

# Guidance Note 1

# Self-Build Exemption

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## 1.0 Introduction

The Council resolved to adopt and implement the Community Infrastructure Levy Charging Schedule on 13th November 2017. The report and associated supporting documents can be seen at [Agenda for Council on Monday, 13 November 2017, 7.00 pm | West Lindsey District Council](#).

From 22nd January 2018, West Lindsey Council implemented the Community Infrastructure Levy (CIL). CIL will apply to any planning decision that qualify from and including that date.

The Community Infrastructure Levy Regulations 2010 (as amended) ('the Regulations') provides that self-build development is entitled to relief from CIL.

This guidance note is intended to summarise the requirements of the process for claiming self-build exemption from CIL, but ultimately the council must follow the CIL regulations and you are advised to consult the regulations for full details of the requirements and process.

## 2.0 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.

### 3.0 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.

#### 3.1 Stage 1 – Application for Exemption

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'); and
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 CIL Form 2 'Assumption of Liability' **prior to the commencement of development;**
3. Submit CIL Form 7 Part 1 'Self Build Exemption Claim Form' **prior to the commencement of development.**

Note: Submission of CIL Form 6 'Commencement Notice' **must be no later than the day before the day on which the chargeable development is to be commenced**, failure to submit a valid Commencement Notice may result in a surcharge being imposed in respect of the chargeable development, equal to 20 per cent of the chargeable amount or £2500, whichever is the lower amount.

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.

### 3.2 Stage 2 – Submission of Evidence

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.

CIL Form 7 Part 2 must be submitted to the Council **within six months of the date of the compliance certificate for the development being issued.**

The form must be accompanied by **all** of the following as evidence listed under 'Section B: Submission of Evidence' to support the claim for relief:

1. A copy of **all** of the following items:

- (a) A compliance certificate for this development issued under either: - regulation 17 (completion certificates) of the Building Regulations 2010 or - section 51 of the Building Act 1984 (final certificates)
- (b) Title deeds of the property to which this exemption relates (freehold or leasehold)
- (c) Council Tax bill or certificate

2. A copy of **Two** further proofs of occupation of the home as sole or main residence showing your name and the address of the property.

- (a) Utility Bill
- (b) Bank Statement
- (c) Local electoral roll registration

3. A copy of **one** of the following items (also see notes below):

- (a) An approved claim from HM Revenue and Customs under 'VAT431NB: VAT refunds for DIY housebuilders'
- (b) Proof of a specialist Self Build or Custom Build Warranty\* for your development
- (c) Proof of an approved Self Build or Custom Build Mortgage# from a bank or building society for your development.

\* 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 and 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.

## 4.0 Withdrawal of the exemption for self-build housing

Regulation 54D applies if an exemption for self-build housing is granted and a disqualifying event occurs before the end of the clawback period, which begins following the date of issue of the compliance certificate for the development.

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:

- (a) any change in relation to the self-build housing or self-build communal development which is the subject of the exemption such that it ceases to be self-build housing or self-build communal development;
- (b) a failure to comply with regulation 54C; (by virtue of submitting CIL Form 7 Part 2 accompanied by the specified documents)
- (c) the letting out of a whole dwelling or building that is self-build housing or self-build communal development;
- (d) the sale of the self-build housing; or
- (e) 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 if the exemption had 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 (beginning with the day on which the disqualifying event occurred). 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.



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