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Make provision for a lower rate of stamp duty land tax to be charged on residential properties where energy efficiency measures are undertaken by or on behalf of the purchaser.

BE IT ENACTED by the Queen's most Excellent Majesty, by and with the advice and consent of the Lords Spiritual and Temporal, and Commons, in this present Parliament assembled, and by the authority of the same, as follows:—

1 Amendment of the Finance Act 2003

- (1) The Finance Act 2003 (c. 14) is amended as follows.
- (2) After section 92 insert—

“92A Lower rate where notice given relating to energy efficiency measures

- (1) This section applies where—
 - (a) the purchaser is liable to pay the tax in respect of a chargeable transaction, 5
 - (b) the relevant land consists entirely of residential property, and
 - (c) the purchaser has given notice of an intention to undertake or to have undertaken relevant energy efficiency measures within the relevant period. 10
- (2) Where this section applies, regulations shall prescribe a lower rate of tax chargeable in respect of the transaction, and different lower rates may apply to the undertaking of different relevant energy efficiency measures. 15
- (3) The lower rate in regulations under subsection (2) may be expressed as—
 - (a) a percentage of the chargeable consideration,
 - (b) a percentage of the amount of the tax in respect of the chargeable transaction that would be payable if this section were not to apply, or 20
 - (c) a specified monetary reduction in the amount of tax payable.

- (4) In determining the lower rate in regulations under subsection (2), the Treasury shall have regard to—
- (a) any energy efficiency aims for residential accommodation designated under section 2 or 3 of the Sustainable Energy Act 2003 (energy efficiency in residential accommodation: designation by Secretary of State and by the National Assembly for Wales), and 5
 - (b) the duty of the Secretary of State under section 217(1) of the Housing Act 2004 (duty in relation to increase in energy efficiency of residential accommodation in England). 10
- (5) Notice for the purpose of subsection (1)(c) shall be given in writing in such terms as may be prescribed by regulations.
- (6) Regulations shall—
- (a) prescribe ‘relevant energy efficiency measures’ for the purposes of this section, and 15
 - (b) specify the extent to which the lower rate prescribed under regulations under this section is payable in relation to different energy efficiency measures undertaken.
- (7) The prescribed definition under subsection (6) shall include—
- (a) measures to improve the thermal insulation of the property, and 20
 - (b) other measures to improve the energy efficiency of the property.
- 92B Arrangements in relation to lower rate under s. 92A**
- (1) Where section 92A applies, regulations may require a person or body other than the purchaser to retain the relevant amount until a decision is made that the relevant energy efficiency measures have been undertaken by or on behalf of the purchaser. 25
- (2) Regulations may prescribe the person or body who is to decide whether or not the relevant energy efficiency measures have been undertaken. 30
- (3) Any such decision must be taken within, or as soon as practicable after, the relevant period.
- (4) Where it is decided that the relevant energy efficiency measures have been taken within the relevant period, the relevant amount, and any interest payable on it, shall be paid to the purchaser. 35
- (5) Where it is decided that the relevant energy efficiency measures have not been taken within the relevant period, the relevant amount, and any interest payable on it, shall be payable in the same manner as the tax.
- (6) Interest payable under subsections (4) and (5) shall be determined in accordance with the provisions of section 87. 40
- (7) Regulations may amend Schedules 10 and 12 so as to provide for—
- (a) the making of returns in relation to the provisions of section 92A and of this section and regulations made under them, 45
 - (b) duties to keep and preserve records in relation to those provisions and regulations,

- (c) appeals against decisions under those provisions and regulations, and
- (d) the recovery of relevant amounts and interest payable on them.
- (8) The powers to make regulations under section 92A and this section are exercisable by the Treasury. 5
- (9) In section 92A and this section –
- ‘the relevant amount’ means an amount that is the difference between –
- (a) the amount of the tax in respect of the chargeable transaction that would be payable if section 92A were not to apply, and 10
- (b) the amount of the tax in respect of the chargeable transaction that is payable under the lower rate prescribed in regulations under section 92A;
- ‘the relevant period’ means a period to be specified in regulations beginning with the date on which the tax becomes payable.” 15
- (3) In section 114 (orders and regulations made by the Treasury or Inland Revenue), in subsection (4), at the end, insert –
- “paragraph 9A(1) of Schedule 19 (commencement of sections 92A and 92B).” 20
- (4) In Schedule 19 (Stamp duty land tax: commencement and transitional provisions), after paragraph 9, insert –
- “Commencement of sections 92A and 92B*
- 9A (1) Sections 92A and 92B shall come into force in accordance with the provisions of an order made by the Treasury. 25
- (2) No order may be made under sub-paragraph (1) before the coming into force of section 155 of the Housing Act 2004 (duty to have a home information pack).”
- 2 Expenses**
- There shall be paid out of money provided by Parliament any increase attributable to this Act in the sums payable out of money so provided under any other enactment.* 30
- 3 Short title**
- This Act may be cited as the Stamp Duty (Lower Rate for Energy Efficiency Measures) Act 2005.

Stamp Duty (Lower Rate for Energy Efficiency Measures) Bill

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To make provision for a lower rate of stamp duty land tax to be charged on residential properties where energy efficiency measures are undertaken by or on behalf of the purchaser.

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*Ordered, by The House of Commons,
to be printed, 12th January 2005.*

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LONDON – THE STATIONERY OFFICE LIMITED
Printed in the United Kingdom by
The Stationery Office Limited
£x.xx