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## **STAMP DUTY LAND TAX: TREATMENT OF SHARED OWNERSHIP**

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### **Who is likely to be affected?**

1. Individuals who are:
  - seeking affordable housing, and are purchasing housing under a rent to shared ownership scheme;
  - seeking affordable housing under a shared ownership scheme operated by a profit-making Registered Provider of Social Housing, where the scheme is assisted by public subsidy; and
  - Registered Providers of Social Housing who receive assistance from public subsidy.

### **General description of the measure**

2. Legislation will be introduced in Finance Bill 2009 to:
  - extend favourable stamp duty land tax (SDLT) treatment to purchasers under shared ownership schemes operated by profit-making Registered Providers of Social Housing, where the scheme is assisted by public subsidy;
  - extend the SDLT relief for purchases by Registered Social Landlords (RSLs) to profit-making Registered Providers of Social Housing where the purchase is assisted by public subsidy; and
  - simplify the SDLT treatment of purchasers under rent to shared ownership ("Rent to HomeBuy") schemes.

### **Operative date**

3. The provisions for rent to shared ownership schemes will have effect where the effective date of the grant of the shared ownership lease, or the declaration of the shared ownership trust, under the scheme is on or after 22 April 2009. The remaining provisions will have effect for land transactions where the effective date for SDLT purposes is on or after the date that Finance Bill 2009 receives Royal Assent.

## **Current law and proposed revisions**

4. Relief from SDLT is currently available for some land transactions where the purchaser is a RSL. However, provisions in the Housing and Regeneration Act 2008 (which have not yet entered into force) replace RSLs in England with a new system of Registered Providers of Social Housing. The new regime will be open to profit-making companies.
5. Finance Bill 2009 widens the relief to include profit-making Registered Providers where the purchase is funded with the assistance of public subsidy.
6. Finance Bill 2009 will also provide relief for purchasers under shared ownership schemes operated by profit-making Registered Providers of Social Housing, where the scheme is assisted by public subsidy.
7. A new type of shared ownership scheme, "Rent to HomeBuy", helps individuals to purchase homes using shared ownership schemes by allowing them initially to occupy the property under an Assured Shorthold Tenancy, to allow them to save for a deposit. Under current rules, the SDLT treatment of these schemes can be complex, Finance Bill 2009 will therefore simplify the SDLT rules for these schemes.

## **Further advice**

8. If you have any questions about this change, please contact the Stamp Taxes Helpline on 0845 603 0135. Information about Budget measures is available on the HM Revenue & Customs website at [www.hmrc.gov.uk](http://www.hmrc.gov.uk)