 17(2).

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Clause 19 – Parts of a greater whole

98. Subsection (1) provides that where a part of building that can be used a dwelling does not exclude it from being part of a larger single dwelling.
99. Subsection (2) provides that where a building or structure is in the garden or grounds of a dwelling and is enjoyed or occupied with the dwelling that, even where suitable for use as a single dwelling, it is still considered, in accordance with section 16(3), to be part of the larger single dwelling.

Clause 20 – Section 22: supplementary

100. Subsection (1) specifies that, for section 22(2)(b) purposes, the reference to an interest held for the purposes of the same collective investment scheme includes an interest to which a person connected with the scheme is beneficially entitled.
101. Subsection (2) says that for the purposes of section 22 private access between two dwellings is a route between them to which no third party has a right to access.
102. Subsection (3) provides the definition of “third party” for subsection (2) as someone who is neither entitled to possession of the dwellings mentioned in subsection (1) nor is connected with any of them.
103. Subsection (4) defines the “use” condition for section 22(1)(d) as being met where each of the two dwellings is either (a) occupied by a relevant individual or (b) intended to be or usually so occupied or (c) not occupied.
104. Subsection (5) provides the definition of “relevant individual” for subsection (4), including an individual who is a connected person; occupies the property on non-commercial terms; or who is employed by a relevant person in connection with that person’s occupation.
105. Subsection (6) defines references to beneficial entitlement to include joint entitlement and restricts a person entitled to the possession of a dwelling to one so entitled by an estate or interest in land the person holds.

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Clause 21 – Dwelling in grounds of another dwelling

106. Subsection (1) applies subsection (4) if the conditions in subsection (2) are met for a “main dwelling” and an “associated dwelling” at the end of “the day in question” in a chargeable period.
107. Subsection (2) sets the conditions that need to be met for subsection (1) to apply subsection (4), including a common ownership condition.
108. Subsection (3) defines the common ownership condition for companies (subsection (3)(a)) and collective investment schemes (subsection (3)(b)) entitled to an interest in a main dwelling.
109. Subsection (4) applies this Part in relation to the interests as defined in subsections (3)(a) and (3)(b) as if the main dwelling and the associated dwelling were suitable to be used as a single dwelling.
110. Subsection (5) disapplies subsection (4) if on the day in question either the main dwelling or the associated dwelling is relieved from the annual residential property tax by any of the provisions listed in subsection (6).
111. Subsection (6) lists the various relieving provisions referred to in subsection (5).
112. Subsection (7) states that an interest held for the same collective investment scheme, includes an interest held by a person connected with the scheme.
113. Subsection (8) defines “separate access” for an associated dwelling.
114. Subsection (9) outlines the meaning of “garden or grounds”, “the person entitled to possession”, and “separately entitled” for the purpose of this section.

Clause 22 – Amalgamation of dwellings in the same building

115. Subsection (1) provides the conditions which need to be met for two parts of a building to be “linked dwellings”.
116. Subsection (2) defines the common ownership condition for a company and for a collective investment scheme as applied in subsection 22(1)(d).
117. Subsection (3) covers circumstances where, at the end of a day in a chargeable period, two parts of a building constitute linked dwellings. This Part has effect in relation to interests cited at subsection 2(a) or

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(b) to treat them on the day in question, as suitable for use as a single dwelling.

118. Subsection (4) disappplies subsection (3) the day in question is a relievable day as listed in subsection (5).
119. Subsection (5) lists the provisions where subsection (3) will not apply to treat two parts of a building as suitable for use as a single dwelling, if the day in question is a relievable day.
120. Subsection (6) provides that further dwellings in the same building are to be amalgamated with other amalgamated dwellings under this clause (so that all of the dwellings are considered suitable for use as a single dwelling) if the additional dwellings are linked with any one of them.

Clause 23 – Terraces etc

121. Section 23 provides for a terrace of houses or semi-detached houses that are (or include) dwellings to be considered buildings for the purposes of sections 22 and 20.

Clause 24 – Acquisitions and disposals of chargeable interests

122. Subsection (1) ensures that acquisitions however effected are treated as such.
123. Subsection (2) treats the surrender or release of an interest as an acquisition and disposal.
124. Subsection (3) treats the variation of an interest as an acquisition or disposal for the purpose of this legislation.

Clause 25 – Date of acquisition

125. Subsection (1) states that the acquisition date of a chargeable interest in a land with a dwelling is treated as the beginning of the effective date of acquisition.
126. Subsection (2) defines the effective date of an acquisition, with provision for an alternative date to be specified by the Commissioners for Her Majesty's Revenue and Customs in regulations.

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Clause 26 – Date of disposal

127. Subsection (1) provides for the date of disposal of a chargeable interest in a land consisting of or including a dwelling to be the day preceding the effective date of disposal.
128. Subsection (2) defines the effective date of a disposal, with provision for an alternative date to be specified by regulations.

Clause 27 – Contract and conveyance: the purchaser

129. Subsection (1) applies this section where a person enters a contract to acquire a relevant chargeable interest and the acquisition is completed by a conveyance.
130. Subsection (2) provides that a person is not seen as having acquired a chargeable interest by reason of entering into the contract.
131. Subsection (3) where a contract is not completed but is substantially performed, this Part has effect as if the substantial performance was completion of the acquisition which the contract intended to achieve.
132. Subsection (4) provides that where subsection (3) applies and the contract is then completed through a conveyance, completion (for the purposes of section 8) it is not deemed to have given effect to acquiring the chargeable interest.
133. Subsection (5) sets out the position where subsection (3) applies and the contract is subsequently rescinded or annulled before the contract is fully carried out, then this Part is effective as if P had disposed of the chargeable interest as per subsection (1)(a).
134. Subsection (6) defines “the relevant time” for the purposes of subsection (5).
135. Subsection (7) in a situation where subsection (3) applies and the contract is then varied or partially rescinded, resulting in a chargeable interest being acquired under contract which differs from that to which the contract originally related, this Part operates as if the contract variation had resulted in purchaser P’s disposal of the interest referred to in subsection (1)(a) and the substantial performance of the varied contract.
136. Subsection (8) applies subsection (7) if the parties proceed as if they had varied the contract without actually doing so.

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137. Subsection (9) provides further definitions for this section.

Clause 28 – Contract and conveyance: the vendor

138. Subsection (1) applies subsections (3) and (4) where a person enters a contract to dispose of a chargeable interest and the disposal is completed by a conveyance.
139. Subsection (2) provides that a person is not seen as disposing of a chargeable interest just because it has entered into the contract to dispose of a chargeable interest where the contract provides for disposal to be completed by conveyance.
140. Subsection (3) provides that a contract substantially performed but not completed will, for this Part be considered as though the substantial performance of the contract was completion of the disposal which the contract had intended.
141. Subsection (4) provides that where subsection (3) applies and the contract is later completed through a conveyance, for the purposes of section 8, it is not deemed that completion effected disposal of a chargeable interest.
142. Subsection (5) sets out the effect of this Part where subsection (3) applies along with other conditions that deem the vendor to have re-acquired the interest referred to in subsection (1)(a).
143. Subsection (6) defines “the relevant time” for the purposes of subsection (5).
144. Subsection (7) provides that where subsection (3) applies and the contract is subsequently varied or partially rescinded so as to alter the chargeable interest to be disposed of (so that it is not the same chargeable interest provided for in the original contract), the variation is treated as effecting the reacquisition by the vendor (V) of the interest referred to in subsection (1)(a) and the substantial performance of the varied contract.
145. Subsection (8) applies subsection (7) if the parties proceed as if they had varied the contract in the way subsection (7) sets out, without actually having varied the contract, as if they had.
146. Subsection (9) provides further definitions for this section.

Clause 29 – New dwellings

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147. Subsection (1) defines the valuation date for a new dwelling that is or has been constructed. It is the earlier of the completion day (the date construction is proposed to finish) or the date that the dwelling is first occupied.
148. Subsection(2) defines, for the purposes of subsection (1), what constitutes the construction of a new dwelling. It includes any alterations to an existing building but does not include a dwelling where sections 30 (dwellings produced from other dwellings) or 33 (demolition and replacement: new dwellings) apply.
149. Subsection (3) defines for the purposes of subsection (1) completion day as the day on which the new dwelling is treated as having come into existence under the relevant legislation listed in this subsection.
150. Subsection (4) provides that references to “a building” also include a part of a building.

Clause 30 – Dwellings produced from other dwellings

151. Subsection (1) applies this section where as a result of some structural alterations, an existing building that is a dwelling or dwellings, becomes a different dwelling or dwellings.
152. Subsection (2) defines the point when it is determined that a person has a single-dwelling interest in the old or new dwelling. This is when the conversion is completed, the old dwelling ceases to exist and the new dwelling has come into existence.
153. Subsection (3) defines the valuation date for the new dwelling as the day after the conversion is completed.
154. Subsection (4) defines when the conversion is completed as being the end of the day on which the new dwelling is, or all new dwellings are treated as having come into existence for the purposes of the legislation listed in this subsection.
155. Subsection (5) provides that references to “a building” also include a part of a building.

Clause 31 – Demolition of a dwelling

156. Subsection (1) applies sections 32 to 34 where a dwelling is demolished on or after 1 April 2013.

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157. Subsection (2) treats the building as not demolished for the purposes of determining whether a person has a single-dwelling interest in the property and its taxable value except where express provision to the contrary is made in sections 32 to 34.
158. Subsection (3) defines the date of the demolition for the purposes of subsection (1) as being after 1 April 2013 if a day after 1 April 2013 is the day demolition has begun and as a result the building is no longer suitable for use as a dwelling.
159. Subsection (4) provides that references to “a building” also include a part of a building.

Clause 32 – Demolition without replacement

160. Subsection (1) applies subsection (2) if a person owning the old dwelling notifies an officer of Revenue and Customs that there is no intention to build any new dwelling on the site of the old dwelling.
161. Subsection (2) defines when the person is said to have a single-dwelling interest in the old dwelling from the day as defined by subsection (3).
162. Subsection (3) defines the date for subsection (2) when both the criteria are met of the demolition having begun and thereby rendering the building unsuitable to be used as a dwelling.
163. Subsection (4) requires a notification to be made in writing to an officer of Her Majesty’s Revenue and Customs under subsection (1).
164. Subsection (5) provides some further definitions for this section.

Clause 33 – Demolition and replacement: new dwellings

165. Subsection (1) applies subsection (2) if new dwellings are built on the site of the old dwelling after its demolition.
166. Subsection (2) states that a person’s single-dwelling interest in new dwelling comes into existence at the point when the rebuilding is completed on the assumption that the old dwelling has ceased to exist.
167. Subsection (3) defines the valuation date of a single-dwelling interest in a new dwelling as the day after the rebuilding is completed.
168. Subsection (4) provides further definitions for the terms in subsection (1).

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169. Subsection (5) confirms that reference to when rebuilding is complete is the earlier of completion day or the day the last of the new dwellings is first occupied.
170. Subsection (6) defines the reference to completion day in subsection (5) as the day on which the new dwelling or all new dwellings are treated as having come into existence for the purposes of the legislation listed in this subsection.
171. Subsection (7) provides that references to “a building” also include a part of a building.

Clause 34 – Demolition and replacement: other cases

172. Subsection (1) applies section 34 where section 33 does not apply and where a building is constructed on the site of an old dwelling, after demolition.
173. Subsection (2) states that person’s single-dwelling interest in the old dwelling is determined by assuming the old dwelling no longer existed at the end of the day on which a change of use from residential use was approved, or, the dwelling was last occupied, whichever is later.
174. Subsection (3) provides further definitions for the terms in subsection (1).

Clause 35 – Conversion of dwelling for non-residential use

175. Subsection (1) applies this section where a building, or any part of it previously been suitable as a dwelling is then altered so as to make is unsuitable to use as a dwelling.
176. Subsection (2) states that it is a question of fact whether the alterations at subsection (1)(b) above render the building or part unsuitable for use as a dwelling.
177. Subsection (3) provides that once planning permission or development consent has been granted for the alterations, the building or the part of it is unsuitable for use as a dwelling.
178. Subsection (4) defines “planning permission” for the purposes of this section.
179. Subsection (5) provides the references for the relevant planning enactments for the purposes of the definition in subsection (4).

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180. Subsection (6) defines “development consent” for the purposes of this section.

Clause 36 – Damage to a dwelling

181. Subsection (1) applies subsections (2) and (3) if accidental damage occurs to a dwelling, resulting in the dwelling becoming temporarily unsuitable for occupation for a period of at least 90 days. The damage has to be caused by events that the relevant person had no control over.
182. Subsection (2) states that the day the damage occurs is a valuation date for purposes of the single-dwelling interest.
183. Subsection (3) disapplies subsection (2) if the dwelling is destroyed.
184. Subsection (4) provides for the damage to be disregarded when applying subsection (1) if it occurs as part of the demolition work that the relevant person is having done.
185. Subsection (5) defines “the relevant person” for the purposes of this section.

Clause 37 – Effect of Reliefs Under Sections 38 - 53

186. Subsection (1) applies subsection (2) where tax is charged in respect of a single-dwelling interest for a chargeable period which contains one or more relievable days as a result of the provisions listed in subsection (3).
187. Subsection (2) provides that the adjusted chargeable amount for that chargeable period is to be calculated as if the chargeable person is not within the charge to ARPT (in respect of the relevant interest) for those relievable days.
188. Subsection (3) sets out the provisions which provide for particular reliefs, namely; sections 38, 39, 42, 43, 44, 46, 48, 50 and 53.
189. Subsection (4) directs to sections 10 and 58 which set out how any amount of relief is to be calculated and claimed, and what must be done where the conditions for relief cease to be met.

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Clause 38 – Property rental businesses

190. Subsection (1) defines a relievable day for a single-dwelling interest where a person, who is renting out or receiving certain receipts from carrying on a qualifying property rental business or intending to do so, is entitled to that interest.
191. Subsection (2) provides that a day is not a relievable day if the single-dwelling interest is available for occupation by a non-qualifying person or if it is intended that a non-qualifying person will be permitted to occupy it.
192. Subsection (3) provides that, where it is intended to exploit a single-dwelling interest in the course of a qualifying property rental business, relief will not be available unless steps are being taken to rent out the single-dwelling interest without delay (except so far as any delay is unavoidable or is justified by commercial considerations).
193. Subsection (4) defines a “qualifying property business” as one that is conducted on a commercial basis and with a view to profit. .
194. Subsection (5) defines a “property rental business”.
195. Subsection (6) defines “excluded rents”.

Clause 39 –Rental property: preparation for sale

196. Subsection (1) provides that relief will be given in respect of a single-dwelling interest for which relief was previously given under clause 38 (property rental businesses) but which is now unoccupied in four circumstances:
- where steps are being taken to sell that interest without delay;
 - where steps are being taken to demolish that dwelling without delay and, if it is intended that a new dwelling will be constructed on the site, it is also intended that the new dwelling will be “used in a relievable way”;
 - where steps are being taken to convert the dwelling into a different dwelling without delay and it is intended that the new dwelling will be “used in a relievable way”; or
 - where steps are being taken to convert the dwelling into a non-residential building without delay.

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Relief will only be given under this section if, for each day after relief ceased to be available under clause 38, relief was available under clause 39. In addition, the single-dwelling interest must have been held by the same person or by a “relevant partner” when relief was last given under clause 39.

197. Subsection (2) defines “used in a relievable way” as where relief would be available in respect of the relevant dwelling under clauses 38, 42, 50 and 53.
198. Subsection (3) defines “relevant partner” and “without undue delay”.

Clause 40 –Non-qualifying occupation: look forward and look back

199. Subsection (1) provides that subsection (2) applies where, on a day in a chargeable period, a single-dwelling interest is being, or is held with the intention that it will be, exploited in a property rental business and a non-qualifying individual is permitted to occupy the dwelling. This is the “look forward” restriction on future claims to relief.
200. Subsection (2) provides that, in those circumstances and where the continuity of ownership condition is met, no further day in that chargeable period or the subsequent three chargeable periods will be a relievable day unless there is a day of qualifying use in that period.
201. Subsection (3) provides that the “continuity of ownership” condition will be met on any day where the owner is beneficially entitled to the single dwelling interest or, where the owner carried on or intended to carry on the property rental business in partnership, another member of the partnership is beneficially entitled to the interest.
202. Subsection (4) provides that subsection (5) applies where a non-qualifying individual is permitted to occupy a dwelling on a day in a chargeable period where the single-dwelling interest is being, or is held with the intention that it will be, exploited in a property rental business . This is the “look back” restriction on any previous claims to relief in the period of (up to) two years prior.
203. Subsection (5) provides that, in those circumstances, no day is relievable in the period running from the start of the preceding chargeable period to the day the non-qualifying individual was permitted to occupy the single-dwelling interest (where the single-dwelling interest was held, during that period, by a relevant person).
204. Subsection (6) defines “relevant person” as the person beneficially entitled to the single dwelling interest on the day of non-qualifying

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occupation or, where the owner carried on the property rental business in partnership, any other member of that partnership.

205. Subsection (7) provides that subsection (5) does not apply where there is an intervening day which was relievable by virtue of a qualifying individual being permitted to occupy the single-dwelling interest in the course of a property rental business.
206. Subsection (8) defines the terms “day of qualifying use” and provides that occupation of part of a dwelling is regarded as occupation of it all.

Clause 41 – Meaning of “non-qualifying individual” and “qualifying individual”

207. Subsection (1) provides the meaning for “non-qualifying individual” for the purposes of sections 38 and 40.
208. Subsection (2) provides the meaning for “qualifying individual” for the purposes of section 40.
209. Subsection (3) provides the meaning of “relevant collective investment scheme” in respect of a single-dwelling interest that is within the charge to ARPT.
210. Subsection (4) defines a “major participant” in a collective investment scheme as a person who:
- is entitled to at least 50% of the profits or income arising from the scheme or of any profits or income arising from the scheme that may be distributed to participants; or
 - would be entitled to 50% or more of the assets of the scheme on its winding up.
211. Subsection (5) clarifies what will be treated as profits or income arising from the scheme in question.
212. Subsection (6) provides the meaning for “relative”, “relevant settlor” and “settlement”.
213. Subsection (7) provides that where a person performing their duties as a trustee is connected to the owner of the single-dwelling interest then that settlement is a “relevant settlement”.
214. Subsection (8) provides the meaning for “trustee”.

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Clause 42 – Dwellings open to the public

215. Subsection (1) defines a relievable day for a single-dwelling interest if either the first or second conditions is met.
216. Subsection (2) provides that the first condition will be met where the single-dwelling interest is being exploited as a source of income in the course of a qualifying trade in the normal course of which the public are able to make use of, stay in or otherwise enjoy the dwelling on at least 28 days in any year.
217. Subsection (3) provides that the second condition will be met where the single-dwelling interest is held with an intention that it will be exploited as a source of income in the manner provided for under the first condition, whether in that or a future chargeable period.
218. Subsection (4) defines a “qualifying trade” as one that is carried on commercially with a view to profit.
219. Subsection (5) provides that for the purposes of this section, a significant part of the interior of the dwelling has to be made available for persons permitted to use, stay in or enjoy the dwelling.
220. Subsection (6) sets out that size, nature and function of areas concerned are taken into account when determining whether they form a significant part of the interior of a dwelling.
221. Subsection (7) provides that a single-dwelling interest will only be seen as held with an intention to exploit it as a source of income in the course of a qualifying trade if steps are taken to secure the exploitation of the interest without delay.

Clause 43 –Property developers

222. Subsection (1) defines a relievable day for a single-dwelling interest if that interest has been acquired in the course of a property development trade, the developer is beneficially entitled to the interest and the interest is held exclusively for the purpose of redeveloping and reselling the land in the course of that trade.
223. Subsection (2) provides that, where a property developer holds a single-dwelling interest for more than one purpose, any additional purpose the developer may have to exploit the dwelling in a

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qualifying property rental business (after the development but before it is resold), shall not be taken into account.

224. Subsection (3) provides that a day is not a relievable day if the single-dwelling interest is available for occupation by a non-qualifying person or if it is intended that a non-qualifying person will be permitted to occupy it.
225. Subsection (4) defines a “property development trade” as a trade that includes buying and developing for resale both residential or non-residential property and that is conducted on a commercial basis and with a view to profit.
226. Subsection (5) provides that references to “development” in this section shall include “redevelopment”.

Clause 44 –Property developers: exchange of dwellings

227. Subsection (1) defines a relievable day for a single-dwelling interest if a developer at the end of that day is entitled to an interest that was acquired in the course of a property development trade, and the acquisition (“the reverse acquisition”) was part of a qualifying exchange.
228. Subsection (2) provides that a day is not a relievable day if the single-dwelling interest is available for occupation by a non-qualifying person or if it is intended that a non-qualifying person will be permitted to occupy it, then, the dwelling will not be considered as being exploited in the course of a property development trade.
229. Subsection (3) provides the meaning of “the relevant person” for this section. These are the members of a partnership (where the developer entitled to the interest is a member of a partnership), or the company itself and any person who acquired the returned interest jointly with the company.
230. Subsection (4) provides the conditions for a reverse acquisition to be treated as part of a qualifying exchange.
231. Subsection (5) provides the conditions that need to be met for a building or part of it to be considered a “new dwelling”.

Clause 45 – Property developers: supplementary

232. Subsection (1) provides that subsection (2) applies where, on a day in the chargeable period, a single-dwelling interest has been acquired in

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the course of a property development business and a non-qualifying individual is permitted to occupy the dwelling.

233. Subsection (2) provides that, where the continuity of ownership condition is met, no further day in that chargeable period or the subsequent three chargeable periods will be a relievable day.
234. Subsection (3) defines the “continuity of ownership” condition as being met on any day where the property developer is beneficially entitled to the single dwelling interest or, where the property developer carried on the development trade in partnership, another member of the partnership is beneficially entitled to the interest.
235. Subsection (4) provides that subsection (5) applies where, on a day in a chargeable period, a non-qualifying individual is occupying a dwelling and, in that or the preceding chargeable period, the conditions for relief under section 43(1) were met (i.e. the single-dwelling interest was acquired in the course of a property development trade, the developer is beneficially entitled to the interest and the interest is held exclusively for the purpose of redeveloping and reselling the land in the course of that trade).
236. Subsection (5) provides that where the interest is held by the same person (or, where the property development trade was carried on in partnership, any person who has at any time carried on that business in partnership) the earlier day shall not be eligible for relief under section 43.
237. Subsection (6) provides that subsection (7) applies where, on a day in a chargeable period, a non-qualifying individual is occupying a dwelling and the conditions for relief under section 44(1) are met (i.e. the single-dwelling interest was acquired in the course of a property development trade as part of a qualifying exchange).
238. Subsection (7) provides that where the interest is held by the same person (or, where the property development trade was carried on in partnership, any person who has at any time carried on that business in partnership) relief shall not be available under section 44.
239. Subsection (8) provides that subsections (5) and (7) do not apply where there is an intervening day which was relievable by virtue of a qualifying individual being permitted to occupy the single-dwelling interest in the course of a property rental business.
240. Subsection (9) defines the terms “non-qualifying individual” for this section and sections 43 and 44, and provides that occupation of part of a dwelling is regarded as occupation of it all.

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Clause 46 – Property traders

241. Subsection (1) defines a “relievable” day for a single-dwelling interest if at the end of that day a person beneficially entitled to that interest is carrying on a property trading business. The person is also required to hold the property as stock and solely for resale in the course of the business.
242. Subsection (2) provides that, when a single-dwelling interest is not considered to be held for the sole purpose of resale by a person carrying on a property trading business.
243. Subsection (3) defines a “property trading business” as a business which includes activities in the nature of a trade of buying and selling dwellings and which is carried on a commercial basis with a view to profit.

Clause 47 – Property traders: supplementary

244. Subsection (1) provides that subsection (2) applies where, on a day in the chargeable period, a single-dwelling interest is held by a person who carries on a property trading business (as stock of, and for the sole purpose of resale in the course of, that business) and a non-qualifying individual is permitted to occupy the dwelling.
245. Subsection (2) provides that, no further day in that chargeable period or the subsequent three chargeable periods will be a relievable day where the property trader (or a relevant partner) remains beneficially entitled to the single-dwelling interest.
246. Subsection (3) defines “relevant partner”. Where the property trading business is carried on in partnership on the day of non-qualifying occupation, any other person who, at any time, is a member of that partnership will be a “relevant partner”.
247. Subsection (4) provides that subsection (5) applies where, on a day in a chargeable period, a non-qualifying individual is occupying a dwelling and, in that or the preceding chargeable period, the conditions for relief under section 46(1) were met (i.e. the single-dwelling interest was owned by a person carrying on a property trading business as stock of, and for the sole purpose of resale in the course of, that business).
248. Subsection (5) provides that where the single-dwelling interest is held by the same person (or, where the property trading business was carried on in partnership, any person who has at any time carried on

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that business in partnership) the earlier day shall not be eligible for relief under section 46.

249. Subsection (6) provides that subsection (5) does not apply where there is an intervening day which was relievable by virtue of a qualifying individual being permitted to occupy the single-dwelling interest in the course of a property rental business.
250. Subsection (7) defines the terms “non-qualifying individual” and provides that occupation of part of a dwelling is regarded as occupation of it all.

Clause 48 – Financial Institutions acquiring dwellings in the course of lending

251. Subsection (1) defines a “relievable” day for a single-dwelling interest if, at the end of that day, a financial institution is beneficially entitled to that interest as a result of it carrying on lending activities and it has the intention of reselling the interest.
252. Subsection (2) defines when a single-dwelling interest is not considered to be held for the sole purpose of the activities set out in subsection (1).
253. Subsection (3) defines a “financial institution”.

Clause 49 – Section 48: supplementary

254. Subsection (1) provides that subsection (2) applies where, on a day in a chargeable period, a single-dwelling interest is held by a financial institution and a non-qualifying individual is permitted to occupy the dwelling.
255. Subsection (2) provides that, in the circumstances set out in subsection (1) and where the continuity of ownership condition is met, no further day in that chargeable period or the subsequent three chargeable periods will be a relievable day.
256. Subsection (3) defines the “continuity of ownership” condition as being met on any day where the financial institution is beneficially entitled to the single dwelling interest or, where the financial institution carried on the lending business in partnership, another member of the partnership is beneficially entitled to the interest.
257. Subsection (4) provides that subsection (5) applies where, on a day in a chargeable period, a non-qualifying individual is occupying a

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dwelling and, in that or the preceding chargeable period, the conditions for relief under section 48(1) were met.

258. Subsection (5) provides that where the single-dwelling interest is held by the same person (or, where the lending business was carried on in partnership, any person who has at any time carried on that business in partnership) the earlier day shall not be eligible for relief under section 48.
259. Subsection (6) provides that subsection (5) does not apply where there is an intervening day which was relievable by virtue of a qualifying individual being permitted to occupy the single-dwelling interest in the course of a property rental business.
260. Subsection (7) defines the term “non-qualifying individual” and provides that occupation of part of a dwelling is regarded as occupation of it all.

Clause 50 – Occupation by certain employees or partners

261. Subsection (1) sets out the conditions for a relievable day where a dwelling is made available for use as a living accommodation for one or more qualifying employees or qualifying partners for the purposes of a qualifying trade.
262. Subsection (2) sets out that a qualifying trade must be carried on on a commercial basis and with a view to a profit.
263. Subsection (3) provides that making a dwelling available to a qualifying employee or partner also includes making it available to persons who are to share that accommodation with such an employee or partner as their family.
264. Subsection (4) provides the reference for the definition of “a relevant group member” in subsection (1)(a) as mentioned in paragraph 1(2) of Schedule 7 FA 2003.

Clause 51 – Meaning of “qualifying employee” and “qualifying partner” in section 50

265. Subsection (1) sets out “qualifying partner” where the trade mentioned in section 50(1)(b) is carried out in partnership with one or more persons. It includes any member of the partnership with less than 5% share of the income profits of the partnership, in any

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company that beneficially owns the interest or in the single-dwelling interest or in the single-dwelling interest itself.

266. Subsection (2) sets out that “qualifying employee” means an individual employed for the purposes of the qualifying trade who has less than a 5% share of the income profits of the trade, in any company that beneficially owns the interest or in the single dwelling interest, or who provides “excluded domestic services”.
267. Subsection (3) provides that an individual will be providing excluded domestic services if their employment duties include the provision of services in connection with the occupation of the relevant dwelling in section 40(1)(b) (or a linked dwelling) by a non-qualifying individual.
268. Subsection (4) defines a “non-qualifying individual” as an individual connected to a beneficial owner of the interest.
269. Subsection (5) sets out when dwellings will be “linked” for the purposes of subsection (3). The first circumstance is where section 11(2) applies regarding a relevant dwelling and another dwelling. The second is one where a dwelling is linked to the relevant dwelling as per section 22(1).
270. Subsection (6) sets out that employment includes the holding of an office.
271. Subsection (7) provides that, for the purposes of subsections (1)(c) and (2)(a)(iii), beneficial joint tenants (or, in Scotland, joint owners) entitled to a chargeable interest are treated as beneficial tenants in common (or, in Scotland, as owners in common) in equal shares.

Clause 52 – Meaning of “5% or greater share in a company”

272. Subsection (1) sets out that this section applies for the purposes of section 51.
273. Subsection (2) sets out an individual (P) as entitled to a 5% or greater share in a company if he or she possesses (directly or indirectly) or is entitled to acquire any of the shares or rights set out in that subsection.
274. Subsection (3) requires any rights P or any other person has as a loan creditor to be disregarded for the assumption in subsection (2)(d).

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275. Subsection (4) sets out that for subsection (2), a person is treated as entitled to acquire anything which they are, or will at a future date, be entitled to acquire.
276. Subsection (5) provides that, if a person possesses any rights or powers on behalf of another (A), or may be required to exercise any rights or powers at A's direction or on A's behalf, those rights and powers shall be attributed to A. for the purposes of determining whether they are entitled to a 5% or greater share.
277. Subsection (6) provides for further attributions of rights and powers to a person (from their associates and from companies which they control, or that they control together with their associates).
278. Subsection (7) sets out the rights and powers to be attributed under subsection (6).
279. Subsection (8) provides for a person nevertheless to be treated as having 5% or greater share in a company if they are able to exercise or acquire direct or indirect control over the company's affairs even if the conditions in subsection (2) are not otherwise met.
280. Subsection (9) provides that the definitions for "associate", "control", "loan creditor" and "participator" are as per CTA 2010 for the purposes of this section.

Clause 53 – Farmhouses

281. Subsection (1) defines a relievable day for a farmhouse if a person beneficially entitled to it is carrying on a qualifying trade of farming and the farmhouse is occupied by a qualifying farm worker.
282. Subsection (2) provides for the meaning of "farmhouse" as used in subsection (1).
283. Subsection (3) provides for the meaning of "qualifying farm worker" for the purposes of subsection (1).
284. Subsection (4) provides that farming is a qualifying trade only if it is carried on on a commercial basis and with a view to profit.
285. Subsection (5) provides that occupation of part of a dwelling is regarded as occupation of it all.
286. Subsection (6) defines "farming" and "market gardening" for the purposes of this section.

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Clause 54 – Land sold to a financial institution and leased to a person

287. Subsection (1) provides that this section applies to alternative property finance arrangements under section 71A or section 72, Finance Act 2003 entered into between a financial institution and another person, where that institution purchases one or more dwellings under the “first transaction” (as defined under section 71A or section 72).
288. Subsection (2) provides that, where the person entering into the arrangements with the financial institution (the Lessee) is a company, this Part applies as if the interest held by the financial institution was actually held by the company and that the lease granted to the company under the “second transaction” had not been granted. In effect, the alternative property finance arrangements are ignored and the company is treated as owning the interest in the dwelling outright for the purposes of this Part.
289. Subsection (3) provides at what times the alternative finance arrangements will be considered to be in operation for the purposes of subsection (2).
290. Subsection (4) provides that, where a company is treated as holding an interest at a particular time under subsection (2), it shall be treated as holding it as a member of a partnership where it holds the leasehold interest (granted under the “second transaction”) as a member of the partnership.
291. Subsection (5) provides that, that, where the alternative finance arrangements operate for the benefit of a collective investment scheme, this Part applies as if the interest held by the financial institution was actually held by the lessee for the purposes of the collective investment scheme (and not by the financial institution) and that the lease granted under the “second transaction” had not been granted. In effect, the alternative property finance arrangements are ignored and the lessee is treated as owning the interest in the dwelling outright for the purposes of this Part.
292. Subsection (6) provides at what times the alternative finance arrangements will be considered to be in operation for the purposes of subsection (5).
293. Subsection (7) defines “financial institution”, “the first transaction”, “further transaction”, “the leasehold interest” and “the second transaction” for the purposes of this section.
294. Subsection (8) defines “major interest in land” by reference to section 117 of Finance Act 2003.

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295. Subsection (9) provides that, where the lessee is an individual, references to the lessee in subsections (5) and (6), include the lessee's personal representatives after his or her death.

Clause 55 – Responsibility for collection and management

296. Section 51 provides for the HMRC Commissioners to be responsible for the administration and collection of the annual residential property tax.

Clause 56 – Duty to make an annual residential property tax return

297. Subsection (1) requires a person to make a return with respect to an interest they hold in a dwelling for a chargeable period.
298. Subsection (2) requires the person to make a return within 30 days of coming into charge with respect to their interest in the single-dwelling.
299. Subsection (3) disapplies subsection (2) if that first day that the person becomes chargeable is a valuation date under section 29 or 30. In this case, the return is required by the end of the 90 day period.
300. Subsection (4) applies subsection (5) and (6) if the person already held an interest in the dwelling and acquires a new interest in the same dwelling in the same chargeable period.
301. Subsection (5) provides that, if a person is not within the charge on the day prior to the effective date of acquisition in subsection 4(a), the new interest is treated as being in a different single-dwelling and subsection (2) applies.
302. Subsection (6) provides that, in any other case, the person must make a further return for all the interests that are mentioned in subsection (4) (in addition to any return that is required under subsection (2)).
303. Subsection (7) requires the further return under subsection (6) to be made within 30 days of the effective date of acquisition in subsection (4)(a).
304. Subsection (8) requires the return (“annual residential property tax return”) to be made to an officer of HM Revenue and Customs.

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Clause 57 – Duty to give notice of certain valuation events

305. Subsection (1) states that section 59 applies where a valuation date arises in respect of a single-dwelling interest on a later day in a chargeable period where an annual residential property tax return must be made.
306. Subsection (2) defined a “later day” as being a day later than the first day in a chargeable period on which a person is within the charge to annual residential property tax for the single-dwelling interest in question.
307. Subsection (3) provides that, where this section applies, the person must notify HM Revenue and Customs that the day is a valuation date for the relevant single-dwelling interest.
308. Subsection (4) provides that a notification under subsection (3) must either be made in, or by the amendment of, an annual residential property tax return.
309. Subsection (5) specifies what valuation dates under this Part are relevant for this section.

Clause 58 – Duty to amend return where conditions for relief cease to be met

310. Subsection (1) requires a person to amend their a return if that person claims relief under section 6 and, through a change of circumstances, one or more of the days that relief is claimed for is no longer relievable.
311. Subsection (2) requires the person to amend the annual residential property tax return in which the relief was claimed (including where that relief was claimed by amending the return).
312. Subsection (3) provides that the return must be amended within 12 months of the end of the chargeable period mentioned in subsection (1)(a).
313. Subsection (4) provides that, where section 40(5) applies to retrospectively remove relief for a property rental-business (where there is non-qualifying occupation of a dwelling), the return must be amended within 15, and not 12 months, of the end of the chargeable period in which the relief was claimed.

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Clause 59 – Annual residential property tax return to include self-assessment

314. Subsection (1) requires the annual charge return to include a person's self assessment as per subsection (2).
315. Subsection (2) defines self-assessment and states that, under section 56(6), it is a re-assessment.
316. Subsection (3) requires the self-assessment to include a statement of the market value of the single-dwelling interest for each valuation date relevant for the purposes of the assessment.

Clause 60 – Returns, enquiries, assessments and other administrative matters

317. Subsections (1) and (2) refer to Schedule 1 which contains provisions for making returns, enquiries and related matters and provides for any further amendments to be made to this Part by regulations.

Clause 61 – Payment of tax

318. Subsection (1) provides for the tax to be paid with respect to the single-dwelling interest by the required filing date for the chargeable period in question.
319. Subsection (2) requires any tax payable due to an amendment to a return must be made by the filing date or immediately if it is after the filing date subject to subsection (3).
320. Subsection (3) requires tax payable as a result of an amendment to a return under section 11 to be paid within 12 months of the end of the chargeable period or, where the days ceased to be relievable under section 40(5), within 15 months of the end of the chargeable period.
321. Subsection (4) provides for the payment of tax where a determination or assessment has been made by HMRC. This requires the tax to be paid within 30 days of the determination or assessment being issued.

Clause 62 – Interest on repayment of tax overpaid, etc

322. Subsection (1) requires the repayment of tax under this section to be made with interest for the period starting with the relevant day as per

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subsection (3) to the day before the repayment order is issued. The interest rate applicable is as per section 178 of Finance Act 1989.

- 323. Subsection (2) details the repayments of tax this section applies to.
- 324. Subsection (3) provides for the relevant day that is to be taken into account when applying subsection (1).
- 325. Subsection (4) provides that the interest that is paid under this section will not be considered income for the person for tax purposes.

Clause 63 - Companies

- 326. Subsection (1) requires an appropriately authorised person, including a proper officer of the company, to act on behalf of the company in complying with the provisions under this Part.
- 327. Subsection (2) lists who would be considered “the proper officer” of a company for the purposes of subsection (1).
- 328. Subsection (3) covers how service of a document can be effected.
- 329. Subsection (4) provides for any tax due under this Part to be recovered from the proper officer of the company.
- 330. Subsection (5) provides for the proper officer to be reimbursed by the company for any amount that has been paid by the officer under subsection (4).
- 331. Subsection (6) applies the rules as listed in the subsection instead of subsection (1) and (2) if a liquidator or administrator has been appointed for the company. The rules provide for the liquidator or administrator to act as “the proper officer” of the company.

Clause 64 - Partnerships

- 332. Subsection (1) defines “Partnerships” for the purposes of this Part.
- 333. Subsection (2) provides for the application of provisions under this Part to partnerships and treats the partners as jointly beneficially entitled to the single-dwelling interest instead of the partnership itself.
- 334. Subsection (3) provides for a partnership to continue (and to be treated as the same partnership) for the purposes of this Part as long

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as at least one member of the partnership is the same as before and after any changes in membership.

335. Subsection (4) provides for a Partnership not to be regarded as a collective investment scheme for the purposes of this Part.
336. Subsection (5) provides for a representative partner or partners to act on behalf of the partnership to comply with this Part.
337. Subsection (6) provides for the nomination of a representative partner for the purposes of subsection (5).
338. Subsection (7) requires that notice of a nomination of a representative partner for the purposes of this section (or the revocation of such a nomination) must be made to an officer of HM Revenue and Customs to be effective.

Clause 65 – Orders and regulations

339. Section 60 provides for any orders or regulations under this Part (which may make different provision for different cases and include consequential or transitional provisions or savings) to be made by statutory instrument.

Clause 66 – References to beneficial entitlement

340. Subsections (1) and (2) define what references to “beneficially entitled” mean in this Part.

Clause 67 – Meaning of “chargeable day” and “within the charge”

341. Section 67 defines “chargeable day” and “within the charge with respect to a single-dwelling interest” for the purposes of this Part.

Clause 68 – Connected persons

342. Subsection (1) provides for the application of section 1122 of the Corporation Tax Act 2010 to determine who are connected persons for this Part.

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343. Subsection (2) provides who will be connected with a collective investment scheme (other than a unit trust scheme) for this Part.
344. Subsection (3) provides that a reference to a collective investment scheme in subsection (2) does not include a unit trust scheme.
345. Subsection (4) defines, for the purposes of subsection (2), what profits or income arising from a scheme means.
346. Subsection (5) sets out that for subsection (2), a person is treated as having anything which they are, or will at a future date, be entitled to acquire.
347. Subsection (6) provides that a person is to be attributed the rights and powers held by any associate (or two or more associates) of that person.
348. Subsection (7) defines “associate” by reference to Part 10 of CTA 2010, but provides that section 448 of that act is to be read so that a person is not an associate of another purely because they are in partnership.

Clause 69 – General interpretation

349. Section 69 provides general interpretations for this Part as defined in various sections under this Part as well as defined elsewhere in other legislation.

BACKGROUND NOTE

350. At Budget 2012 it was announced that an ‘annual charge’ on residential property owned in structures where stamp duty land tax (‘SDLT’) may not be paid on a future sale was to be introduced. The ‘annual charge’ was to be consulted on over the summer with a response to that consultation and draft legislation available in the Autumn.
351. That consultation has been completed and the response document and the draft legislation for the ‘annual charge’ drafted. The ‘annual charge’ is to be known as the annual residential property tax (‘ARPT’).

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352. The ARPT will be payable by certain non-natural persons that own interests in dwellings valued at more than £2 million. This tax will come into effect on 1 April 2013. It is an annual tax, and returns and payments will be required annually. Returns and payment will usually be due on 30 April, but for the first year returns will be due on 1 October 2013 and payment by 31 October 2013. The amount of tax payable will depend upon which of the fixed bands the dwelling is within.
353. The measure is part of a package of measures designed to ensure that individuals and companies pay a fair share of tax on residential property transactions and to reduce avoidance. Its aim was to disincentivise 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.
354. As part of the package, Finance Act 2012 package, Finance Act 2012 introduced a 15 per cent rate of stamp duty land tax on the acquisition by certain non-natural persons of properties costing more than £2 million. That Act provided only two exclusions from the higher rate charge; for companies acting solely in their capacity as trustees, and for property developers with a 2 year trading history.
355. The scope of the 15 per cent rate was included as part of the consultation on the annual residential property tax. In response to the consultation a number of reliefs are to be introduced in ARPT and also further reliefs into the SDLT legislation. Where possible the two reliefs should operate in tandem; so if the 15% of SDLT is paid on an acquisition then the property will be within ARPT. In particular there are to be reliefs for; property rental businesses, property developers, property traders, trades that exploit a dwelling to generate income by providing access to a significant part of the interior, dwellings used to house employees or partners with a limited interest in the company or partnership, farmhouses, charities, social landlords, diplomatic property and sovereign and public bodies.
356. Relief will only apply if the property continues to satisfy the relevant qualifying conditions throughout the period of ownership. It is possible that a property could move into and out of the charge though out its ownership.
357. The intention of the measures is to stop or reduce the number of properties that will enter such complex ownership structures other than where the property is used in a genuine business (or owned by a specific category of person). For those who choose to continue to hold their property in such a manner, and are not relieved, there is to

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be a cost. Taken together with the introduction of the SDLT changes in Finance Act 2012 (and the changes in Finance Bill 2013) the ARPT will result in a reduction in the number of high value properties owned in such structures.

358. If you have any questions about this change, or comments on the legislation, please contact Ian Valentine on 020 7147 3428 (email:ian.valentine@hmrc.gsi.gov.uk).

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SCHEDULE 1: Annual Residential Property Charge: returns, enquiries, assessments and appeals

SUMMARY

359. This Schedule deals with returns, enquiries, compliance powers, appeals and other matters. It also empowers the Treasury to amend certain parts of the Schedule by regulation.

DETAILS OF THE SCHEDULE

Part 1: Annual charge returns

360. This Part of the Schedule deals with returns. It provides for the contents of the return, defines delivery and covers amendment of a return.
361. Paragraph 1 deals with the contents of the return and allows for the Commissioners of HMRC to make provisions by regulation for the contents, form and method of delivery of an annual charge return or to make different provision for different purposes. It provides the requirement of the return to include a declaration by the person that the return is complete and correct.
362. Paragraph 2 provides for the references in this Part to the delivery of the return to be according to the requirements in section 56 or 59 or paragraph 1.
363. Paragraph 3 provides for the amendment of a return and what form it needs to take. It also specifies the deadline by which the amendment to the return needs to be made.

Part 2: Enquiry into return

364. This Part of the Schedule deals with enquiries into returns. It provides for the notice and scope of enquiry, the amendment of self-assessment during enquiry, referral of questions to tribunal during enquiry and completion of enquiry.
365. Paragraph 4 provides for an officer of HMRC to make enquiries into returns within 12 months of the relevant date as defined by subparagraph (3).
366. Paragraph 5 deals with the scope of enquiry. The enquiry can be into the amount of tax chargeable or the question of whether tax is chargeable on the relevant person with respect to an interest. Where an enquiry is made into an amended return after the enquiry period is

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closed, the enquiries are limited to matters which are amended or affected by the amendment.

367. Paragraph 6 provides for the amendment of the return by an officer of HMRC during course of enquiry to prevent loss of tax where the amount stated in the self assessment contained in the return is insufficient. Where an enquiry is made into an amended return, it limits this to matters which are amended or affected by the amended return.
368. Paragraph 7 deals with the referral of questions to the tribunal during enquiry. It requires notice of the referral to be given jointly by the relevant person and HMRC.
369. Paragraph 8 provides for the withdrawal of notice of referral made under paragraph (7) by HMRC or the person who made the return.
370. Paragraph 9 deals with the effect of referral under paragraph (7) on an enquiry. It provides that a closure notice or an application for a closure notice cannot be made while proceedings under paragraph (7) are in progress.
371. Paragraph 10 provides that the determination of any question by the Tribunals under paragraph (7) is binding on the parties. It requires the officer of HMRC to take the determination into account when making any amendments to the return and limits the question determined from being reopened.
372. Paragraph 11 sets out which are the relevant Lands and other Tribunals for the referral of questions under paragraph 7.
373. Paragraph 12 deals with the completion of enquiry and requires HMRC to issue a closure notice stating whether an amendment is required or not and making the amendment if necessary.
374. Paragraph 13 provides for the person who made the return to seek from a tribunal a direction that HMRC should issue a closure notice.

Part 3: HMRC determination where no return delivered

375. This Part of the Schedule deals with determinations by HMRC where no return is delivered.
376. Paragraph 14 allows HMRC to make a determination of tax chargeable if no return is delivered by the relevant filing date. It limits the time period in which the determination has to be made to 4 years after the end of the chargeable period when the return should have been made.

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377. Paragraph 15 provides that the determination has the same effect as self-assessment by the person for enforcement purposes.
378. Paragraph 16 provides that if, after a determination under paragraph 14, the person makes a self-assessment, that self assessment supersedes the determination unless the self-assessment is delivered after the time limits set out in (16)(2). It also provides that where proceedings have begun for recovery of the tax charged by the determination and where determination is superseded by self assessment before proceedings are concluded, these proceedings may continue but instead for the amount due on the self-assessment.
379. Paragraph 17 provides for a nil charge return following a determination to supersede the determination.

Part 4: HMRC Assessments

380. This Part of the Schedule provides for HMRC assessments in certain defined cases.
381. Paragraph 18 deals with discovery assessments where an amount that should have been assessed under this Part has not been assessed, is less than it should be or relief has been given that is or has become excessive.
382. Paragraph 19 provides for an assessment to recover an excessive repayment of tax including any interest that may have been paid.
383. Paragraph 20 provides for the references to the taxpayer in paragraphs 21 to 24.
384. Paragraph 21 sets out the circumstances where a discovery assessment can be made if the taxpayer has made a return. As currently drafted, there has to be fraudulent or negligent conduct on the part of the taxpayer or a person acting on their behalf (or a partner) and the information on which HMRC base the return has to be information that they could not reasonably be expected to be aware of when the return was delivered. Furthermore no assessment can be made if the return was made in accordance with generally prevailing practice at the time it was delivered.
385. Paragraph 22 provides the time limit for assessments. The general time limit is 4 years after the end of the relevant chargeable period, but in cases as provided in sub-paragraph (4), this is extended to up to 20 years. Where the taxpayer or a related person has been careless in their assessment, the time limit is 6 years. If the taxpayer has died, assessments must be made on personal representatives within 4 years

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of the date of death and can only cover chargeable periods within the 6 years prior to death.

386. Paragraph 23 provides the definition of a loss of tax brought about carelessly or deliberately for the purposes of paragraph 22.
387. Paragraph 24 provides procedure for making an assessment on a taxpayer and the contents of the notice of assessment.

Part 5: Relief in case of overpaid tax or excessive assessment

388. Paragraph 25 provides that a person who believes they have suffered a double charge may claim relief.
389. Paragraph 26 provides that a person may make a claim for repayment of an amount of Annual Residential Property Tax (ARPT) that they believe they have overpaid or ARPT that has been brought into charge that they believe is not payable (subject to the restrictions set out in paragraph 27).
390. Paragraph 27 provides that the Commissioners for HM Revenue & Customs (HMRC) are not liable to give effect to a claim for relief in respect of an overpayment or over-assessment of ARPT except as required under paragraph 26 of this Schedule or where a claim falls within a case described in paragraph 27.
391. Paragraph 27 also sets out cases in which the Commissioners are not liable to give relief:
- Case A is where it is possible to take other steps under Part 5 of the ARPT legislation to remedy the overpayment or over-assessment;
 - Case B is where the claimant could have taken other steps under the ARPT legislation when they first knew, or ought reasonably to have known, of the overpayment or over-assessment;
 - Case C is where the grounds of the claim have already been put to the tribunal or HMRC by the claimant in the course of an appeal;
 - Case D is where the claimant knew or ought reasonably to have known the grounds of the claim at a time when those grounds could have been put forward during an appeal to a court or tribunal (or before the date on which the Claimant withdrew an appeal to a court or tribunal);

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- Case E is where the amount was paid or is liable to be paid following proceedings to enforce payment; and
 - Case F is where the amount was calculated by mistake and in accordance with the practice generally prevailing at that time. Case F does not apply where tax is charged contrary to EU law.
392. Paragraph 28 provides that a claim cannot be made more than 4 years after the end of the chargeable period to which it relates and that a claim under paragraph 26 cannot be made in a return.
393. Paragraph 29 ensures where a land transaction was entered into by a partnership, a claim under paragraph 26 must be made by all the partners who would have been liable to ARPT at the start of relevant chargeable period or their representatives.
394. Paragraph 30 provides where the grounds on which a claim is made under paragraph 26 also provide grounds for making a discovery assessment, the normal restrictions on making such assessments do not apply to an assessment on the claimant. This is extended to assessments on partners who were members of the partnership at the effective date of a transaction and any who subsequently join the partnership.
395. Paragraph 31 extends claims to amounts paid under a contract settlement with HMRC.

Part 6: Reviews and Appeals

396. This part of the Schedule deals with appeals. The rights of appeal, the settlement of appeals by agreement and postponement applications are similar to those for Stamp Duty Land Tax.
397. Paragraph 32 provides a right of appeal against:
- amendments of self-assessment to prevent loss of tax (paragraph 6);
 - a conclusion stated or amendment made by a closure notice (paragraph 12);
 - an HMRC determination under paragraph 14;
 - a discovery assessment (paragraph 18); and
 - an assessment to recover overpaid tax (paragraph 19).

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398. Paragraph 33 deals with the notice of appeal and the time limit of 30 days from the specified date, which is the date of the notice of amendment, closure, determination or assessment. The notice must state the grounds of the appeal. The paragraph also sets out the restricted grounds for an appeal against a determination.
399. Paragraph 34 provides the rules for appeals made outside the time limits set in paragraph 33. HMRC may agree to the late appeal or the tribunal may give its permission for the late appeal.
400. Paragraph 35 sets out that following notice of an appeal to HMRC, a number of steps may be taken for a review of the matter in question to be required by, or offered to, the appellant, or for the matter to be referred to the Tribunal. There are specific rules for appeals to be notified to the tribunal after a review has commenced (set out in paragraph 40 and 41 of this schedule).
401. Paragraph 36 sets out the rules where the appellant has notified HMRC that they require a review of the matter in question.
402. Paragraph 37 sets out the rules for when HMRC offer an appellant a review of the matter in question. Including what happens if the appellant does not accept HMRC's offer and restrictions upon HMRC's ability to offer a review.
403. Paragraph 38 sets out the nature of the review under paragraphs 36 and 37 including the conclusions that can be reached and time limits for HMRC to provide its conclusions to the appellant, and what conclusion is deemed to be reached in the absence of HMRC making its conclusion.
404. Paragraph 39 sets out that the conclusion of the review has the effect of a settlement agreement (see paragraph 43) unless the appellant notifies the appeal to the Tribunal.
405. Paragraph 40 sets out the rules for how a taxpayer notifies the tribunal of their appeal after they have requested a review including the time limits and restrictions for such notification.
406. Paragraph 41 sets out the rules for how a taxpayer notifies the tribunal of their appeal after they have been offered a review by HMRC including the time limits and restrictions for such notification.
407. Paragraph 42 provides interpretations of expressions used for the purposes of paragraphs 35 to 41.

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408. Paragraph 43 sets out the rules for how appeals can be settled by agreement between the taxpayer and HMRC including the time limit for the taxpayer to withdraw from such an agreement.
409. Paragraph 44 provides that a taxpayer must still pay the tax assessed even where they have made an appeal. However, this requirement is subject to paragraphs 45 and 46.
410. Paragraph 45 sets out the rules for a taxpayer to make an application for the payment of tax to be postponed where they believe that the amendment or assessment overcharges the appellant to tax or the amount assessed is excessive. The paragraph also provides the time limits for making the application and also what action they can take if HMRC do not agree with to their application.
411. Paragraph 46 sets out the rules that apply where HMRC and the appellant are in agreement as to the amount of tax to be postponed.
412. Paragraph 47 sets out the actions that a tribunal can take in relation to an appeal notified to it, namely, to require the assessment; to be reduced, to stand, or to be increased.
413. Paragraph 48 provides that the decision of the tribunal is final and conclusive subject to any further appeal permitted by the rules in the Tribunals, Courts and Enforcement Act 2007 or in this Part.
414. Paragraph 49 provides that where there has been a determination of an appeal and tax has been overpaid as a result, that that tax must be repaid.
415. Paragraph 50 provides that where the taxpayer or HMRC further appeal against the decision of the tribunal that the tax determined by the tribunal or court that has made the determination is to be payable or repayable notwithstanding that the further appeal is pending.
416. Paragraph 51 sets out what is meant by references to “the tribunal” including to which tribunals different matters must be referred.

Part 7: Supplementary

417. Paragraph 52 provides for persons who are jointly entitled to a single-dwelling interest to be jointly obliged to deliver a return.
418. Paragraph 53 provides the requirement for all the responsible partners of a partnership to be responsible for anything required section (56) or this Schedule.

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419. Paragraph 54 provides for meaning of “filing date” for an annual charge return.

BACKGROUND NOTE

420. Annual residential property tax is a new tax and therefore it requires a set of rules regarding returns, enquiries, compliance powers in much the same way as other regimes administered by HMRC. The scheme adopted is based on the stamp duty land tax self-assessment regime, and that legislation is found in Schedule 10 Finance Act 2003. This allows annual residential property tax to use established procedures which will be familiar to many tax and legal practitioners and HMRC. The legislation will be fully balanced by rights of appeal to the independent tax tribunals and when appropriate to the relevant lands tribunal.
421. If you have any questions about this change, or comments on the legislation, please contact Ian Valentine on 020 7147 3428 (email:ian.valentine@hmrc.gsi.gov.uk).

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SCHEDULE 2: Annual residential property charge: special provisions for 2013-14

SUMMARY

422. This schedule provides special rules regarding the filing of returns for the first year of the annual residential property tax.

DETAILS OF THE SCHEDULE

423. The schedule deals with the duty to make returns for 2013-14. It makes provision for subsections (2) and (3) of section 49 for making returns for periods beginning 1 April 2013.

BACKGROUND NOTE

424. Special rules regarding the filing of returns for the annual residential property tax are necessary in the first year as the legislation regarding the tax will only become law on Royal Assent being given to the Finance Bill 2013. Obligations under that law can only be enforced at that point. So whilst the tax will be due for the chargeable period 1 April 2013 to 31 March 2014 the filing obligation for this year will be 1 October 2013. It also states the dates for delivery of the return where the days the person is within the charge, with respect to the interest, do not include 1 April 2012.
425. If you have any questions about this change, or comments on the legislation, please contact Ian Valentine on 020 7147 3428 (email:ian.valentine@hmrc.gsi.gov.uk).