

Amendments 4 to 6 to Clause 88 and Schedule 16: Increased rates for non-resident transactions

Summary

1. These amendments to Schedule 16 to the Finance Bill apply to acquisitions of residential property in England and Northern Ireland by UK resident companies. The amendments take corporate trustees out of the scope of the non-UK control test and ensure that the attribution rules within the test have the intended effect.

Details of the amendments

2. Amendment 4 amends paragraph 10(4) of new Schedule 9A to the Finance Act 2003 with the effect that interests held by A may not be attributed to B where A or B's interests in the company are de minimis.
3. Amendment 5 amends paragraph 10(5) of Schedule 9A to the Finance Act 2003 and is consequential on the amendment to paragraph 10(4), ensuring that paragraph 10(5) reads correctly.
4. Amendment 6 amends paragraph 11(1) of Schedule 9A to the Finance Act 2003 so that corporate trustees are excluded companies for the purpose of paragraph 7(3)(c) of Schedule 9A to the Finance Act 2003. This means that corporate trustees who are UK resident for Corporation Tax purposes do not need to engage with the non-UK control test.

Background note

5. Clause 88 and Schedule 16 introduce new rates of SDLT for purchasers of residential property in England and Northern Ireland who are non-UK resident. These rates are in effect for transactions with an effective date on or after 1 April 2021.
6. Following publication of the Finance Bill and engagement with stakeholders, the government is tabling these amendments to ensure that the changes in the Finance Bill have the intended effect and to remove a potential unintended consequence that has been identified.