

# PRESS RELEASE

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## WE TOOK ON THE TAXMAN – AND WON!



Photo - portrait of Danny McLoughlin available

An astonishing u-turn by the government prompted by New Charter Housing Trust Group has saved an estimated £75million to Landlords and tenants living in rented housing across the country.

Courts all round the country had been directed last Christmas to demand stamp duty be paid on weekly tenancies before individual court cases could be brought for non-payment of rent. The Inland Revenue had taken this view, much to the surprise of housing associations.

Major delays to successful actions against tenants who were in rent arrears were forecast. Landlords providing homes at affordable prices feared huge increases in stamp duty payable to the Inland Revenue.

New Charter estimated its own additional cost would have been £250,000 – money it believes is better spent on investing in tenants’ homes, rather than paying the taxman. A test case was mounted against the Inland Revenue, challenging the decision and supported by the National Housing Federation and the three local Members of Parliament. Initially, the government refused to change its stance, but has surprisingly responded to amend its own Finance Bill going through Parliament now.

The change may also have stopped further personal debt. It was likely some landlords would seek to recover their extra costs from the tenants they evicted for non-payment of rent, further increasing those peoples’ debts.

Danny McLoughlin, Group Company Secretary & Director of Legal Services led New Charter’s case. He said, “I’m delighted the Inland Revenue and the government have listened to the case we brought. The cost to the Housing Sector would have been substantial. New Charter’s knowledge, expertise and confidence has been rewarded, and the benefits will be felt across the country. It also proves the value of teamwork, as we were helped by our local Members of Parliament to achieve this.”

**ENDS**

#### **Notes for Editors**

1. New Charter formed in 1999. Until September 2000, it was Britain’s biggest Large-Scale Voluntary Transfer (LSVT). With a turnover of £49 million a year and a workforce of 800, New Charter is one of the twenty largest Registered Social Landlords (RSL’s), and is regulated by The Housing Corporation, a Government watchdog.

2. The Inland Revenue position was that Stamp Duty was to be levied on all tenancy agreements of over £500 a year issued by Housing Associations to their tenants.
3. The government amendment to the Finance Bill was a new clause 10 that applies only to Housing Associations and backdates the increase in the threshold for duty to January 1990. This excludes around 90% of the existing tenancies exposed to paying stamp duty. It also enables any associations to reclaim any sums paid since then.
4. New Charter received promises of financial support from other landlords to mount the challenge to the Inland Revenue. New Charter appointed Trowers & Hamblins, nationally renowned legal specialists to assist.
5. Introducing the new clause 10 during the Finance Bill's Report stage debate on 1<sup>st</sup> July 2003 means New Charter's case against the Inland Revenue has been stood down.
6. The local Members of Parliament are David Heyes MP (Ashton-under-Lyne), James Purnell MP (Stalybridge & Hyde) and Andrew Bennett MP (Denton & Reddish).

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