

## **1 ATED: relief for certain housing co-operatives**

- (1) In section 150 of FA 2013 (providers of social housing) –
  - (a) after subsection (3) insert –

“(3A) A day in a chargeable period is relievable in relation to a single-dwelling interest if on that day a qualifying housing co-operative (as defined by section 150A) is entitled to the interest.”, and
  - (b) in the heading, at the end insert “etc”.
- (2) After that section insert –

### **“150A Meaning of “qualifying housing co-operative”**

- (1) A company is a “qualifying housing co-operative” for the purposes of section 150(3A) on any day if on that day –
  - (a) it is a housing association within the meaning of –
    - (i) the Housing Associations Act 1985, or
    - (ii) Part 2 of the Housing (Northern Ireland) Order 1992,
  - (b) it is a registered society within the meaning of –
    - (i) the Co-operative and Community Benefit Societies Act 2014, or
    - (ii) the Co-operative and Community Benefit Societies Act (Northern Ireland) 1969, and
  - (c) the rules of the association comply with subsection (2).
- (2) The rules of the association –
  - (a) must restrict membership to persons who are tenants, or prospective tenants, of the association,
  - (b) must preclude the granting or assignment of tenancies to persons other than members,
  - (c) must prevent members from transferring their membership,
  - (d) must confer on members equal voting rights, and
  - (e) must not confer on members any other rights or interests in the association apart from a return of share capital of a nominal value.”
- (3) The amendments made by this section have effect in relation to chargeable periods beginning on or after 1 April 2020.

## **2 SDLT: relief from higher rate charge for certain housing co-operatives**

- (1) In Schedule 4A to FA 2003 (higher rate of SDLT for certain transactions), after

paragraph 5F insert –

*“Qualifying housing co-operatives*

5FA Paragraph 3 does not apply to a chargeable transaction so far as its subject-matter consists of a higher threshold interest that is acquired by a company on a day on which the company is a qualifying housing co-operative for the purposes of section 150(3A) of the Finance Act 2013 (relief from ATED).”

(2) In that Schedule, after paragraph 5K insert –

“5L (1) This paragraph applies where relief under paragraph 5FA (qualifying housing co-operatives) has been allowed in respect of a higher threshold interest forming the whole or part of the subject-matter of a chargeable transaction.

(2) The relief is withdrawn (subject to sub-paragraph (3)) if –

(a) on any day in the period of three years beginning with the effective date of the chargeable transaction (“the control period”), the purchaser is not a qualifying housing co-operative for the purposes of section 150(3A) of the Finance Act 2013 (relief from ATED), and

(b) immediately before the first day on which that is the case the purchaser still holds the higher threshold interest or holds a chargeable interest derived from it.

(3) If, on any day in the control period, the purchaser is not a qualifying housing co-operative because it ceases to exist (whether by virtue of a conversion into, or amalgamation with, another person or for any other reason), relief is not to be withdrawn under this paragraph unless –

(a) another person (“the first successor”) has succeeded to the engagements of the purchaser, and

(b) condition A or condition B is met (and if condition B is met, subject to sub-paragraph (6)).

(4) Condition A is that, on the day the first successor succeeds to the engagements of the purchaser (“the day of succession”), the first successor is not a qualifying housing co-operative for the purposes of section 150(3A) of the Finance Act 2013.

(5) Condition B is that –

(a) on any day in the part of the control period that falls after the day of succession, the first successor is not a qualifying housing co-operative for the purposes of section 150(3A) of the Finance Act 2013, and

(b) immediately before the first day on which that is the case the first successor still holds the higher threshold interest or holds a chargeable interest derived from it.

(6) If condition B is met because the first successor ceases to exist (whether by virtue of a conversion into, or amalgamation with, another person or for any other reason), relief is not to be withdrawn under this paragraph unless it would have been withdrawn by virtue of sub-paragraph (3) if –

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- (a) references to the purchaser were references to the first successor, and
    - (b) references to the first successor were references to the person who has succeeded to the engagements of the first successor (“the second successor”).
  - (7) Sub-paragraph (6) is to apply to the second successor as it applies to the first successor, and so on, subject to the necessary modifications.”
  - (3) In consequence of the amendments made by subsections (1) and (2), FA 2003 is further amended as follows.
  - (4) In section 81 (further return where relief withdrawn) –
    - (a) in subsection (1A), for “5K” substitute “5L”;
    - (b) in subsection (1B), after paragraph (e) insert –
      - “(ea) in the case of relief under paragraph 5FA of that Schedule (qualifying housing co-operatives) –
        - (i) the first day in the period mentioned in paragraph 5L(2)(a) of that Schedule on which the purchaser is not a qualifying housing co-operative for the purposes of section 150(3A) of the Finance Act 2013 (relief from ATED), or
        - (ii) in a case to which paragraph 5L(3) of that Schedule applies where condition B is met, the first day in the period mentioned in paragraph 5L(5)(a) of that Schedule on which the relevant successor is not a qualifying housing co-operative for the purposes of section 150(3A) of the Finance Act 2013;”;
    - (c) after subsection (1B) insert –
      - “(1C) Where relief is withdrawn to any extent under paragraph 5L of Schedule 4A in a case to which sub-paragraph (3) of that paragraph applies, the reference in subsection (1A) to the purchaser is to be read as a reference to the relevant successor.”;
    - (d) in subsection (5), for the words from “adaptation” to the end substitute “following adaptations –
      - (a) references to the effective date of the transaction are to be read as references to the relevant date (as defined in subsection (1B));
      - (b) where, by virtue of subsection (1C), the return is to be made by the relevant successor, references to the purchaser are to be read as references to the relevant successor.”;
    - (e) after subsection (5) insert –
      - “(6) In the application of this section to the withdrawal of relief under paragraph 5L of Schedule 4A –
        - (a) references to a case to which paragraph 5L(3) of that Schedule applies include a case to which paragraph 5L(3) is applied by virtue of paragraph 5L(6) of that Schedule;
        - (b) “the relevant successor” means –

- (i) the first successor (within the meaning of paragraph 5L of that Schedule), or
  - (ii) in a case to which paragraph 5L(3) is applied by virtue of paragraph 5L(6) of that Schedule, the person who is the most recent successor in the chain of succession at the time relief is withdrawn.”
- (5) In section 85 (liability for tax), after subsection (2) insert –
  - “(2A) Where relief is withdrawn to any extent under paragraph 5L of Schedule 4A (qualifying housing co-operatives) in a case to which subparagraph (3) of that paragraph applies –
    - (a) subsection (1) does not apply in relation to the additional tax payable as a result of the withdrawal of the relief, and
    - (b) the relevant successor is liable to pay that additional tax.
  - (2B) Subsection (6) of section 81 applies for the purposes of subsection (2A) of this section as it applies for the purposes of the application of section 81 to the withdrawal of relief under paragraph 5L of Schedule 4A.”
- (6) In section 86 (payment of tax), in subsection (2)(za), for “5K” substitute “5L”.
- (7) In section 87 (interest on unpaid tax), in subsection (3)(za), for “5K” substitute “5L”.
- (8) In Schedule 4A, in paragraph 2(6)(a), for “5K” substitute “5L”.
- (9) The amendments made by this section have effect in relation to any land transaction of which the effective date is [*the date of Autumn Budget 2020*] or a later date.