

## **Chancellor announces Stamp Duty Land Tax changes for enfranchisement in the Budget**

Good news came for leaseholders from an otherwise sombre budget. The Chancellor announced long awaited changes to the Stamp Duty Land Tax ('SDLT') treatment of collective enfranchisements by leaseholders.

Whilst there were existing generous reliefs from SDLT they only applied to Right to Enfranchise Companies ('RTE's). The sting was that RTE's do not exist – the Government has not implemented the statutory provisions to bring them into force.

The Budget changes now apply similar reliefs to leaseholders who exercise their statutory rights to collectively enfranchise and SDLT in such cases will be calculated at a rate determined by dividing the total consideration by the number of flats involved. In other words, each leaseholder will get the benefit of the SDLT thresholds. So for example if a block of ten leaseholders purchase for £1 million, with equal contributions, no duty will be payable as their individual payments of £100,000 fall below the duty threshold of £175,000, the collective saving being £40,000.

The change will apply to land transactions with effective dates falling on or after 22 April 2009.

This is a very welcome measure because; the relief can now be claimed by leaseholders exercising statutory rights of leasehold enfranchisement.

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