

SDLT house builder relief for part-exchange

Indirect Tax

Large Corporate

01 December 2019

The CIOT has written to HMRC requesting clarification of the way SDLT house builder relief operates for limited liability partnerships.

Under Finance Act 2003 Sch 6A para 1, there is an exemption from stamp duty land tax (SDLT) where a ‘house-building company’ acquires an individual’s existing house in exchange for the individual buying a new house from the house builder. The policy intent of the relief is to facilitate liquidity in the housing market and assist with mobility of labour. Part exchange schemes for buyers of individual residences are routinely operated by the larger house builders.

House builders are often constituted as limited liability partnerships (LLPs), rather than as companies as part of joint venture arrangements between commercial developers and, for example, a local authority, a financial institution or a housing association, to facilitate residential development.

The issue is a lack of certainty in respect of HMRC’s view of the availability of the reliefs for a house builder LLP operating a qualifying part exchange scheme. SDLT commentators reflect uncertainty on this point. The SDLT manual does not directly address the issue.

The CIOT has asked HMRC to clarify their view.

CIOT’s letter to HMRC requesting clarification can be read in full at on the [CIOT website](#).