

## Amendment to Clause 117: SDLT: Higher rates for additional dwellings and dwellings purchased by companies

### Summary

1. Clause 117 is amended to address an issue where the higher rates of SDLT apply to purchases of dwellings with annexes and other buildings that are, themselves, self-contained dwellings. The changes to the clause remove some transactions from the higher rates of SDLT where such an annex or outbuilding is the only reason that the higher rates would apply.

### Details of the amendment

#### Amendments 29-39 to new Schedule 4ZA

2. Paragraph 5 of schedule 4ZA is amended to require a new condition C to be met in respect of at least two of the dwellings purchased in a single transaction.
3. New condition C is that the dwelling is not subsidiary to another dwelling. A dwelling (dwelling A) is subsidiary to another dwelling (dwelling B) if:
  - dwelling A in the same building as, or in the grounds of dwelling B, and
  - dwelling B is at least two thirds of the value of all of the purchased dwellings (including dwelling B) within its grounds. .
4. Paragraph 6 is also amended to introduce the same condition C that must be met by at least one dwelling.
5. These amendments affect purchasers of dwellings with self-contained annexes or outbuildings that are, themselves, dwellings. These purchasers will not be subject to the higher rates of SDLT only because they have purchased such a pair of dwellings. The purchases will still be subject to the higher rates of SDLT if the purchaser already owns another dwelling and is not replacing a main residence.
6. These changes have effect from the date of commencement of the higher rates of SDLT, that is 1 April 2016.

## Background note

7. The higher rates of SDLT for additional dwellings and dwellings purchased by companies was introduced by the Government to support home ownership. These changes have had effect since 1 April 2016 by virtue of a Provisional Collection of Taxes Act resolution.
8. This amendment is being introduced to address stakeholder concerns regarding the treatment of annexes and outbuildings and brings the treatment of these dwellings into line with dwellings without such annexes or outbuildings.