

Amendment	Page	Line
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Mr Chancellor of the Exchequer

Amendment 96

Page **242**, line **12** [*Schedule 19*], leave out paragraph 4 and insert-

- ‘4 (1) This paragraph applies where a transaction-
- (a) is completed on or after the implementation date,
 - (b) is effected in pursuance of a contract entered into and substantially performed before that date, and
 - (c) is not excluded from being an SDLT transaction by paragraph 3.
- (2) The transaction is not an SDLT transaction if the contract was substantially performed before the first relevant date.
- (3) In any other case, the fact that the contract was substantially performed before the implementation date does not affect the matter.

Accordingly, the effective date of the transaction is the date of completion.’.

EXPLANATORY NOTE

SUMMARY

1. The amendment enacts a new transitional rule which applies as an exception to the existing rule in paragraph 4 of Schedule 19. The new rule will ensure that no-one who substantially performs on or before Royal Assent will be brought into charge because of any subsequent event, for example a subsale, which brings them within SDLT because of paragraph 3(3) of the Schedule.

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DETAILS

2. Amendment 96 replaces paragraph 4 of Schedule 19 as follows:
3. Sub-paragraph (1) sets out when the rule applies.
4. Sub-paragraph (2) states that transactions within sub-paragraph (1) are, despite paragraph 3(3), not SDLT transactions if they were substantially performed on or before Royal Assent.
5. Sub-paragraph (3) states that for transactions within sub-paragraph (1) but not sub-paragraph (2), the effective date will be the date of completion.

BACKGROUND NOTE

6. The amendments stem from concerns raised by consultees about the application of the transitional provisions to subsales in particular. The provisions ensure that SDLT does not give rise to retrospective charges on subsales that were not intended. Most transactions that have been substantially performed on or before Royal Assent will be outside SDLT anyway because of paragraph 3 of the Schedule. But if they are within SDLT because of paragraph 3(3) they will nevertheless be taken out of charge by this amendment if they have been substantially performed on or before Royal Assent.