

Community Infrastructure Levy

A Guide to Self Build Relief

Introduction

East Cambridgeshire District Council introduced the Community Infrastructure Levy ('CIL') on 1 February 2013. CIL is a levy that is charged on most new development in the District. The money raised through this levy will be used to fund strategic infrastructure required to support development in the District. The Community Infrastructure Levy Regulations 2010 (as amended) ('the Regulations') provides that self-build development is entitled to relief from CIL.

Definition of a Self Build Development

Regulation 54A states:

'...a person (P) is eligible for an exemption from liability to pay CIL in respect of a chargeable development, or part of a chargeable development, if it comprises self-build housing or self-build communal development.'

'Self-build housing is a dwelling built by P (including where built following a commission by P) and occupied by P as P's sole or main residence.'

'...development is self-build communal development if it is for the benefit of the occupants of more than one dwelling that is self-build housing, whether or not it is also for the benefit of the occupants of relevant development.'

'Development is not self-build communal development if it is-

- (a) Wholly or partly made up of one or more dwellings;
- (b) Wholly or mainly for use by the general public;
- (c) Wholly or mainly for the benefit of occupants of development which is not relevant development; or
- (d) To be used wholly or mainly for commercial purposes.'

'..."relevant development" means development which is authorised by the same planning permission as the self-build housing in question, but which does not include the self-build housing or the self-build communal development.'

Process for claiming Self Build Exemption

There are two stages that must be completed in order to claim and remain eligible for a self-build exemption.

Stage 1

The first stage must be completed **prior to commencement of development.**

Regulation 54B sets out the procedure for claiming self-build relief from the levy. Unless these procedures are followed, a development will cease to be eligible for relief from the levy.

The claim for a self-build exemption must:

1. Be made by a person who intends to build, or commission the building of, a new dwelling, and intends to occupy the dwelling as their sole or main residence for a period of at least three years ('the clawback period');
2. Be made by a person who has assumed liability to pay CIL in respect of the new dwelling, whether or not they have also assumed liability to pay CIL in respect of other development. The claimant must assume liability by submitting Form 1: Assumption of Liability (available on the Council's website) **prior to the commencement of development;**
3. Be submitted to the Council on Form SB1-1: Self Build Exemption Claim Form: Part 1 (available on the Council's website) **prior to the commencement of development**

Development will cease to be eligible for relief from the levy if:

1. The development commences before the Council has reached a decision on whether or not to grant relief from the levy
2. The Council has not received Form 6: Commencement Notice (available on the Council's website) **prior to the commencement of development**

Stage 2

The second stage must be completed within six months of the date of the compliance certificate (building control completion certificate) for the development being issued.

Regulation 54C sets out the procedure for providing the evidence to the self-build claim. Unless these procedures are followed, a development will cease to be eligible for relief from the levy.

The Form SB1-2: Self Build Exemption Claim Form: Part 2 (available on the Council's website) must be submitted to the Council **within six months of the date of the compliance certificate for the development being issue**

The form must be accompanied by **all** of the following as evidence to support the claim for relief:

1. A compliance certificate for the development issued under either Regulation 17 (compliance certificates) of the Building Regulations 2010 or Section 51 of the Building Act 1984 (final certificates);
2. Title deeds of the property
3. Council tax certificates

The form must be accompanied by **two** of the following as evidence to support the dwelling being occupied as a person's sole or main residence:

1. Utility Bill
2. Bank Statement
3. Local Electoral Roll Registration

The form must be accompanied by **one** of the following:

1. An approved claim from HM Revenue and Customs under 'VAT431C: VAT refunds for DIY housebuilders'
2. Proof of a specialist Self Build or Custom Build Warranty
3. Proof of an approved Self Build or Custom Build Mortgage from a bank or building society

A Self Build or Custom Build Warranty is a warranty and Certificate of Approval issued by a Warranty provider which provides a 'latent defects insurance' policy which is accompanied by certified Stage Completion Certificates (SCC) issued to the owner/occupier of the home.

A Self Build or Custom Build Mortgage is an approved mortgage arranged to purchase land and/or fund the cost of erecting a home where the loan funds are paid to the owner/occupier in stages as the building works progress to completion.

Withdrawal of the exemption for self-build housing

Self-build relief will be withdrawn where a disqualifying event occurs up to three years from the date of the compliance certificate.

A disqualifying event is:

1. Any change in relation to the self-build housing or self-build communal development where it ceases to be self-build housing or self-build communal development;
2. Failure to submit Form SB1-2: Self Build Exemption Claim Form: Part 2 and the relevant evidence within six months of the date of the compliance certificate
3. The letting out of a whole dwelling or building that is self-build housing or self-build communal development;
4. The sale of the self-build housing; or
5. The sale of the self-build communal development.

Where a disqualifying event occurs, the beneficiary of the relief is liable to pay an amount of CIL equal to the amount of CIL that would have been payable on commencement of development had relief not been granted.

Where a disqualifying event occurs, the beneficiary of relief must notify the Council, in writing, within 14 days of the disqualifying event. Where this is not done, a surcharge equal to the lesser amount of 20 per cent of the chargeable amount or £2,500 may be applied.

The Council will calculate what clawback is payable, and notify the beneficiary in writing of the withdrawn amount and how this has been calculated. Alongside this, a new liability notice will be issued and a demand notice will be served to collect the clawback relief.

Further details

More information about CIL and links to the Regulations and guidance documents can be found on the East Cambridgeshire District Council Website:

<http://www.eastcamb.gov.uk/planning/community-infrastructure-levy>

Please contact Emma Grima, Infrastructure Programme Manager, if there are any queries- emma.grima@eastcamb.gov.uk or 01353 665555.