



Stamp duty land tax: alternative property finance

Who is likely to be affected?

Persons who finance property purchases using a home purchase plan authorised by the Financial Conduct Authority.

General description of the measure

This measure will expand the definition of a financial institution for the purposes of the stamp duty land tax (SDLT) alternative property finance reliefs to enable users of home purchase plans to benefit from the reliefs. Home purchase plans are a way of financing a home purchase that does not involve the payment of interest and are regulated in a similar way to conventional mortgages.

Policy objective

This measure makes the tax system fairer and more straightforward by ensuring that those who finance the purchase of their home using a home purchase plan pay the same level of SDLT as those who use a conventional mortgage.

Background to the measure

This measure was announced at Autumn Statement 2014.

Detailed proposal

Operative date

This measure will have effect for transactions with an effective date on or after the date on which Finance Bill 2015 receives Royal Assent.

Current law

Sections 72A to 73BA of the Finance Act (FA) 2003 provide relief from SDLT for additional charges that can arise when a property is purchased using alternative methods of financing a property purchase that do not involve the payment of interest. The relief is only available where the financier in the arrangements is a financial institution as defined by sections 73BA.

Proposed revisions

Legislation will be introduced in Finance Bill 2015 to amend section 73BA of FA2003 to include within the definition of a financial institution persons authorised and regulated by the Financial Conduct Authority to provide home purchase plans.

Summary of impacts

Exchequer impact (£m)	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20
	-	negligible	negligible	negligible	negligible	negligible
	This measure is expected to have a negligible impact on the Exchequer.					
Economic impact	The measure is not expected to have any significant economic impact.					
Impact on individuals, households and families	<p>These changes will allow individuals, households and families to access an alternative method of financing the purchase of a home, which does not require them to have a deposit or use a conventional debt based mortgage.</p> <p>It is expected that at least 2,000 households will benefit from these changes over the next few years.</p> <p>The measure is not expected to impact on family formation, stability or breakdown.</p>					
Equalities impacts	These changes are not expected to have an impact on any protected equality groups.					
Impact on business including civil society organisations	The impact on businesses and the third sector is expected to be minimal as this product is aimed at individuals purchasing residential property, although the availability of relief may encourage businesses/charities to provide home purchase plans. The cost of administering these changes is expected to be negligible.					
Operational impact (£m) (HMRC or other)	These changes are not expect to have any signification operational impact.					
Other impacts	<p><u>Small and micro business assessment</u>: the measure is expected to have negligible impact on small and micro businesses, the relief may encourage them to provide home purchase plans.</p> <p>Other impacts have been considered and none have been identified.</p>					

Monitoring and evaluation

These changes will be monitored through the SDLT compliance programme.

Further advice

If you have any questions about this change, please send an email to stamptaxes.budget&financebill@hmrc.gsi.gov.uk.