Investment and risk

CF2 July 2014 edition

Web update 1: 16 December 2014

Please note the following updates to your copy of the July 2014 edition of the CF2 study text regarding stamp duty (SDLT) and inheritance of NISAs.

These changes have been made necessary as a result of the December 2014 Autumn Statement and will be examined from 2 March 2015.

Chapter 6, section A5A, page 6/6

Add the following new paragraph as paragraph 3:

Following the 2014 Autumn Statement, stamp duty land tax (SDLT) has been restructured with effect from 4 December 2014 for **residential** land transactions. Instead of the 'slab' approach in which one rate of tax applies to the entire purchase price, SDLT is now only paid at the rate of tax on that part of the purchase price within each tax band shown below.

Replace table 6.1 with the following:

Table 6.1: Stamp duty land tax, residential applicable from 4 December 2014

Slice of property value	Rate %
£0 – £125,000	0
£125,001 – £250,000	2
£250,001 – £925,000	5
£925,001 – £1,500,000	10
£1,500,001+	12

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Example

Previously, the stamp duty payable on a residential transaction of £275,000 was £8,250 (£275,000 at 3%); from 4 December 2014 this has reduced to £3,750.

This is calculated as follows:

First £125,000	0
£125,001 to £250,000 = £125,000 at 2%	£2,500
£250,001 to £275,000 = £25,000 at 5%	£1,250
Total	£3,750

Corporate bodies

SDLT continues to be charged at 15% on residential dwellings costing more than £500,000 bought by bodies such as companies and collective investment schemes.

Commercial SDLT is unchanged, see table 6.2.

Table 6.2: Stamp duty land tax, non-residential (2014/15)

Property value	Rate %
£0 – £150,000	0
£150,001 – £250,000	1%
£250,001 – £500,000	3%
Over £500,000	4%

Chapter 12, section G1, Termination, page 12/8

Add a new 3rd paragraph:

Following the December 2014 Autumn Statement, if an NISA holder in a marriage or civil partnership dies on or after 3 December 2014, their NISA benefits will be able to be passed on to their spouse or civil partner via an additional NISA allowance which can be used from 6 April 2015. The surviving spouse or civil partner will be allowed to invest as much into their own NISA as their spouse/partner used to have, in addition to their own annual NISA limit.

Delete the first sentence of what is now the 4th paragraph and replace with 'From 3 December 2014, if there is no surviving spouse or civil partner' so that it now reads:

From 3 December 2014, if there is no surviving spouse or civil partner, the market value of the plan at the death will form part of the deceased's estate. The NISA manager may transfer either cash or investments to the personal representatives, and any income or gains arising after the date of death will have to be accounted for by them.