

## Clause 20: SDLT: exemption for financial institutions in resolution

### Summary

1. This clause ensures that Stamp Duty Land Tax (SDLT) is not charged on transfers of land following the exercise of certain resolution powers under the special resolution regime in the Banking Act 2009 for managing failing financial institutions. The clause will be introduced in Finance Bill 2018-19 and will have effect for land transactions the effective date of which is on or after Royal Assent. A related change is made in respect of Stamp Duty by clause 19.

### Details of the clause

2. Subsection 1 inserts new section 66A into Finance Act 2003.

#### Section 66A Resolution of financial institutions

3. New subsection 66A(1) provides that a land transaction effected by or under a property transfer instrument or order made under one of the sections of the Banking Act 2009 shown at new subsection 66A(1) is exempt from a SDLT charge.
4. New subsection 66(A)(1) contains a list of instruments and orders made under the Banking Act 2009.
5. New subsection 66A(1)(a) refers to a property transfer instrument made under section 12(2) of the Banking Act 2009 (transfer to a bridge bank).
6. New subsection 66A(1)(b) refers to a property transfer instrument made under section 12ZA(3) of that Act (transfer to an asset management vehicle).
7. New subsection 66A(1)(c) refers to a supplemental property transfer instrument made under section 42(2) of that Act where the original instrument was made under section 12(2), 12ZA(3) or 41A(2) of that Act.
8. New subsection 66A(1)(d) refers to a property transfer instrument made under section 41A(2) of that Act (transfer of property subsequent to a resolution instrument).
9. New subsection 66A(1)(e) refers to a bridge bank supplemental property transfer instrument made under section 44D(2) of that Act.
10. New subsection 66A(1)(f) refers to a property transfer order made under section 45(2) of that Act (temporary public ownership: property transfer).
11. New subsection 66A(2) provides that references in new section 66A(1) to a provision of the Banking Act 2009 include references to that provision as applied by or under any other provision of that Act (including where it is applied with modifications or in

a substituted form).

12. Subsection (2) sets out the commencement provisions. The amendment made by new section 66A has effect in relation to any land transaction the effective date of which is on or after the day of Royal Assent of Finance Bill 2018-2019.

## Background note

13. Under the Banking Act 2009, the Bank of England has various resolution stabilisation powers to manage a failing financial institution in an orderly way. These ensure that an institution's operations can be maintained to protect financial stability, depositors and the taxpayer. Upon exercise of certain stabilisation powers the Bank of England may arrange a transfer of property which may include land held by the failing institution to a temporary holding entity appointed by the Bank of England or to a temporary public body.
14. Where an estate, right or power in or over land in England and Northern Ireland is acquired, the transaction is subject to SDLT calculated at the appropriate rate(s) by reference to the consideration given.
15. This clause will provide an exemption from SDLT on land transactions following exercise of certain resolution stabilisation powers. This reduces the need for specific regulations to be made under section 74 of the Banking Act 2009 to provide an exemption from a SDLT charge on each exercise of certain resolution stabilisation powers under the Banking Act 2009. Moreover, by reducing the need for making specific regulations, this clause will strengthen and simplify the process of resolving a failing financial institution and help to uphold the 'no creditor worse off' principle by ensuring an exemption from SDLT is available at the time of resolution announcement.
16. If you have any questions about this change, or comments on the legislation, please contact Simon English on 03000 585 446 or Stephen Roberts on 03000 585 455 (email: [stamptaxes.budget&financebill@hmrc.gsi.gov.uk](mailto:stamptaxes.budget&financebill@hmrc.gsi.gov.uk)).

