

## Clause 1: Relief for first-time buyers in cases of shared ownership

### Summary

1. This clause extends the relief from stamp duty land tax (“SDLT”) for first time buyers purchasing a property under a shared ownership scheme, to include purchases where no market value election is made and the purchaser decides to pay the SDLT in stages.

### Details of the clause

2. Subsection 1 amends Schedule 9 of Part 4 of Finance Act 2003, which sets out how stamp duty land tax applies to shared ownership purchases.
3. Subsection 2 inserts new sub-paragraph (4A) at paragraph 4 of Schedule 9 which refers to the further provisions for first time buyers at paragraph 15.
4. Subsections 3 and 4 insert new paragraphs 15, 15A and 15B into Schedule 9 of Part 4 of Finance Act 2003, extending the rules so that first time buyers’ relief is available for the purchase of a shared ownership lease, or under a shared ownership trust, regardless of whether or not a market value election is made.
5. Subsections 5 and 6 make various minor consequential amendments.
6. Subsection 7 provides that the section as a whole is effective for land transactions where the date of acquisition is on or after 29 October 2018, as well as affected transactions which took place before that date but where no land transaction return had been made by that date.

### New Paragraph 15 of Schedule 9: Relief for first-time buyers: shared ownership lease where election made.

7. Paragraph 15 applies where a market value election is made under paragraph 4 of Schedule 9 (*Shared Ownership lease: election where staircasing allowed*) and relief is claimed under paragraph 1 of Schedule 6ZA (*first time buyers relief*). Where the relief is claimed no SDLT will be due on the rent payable under a shared ownership lease.

### New Paragraph 15A of Schedule 9: Relief for first-time buyers: shared ownership lease where no election made

8. Sub-paragraph (1) applies where a shared ownership lease is granted, no market value election is made and instead the purchaser decides to pay the SDLT in stages.
9. Sub-paragraph (2) provides that the market value of the property as stated in the lease is the amount to be used to determine whether first time buyers' relief is available in respect of the property (that is, whether the value of the property does not exceed the £300,000 or £500,000 thresholds).
10. Sub-paragraph (3) provides that if first time buyers' relief is claimed, no SDLT is chargeable on the rent payments.
11. Sub-paragraph (4) says the meaning of 'shared ownership lease' is the same as that in paragraph 4A(3) Schedule 9, which is a lease granted by a qualifying body (such as a local authority or a housing association) or in pursuance of a preserved right to buy.

### New Paragraph 15B in Schedule 9: Relief for first-time buyers: shared ownership trust where no election made

12. Sub-paragraphs (1) to (3) of Paragraph 15B work in the same manner as paragraph 15A but applies to shared ownership trusts where a shared ownership trust is declared, and no election is made for tax to be charged in accordance with paragraph 9 (*Shared Ownership Trust: election for market value election*). The market value of the property is used when determining eligibility for the second condition of Paragraph 1 of Schedule 6ZA.
13. For the purposes of calculating SDLT the chargeable consideration is to be taken as being the consideration given representing the initial capital payment. Where the relief is claimed no SDLT will be chargeable on any rent equivalent payment treated by reason of paragraph 11(b) (*Shared ownership trust: treatment of additional of additional payments where no election is made*) as rent.

## Background note

14. Stamp Duty Land Tax (SDLT) is a tax on purchases of land in England, and Northern Ireland. SDLT was devolved to Wales with effect from 1 April 2018. SDLT was devolved to Scotland in April 2015. There are two main charging regimes within SDLT: one for transactions in residential property; the other for transactions involving non-residential and mixed use property (e.g. commercial property transactions). Purchasers are charged at a percentage of the consideration they pay for an interest in land (e.g. the price paid for the property).
15. Relief for first time buyers was introduced at Autumn Budget 2017 and applies where the purchaser is a first time buyer buying their first home. Relief is available where the relevant consideration for the residential property is £500,000 or less. Where the

relief is claimed SDLT is charged at 0% on the first £300,000 of consideration, and then at 5% on any remainder of consideration so far as not exceeding £500,000.

16. A first time buyer is defined as an individual who has never owned an interest in a residential property in the United Kingdom or anywhere else in the world and who intends to occupy the property as their main residence.
17. Qualifying shared ownership schemes are provided by approved bodies such as local authorities and housing associations, and help people buy a home by allowing them to buy a share in the home, and pay rent on the remainder.
18. First time buyers purchasing through a qualifying shared ownership scheme, are eligible for the relief when they are first granted the lease, or in the case of a shared ownership trust on the declaration of the trust. Relief is available on that first transaction where they elect to pay SDLT on the market value of the property (market value election).
19. This clause introduces amendments to Schedule 9 of Finance Act 2003 to extend the relief to include purchases where the first time buyer does not make a market value election on that first transaction. Where the relevant conditions are met the relief will apply to the first transaction only.
20. Because of the nature of shared ownership arrangements, the SDLT payable on the first transaction can include tax due on the net present value of the rent. This clause also introduces relief in respect of the rent payments, so that where first time buyers' relief is claimed no SDLT will be payable on the rent.
21. Staircasing transactions where the purchaser increases their ownership in the property will not be eligible for the relief. Staircasing transactions will not though disqualify the first transaction on which the relief is claimed by virtue of paragraphs 4B or 12 of Schedule 9 FA2003 which deals with staircasing transactions.
22. The clause has effect for relevant shared ownership transactions where the effective date is on or after the 29 October 2018.