

Clause 2: Repayment to first-time buyers in cases of shared ownership

Summary

1. This clause extends the normal time limit for stamp duty land tax repayment claims, for first-time buyers who have bought a property via a shared ownership arrangement and who are now eligible for relief (or for increased relief) as a result of new clause 1. The extended time limit runs until 29 October 2019.

Details of the clause

2. Subsection 1 allows relief to be claimed by 29 October 2019, by first-time buyers who meet the conditions set out.
3. Subsection 2 and 4(a) deal with cases where at the time of purchase, the first-time buyer made an election to pay stamp duty land tax on the market value of the property at the time of purchase and who were eligible for first-time buyers' relief under Schedule 4ZA of Finance Act 2003. If buyers in that situation would have been chargeable to less tax if the amendments included in clause 1 paragraph (3) had been in force at the time of their purchase, then HM Revenue and Customs must repay the excess if a claim is made within the time limit mentioned above.
4. Subsections 3 and 4(b) deal with cases where at the time of purchase, the first-time buyer was not eligible to claim first-time buyers' relief because they did not make an election to pay stamp duty land tax on the market value of the property. If first-time buyers in that category would have been eligible to claim relief if the amendments included in clause 1 paragraphs (4), (5) and (6) had been in force at the time of their purchase, then HMRC must repay the excess if a claim is made within the time limit mentioned above.
5. Subsection 5 stipulates that a claim must be made by amendment of the original land transaction return. This ensures that the normal rules allowing HMRC to enquire into stamp duty land tax returns, apply equally to claims made under this section.
6. Subsection 6 disapplies the rules in paragraph 6 of Schedule 10 to Finance Act 2003 for claims made under this section. That means that claimants will not be required to produce the contracts relating to the transaction in support of their claim.

Background note

7. Stamp Duty Land Tax (SDLT) is a tax on purchases of land in England, and Northern Ireland. Land transaction taxes were devolved to Scotland with effect from April

2015, and to Wales from April 2018.

8. 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).
9. Relief for first-time buyers was introduced in Finance Act 2018 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.
10. 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.
11. 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.
12. 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).
13. Clause 1 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. It also allows relief in respect of the rent payments under the lease.
14. This clause allows first-time buyers who bought their property before 29 October 2018 without the benefit of the new rules, to claim repayment as though the new rules had been in place at the introduction of first-time buyers' relief.