

From a real estate perspective, this afternoon's Budget was mainly a confirmation of the policies that had previously been announced by the government.

However, the government has today announced a further reduction to the main rate of corporation tax (to 20%) from 1 April 2015, on top of the reduction to 21% from 1 April 2014 announced previously. Therefore, from 2015, the UK will have a single rate of corporation tax for the first time since 1973.

In a move reminiscent of Margaret Thatcher's "Right to Buy", the government has announced a "Help to Buy" scheme, which appears to be primarily aimed at helping households get a foot on – or climb up – the housing ladder with the intention of kick-starting the development of new homes and adding liquidity to the mortgage market. Help to Buy is made up of two schemes:

- "Equity loan" scheme, which will run from 1 April 2013, where the government will lend individuals a deposit of up to 20% on a new build home if the individual contributes a 5% deposit.
- "Mortgage guarantee" scheme, which will run from January 2014, where the government will allow banks to purchase a guarantee from it on high loan-to-value mortgages for either new build or existing properties worth less than £600,000.

By way of a reminder, the government is also committed to making the following changes:

1. The annual investment allowance that businesses can claim for capital investment was increased from £25,000 to £250,000 for a period of two years from 1 January 2013.
2. All UK residential properties valued at over £2 million which are owned on or acquired after 1 April 2013 by "non-natural persons" (i.e. companies, collective investments schemes or partnerships with a corporate partner) will be subject to an annual residential property tax of between £15,000 and £140,000 determined by reference to the value of the property.
3. Where a non-natural person disposes of UK residential property valued at over £2 million on or after 6 April 2013, it will be subject to capital gains tax at 28% on any increase in the property's value since 5 April 2013 regardless of its tax residence.

4. Following the introduction in March 2012 of a 15% rate of SDLT for purchases of UK residential dwellings valued at over £2 million by non-natural persons, reliefs will be introduced for purchases where the effective date is on or after the date that Finance Bill 2013 receives Royal Assent to reduce the rate of SDLT to 7%. These reliefs broadly match the reliefs that are being introduced alongside the annual residential property tax and the extension of the CGT regime. One of the main drivers behind the reliefs is to exempt certain businesses such as property rental businesses from being caught by the 15% rate.
5. Under the current SDLT rules for leases, where the amount of rent increases by an "abnormal" amount (broadly more than 5% plus RPI per year) after the first five years of the term, SDLT is charged on the amount of the rent increase. The government has announced that the abnormal rental increase provisions will be removed for any rent increases that take effect on or after the date of Royal Assent of the Finance Bill (expected to be Summer 2013).

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