

CITY OF WESTMINSTER AND HOLBORN LAW SOCIETY
Revenue Committee

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8 May 2006

Dear Mr McLachlan

Schedule 10, para 8 rewrite Consultation

Thank you for your letter of 2 May. The points made in our response dated 6 January 2006 in relation to interposed registrations would apply equally to a rewrite of the current provision.

Furthermore, as it appears from the Finance Bill that it has, finally, been decided not to implement the additional subparagraphs, it may also be necessary to address the issue of substantive trusteeships, as to which:

- (a) how settled land was to be dealt with was one of the problems which could not be resolved under that formulation, because the trustees of the settlement had no access to the rents collected by the tenant for life and could not, therefore, reasonably be asked to accept personal liability; and
- (b) an hypothesis had been advanced at once stage that beneficiaries with life interests should join in the registration even though, under (currently) the concept of trust of land, they have no control over conveyancing transactions and, in consequence, no access to the funds involved in any transaction. Clearly personal liability would be inappropriate for the same reason.

Yours sincerely

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Date 2 May 2006
Our Ref
Your Ref

Dear Sir/Madam

VAT: Schedule 10 – Buildings and Land: Rewrite of existing tax law

We are grateful for your response to the recent consultation on the rewrite of Schedule 10 of the VAT Act 1994.

An enabling provision in this year's Finance Bill will empower the Treasury by order to substitute a new Schedule 10 and this will naturally encompass the current paragraph 8, which deals with beneficial interest. As you will be aware, a parallel consultation was undertaken regarding a proposed amendment to paragraph 8. We are currently considering the responses we received to that consultation and a final decision on whether to make substantive changes to paragraph 8 has yet to be made.

I set out below a "rewritten" version of Paragraph 8. The intention is that this retains the same meaning as the current Paragraph 8, but in a form that is consistent with the style and language used in the rest of the rewritten version of Schedule 10.

This rewrite of Paragraph 8 has been done on a contingency basis only (it should be noted that it will need to be revised further if it is ultimately decided to make substantive changes to the content of the paragraph). We would, however, welcome your comments on this proposed redraft.

Proposed "rewritten" version of Paragraph 8:

"Benefit of consideration for grant accruing to a person other than the grantor

- 33 (1) This paragraph applies if the benefit of the consideration for the grant of an interest in, right over or licence to occupy land accrues to a person ("the beneficiary") other than the person making the grant.**

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- (2) The beneficiary is to be treated for the purposes of this Act as the person making the grant.**
- (3) So far as any input tax of the person actually making the grant is attributable to the grant, it is to be treated for the purposes of this Act as input tax of the beneficiary.”**

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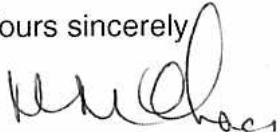
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Or by email to:

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I would be grateful for your responses by 31 May 2006.

Yours sincerely



Mike McLachlan
Senior Policy Adviser