

## Reliefs and exemptions for certain acquisitions of residential property

Here are three of the less commonly used reliefs and exemptions available for the purchase of residential property by property developers, property traders and local authorities.

### Acquisition by property trader from personal representatives

Where a property trader purchases a dwelling from the personal representatives of a deceased individual, the purchase will be exempt from Stamp Duty Land Tax if all of the following conditions are met:

1. the purchaser is a business that consists of purchasing dwellings from the personal representatives of deceased individuals
2. he deceased individual occupied the dwelling as his main or only residence at some time in the two years ending with the date of his death and
3. the area of land acquired does not exceed ½ hectare (could be more if the house warrants it)

Where the land acquired is more than the permitted area, as long as the first two conditions above are fulfilled partial relief may be claimed. Where partial relief is claimed, part of the consideration for the acquisition becomes chargeable. Relief under this section will be withdrawn if the property trader:

- spends more than the permitted amount on refurbishment of the dwelling or
- grants a lease or licence of the dwelling or
- permits any of its principals or employees, or any person connected with any of its principals or employees, to occupy the dwelling

### Compulsory purchase facilitating a development

This provision gives relief where land is purchased following the making of a compulsory purchase order for the purpose of facilitating development. A typical scenario is where a local authority is supporting major development which requires the purchase of properties by the developer. The developer will usually attempt to acquire the properties by

negotiation with the land-owners, but sometimes agreement is not reached. The developer will then agree with the local authority for them to make a compulsory purchase order.

Once a compulsory purchase order is obtained the developer may continue with negotiations but should these negotiations fail the local authority may purchase the land by way of the compulsory purchase order and subsequently sell the land to the developer.

As there are two purchases, one from the owner to the local authority and one from the local authority to the developer there would normally be two Stamp Duty Land Tax charges. However, the provision at section 60 gives the local authority relief on the first purchase, provided the conditions for relief are met.

### Compliance with planning obligations

This relief is designed to relieve a developer from a potential double charge where they have entered into planning obligations in the course of a development with the local authority. It is common for a planning authority to require the developer to enter into planning obligations (for example, to build a new road or school or to make a financial contribution) as a condition of the authority granting planning permission for a development.

Where the obligations require extra building works the developer will not usually want to retain that facility once it is finished. If the developer acquires the land from its original owner and, when the building is completed, transfers it on to a public authority, the developer may be subject to an effective double charge. This is because the public authority will be liable for any Stamp Duty Land Tax on the latter transaction and so will usually seek reimbursement from the developer, as part of the arrangements for the granting of planning permission.

By claiming the relief, the public authority relieves itself of the Stamp Duty Land Tax charge, so relieving the developer from a double charge.

If you need help or advice on any of these circumstances please get in touch.