

Box 10 – Total consideration

Leave blank

Box 12 – What form does the consideration take?

Code 30 (cash)

Box 14 – Total amount of tax due for this transaction

306

Box 15 – Total amount paid or enclosed with this notification

307

Box 16 – Type of lease

Code N (non-residential)

Box 20- - annual starting rent

40000

Box 23 - NPV

180602

Box 25 – Total amount of tax due - NPV

306

Completion of SDLT4 in relation to the transaction:

As the lease is a new non-residential lease an SDLT4 must also be completed. The reverse premium would be shown in Box 39 by inserting Code 04 (other).

9.3.4. Agreement for lease: commercial with access for fitting-out

S enters into an agreement for a ten year lease of commercial premises with T who is given access three months before the grant of the lease to carry out a fit-out.

Commentary:

If the terms on which T is allowed access to carry out a fit-out are such that T takes possession of the interest in the premises⁹⁶⁸, that will amount to substantial performance of the agreement for lease before it has been completed. If this is the case, the substantially performed agreement for lease will be treated as if it were the grant of a lease for a term of ten years and three months, beginning on the date on which the agreement for lease was substantially performed and ending on the date when the actual lease will end.

When the actual lease is granted in pursuance of the agreement which has earlier been substantially performed, this is treated for the purposes of overlap relief as a surrender and re-grant and overlap relief is available.

⁹⁶⁸ See section 1.3.1 above for what amounts to 'giving possession' for this purpose

SDLT BY TRANSACTION

Calculation of the SDLT:

The SDLT will be based on the NPV for a lease of ten years and three months (if the consideration for the grant consists of or includes rent).

Completion of SDLT1 and SDLT4 in relation to the transaction:

An SDLT1 and an SDLT4 will be completed on the basis of the grant of a lease of ten years and three months. The effective date (to be inserted in Box 4 of SDLT1) would be the date possession was taken by B.

On the grant of an actual lease pursuant to a substantially performed agreement for lease, Box 17 on the SDLT1 ('start date as specified in lease') should show the start date of the actual lease. Box 20 ('annual starting rent') should show the full rent payable under the actual lease and not simply the amount left after deducting the rent declared on the SDLT1 for the notional lease. As neither Box 17 nor Box 20 is used to compute the NPV this will not affect the charge to SDLT which will take into account overlap relief.