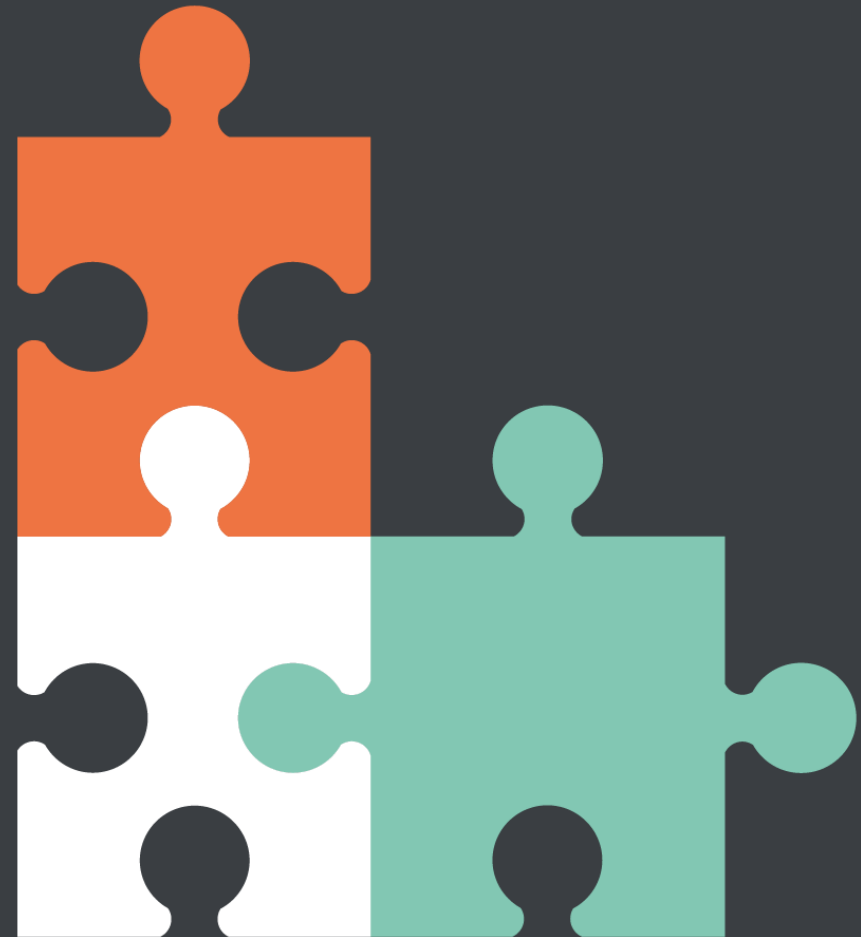


Stamp Taxes 2

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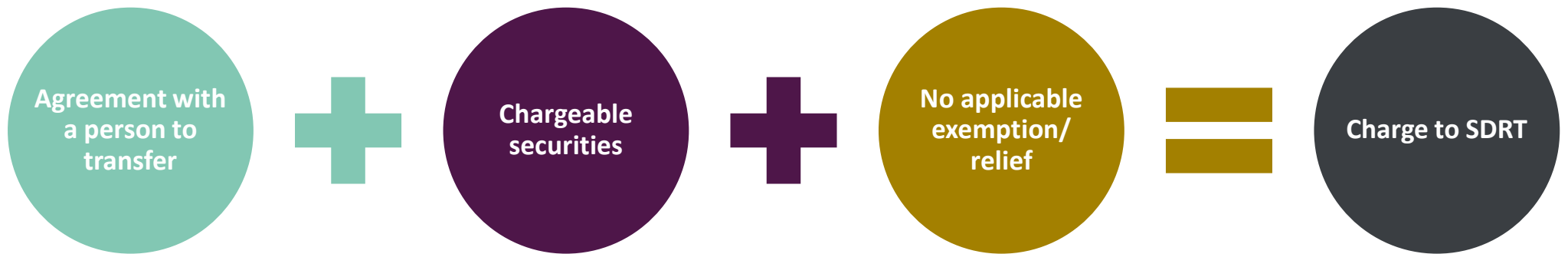


Overview

- SDRT Building Blocks
- Exemptions
- Reliefs
- Timings and Penalties



Stamp duty reserve tax overview



SDRT overview

- Charging provision: s87 FA 1986
- Agreement to transfer
- Chargeable securities – s99 FA 1986
 - Stocks/shares/loan capital
 - Interests in rights arising out of stocks/shares/loan capital
 - Rights or options to acquire stocks/shares/loan capital
 - Units in a unit trust
 - Must have UK nexus
- Consideration in money/money's worth
- Person B is liable to pay SDRT



Interaction between Stamp Duty and SDRT

- SDRT is wider in scope than SD but both charges can apply to the same transaction
- SDRT charge is cancelled if agreement is completed by a duly stamped instrument of transfer within 6 years – s92 FA 1986
- Repayment of SDRT if instrument duly stamped within 6 years – s92 FA 1986
- No sub-sale relief



Timings and Penalties

- **Stamp duty**

- No interest or penalties if submitted for stamping within 30 days of execution
- Interest payable on duty which is unpaid at the end of the 30 day period – s15A SA 1891
- Penalties payable on documents in the UK from 30 days after execution/brought into the UK – s15B SA 1891

- **SDRT**

- Due date – para 2 SI 1986/1711
 - CREST: usually within 10 days
 - Outside CREST: 7th day of month following month in which agreement made
- Interest – para 13 SI 1986/1711
- Penalties – Sch 56 FA 2009



Exemptions and Reliefs

- **Exemptions**

- Exempt instruments/former fixed £5 duty instruments
- Loan capital
- Growth markets
- Exchange traded funds
- Share incentive plans

- **Reliefs**

- Group relief
- Acquisition relief
- Reconstruction relief
- Intermediary relief
- Stock lending and repurchase
- Public issues

Exemptions

Exempt Instruments

- List of transactions previously exempt from £5 fixed duty
- Following abolition of £5 duty purpose of regulations has disappeared

Stamp Duty Exempt Instruments Regs SI 1987/516

A – The vesting of property subject to a trust in the trustees of the trust

B – The transfer of property to a beneficiary named in a will

C – The transfer of property which forms part of an intestate's estate to the person entitled on intestacy

D – The appropriation of property within s84(4) FA 1985 (death: appropriation in satisfaction of any interest of surviving spouse or civil partner)

E – The transfer of property which forms part of the residuary estate of a testator to a beneficiary under a will

F – The transfer of property out of a settlement in or towards satisfaction of a beneficiary's interest, not being an interest acquired for money or money's worth, being a conveyance or transfer constituting a distribution of property in accordance with the provisions of the settlement.

G – The transfer of property on a marriage

GG – The transfer of property on a civil partnership

H – The transfer of property in connection with divorce or dissolution of civil partnership

I – The transfer by the liquidator of property which formed part of the assets of the company in liquidation to a shareholder

J – The grant of an easement for no consideration

K – The grant of a servitude for no consideration

L – The transfer of property operating as a voluntary disposition inter-vivos for no consideration

M – The conveyance or transfer of property by an instrument within s84(1) FA 1985 (death: varying disposition).

N – The declaration of any use or trust of or concerning a life policy

Exemptions

Old Fixed £5 duties

- Instruments were subject to £5 fixed duties
- Abolished in 2008 – Sch 32 FA 2008
- Now not chargeable to stamp duty

1. Transfers otherwise than on sale – para 16 Sch 13 FA 1999
2. Declaration of use or trust – para 17 Sch 13 FA 1999
3. Dispositions in Scotland – para 18(2) Sch 13 FA 1999
4. Duplicate or counterpart documents – para 19(1) Sch 13 FA 1999
5. Partition or division – para 21(3) Sch 13 FA 1999
6. Release or renunciation – para 22 Sch 13 FA 1999
7. Surrender – para 23 Sch 13 FA 1999
8. Transfers in connection with divorce, dissolution of civil partnership etc – s83(2) FA 1985
9. Death: varying dispositions, and appropriations – s84(8)-(9) FA 1985
10. Later cancellation of 'buy-back' shares held in Treasury – s66(2A) FA 1986
11. Later sale of Treasury 'buy-back' shares to incoming investors – para 1(5) Sch 13 FA 1999
12. Transfers between depositary receipts systems – s67(9) FA 1986
13. Transfers between clearance services – s70(9) FA 1986
14. Transfers between depositary receipts and clearance services – s72(A)(1)(b) FA 1986
15. Substitute bearer instruments – para 6 Sch 15 FA 1999

Stamp Duty/SDRT Exemptions

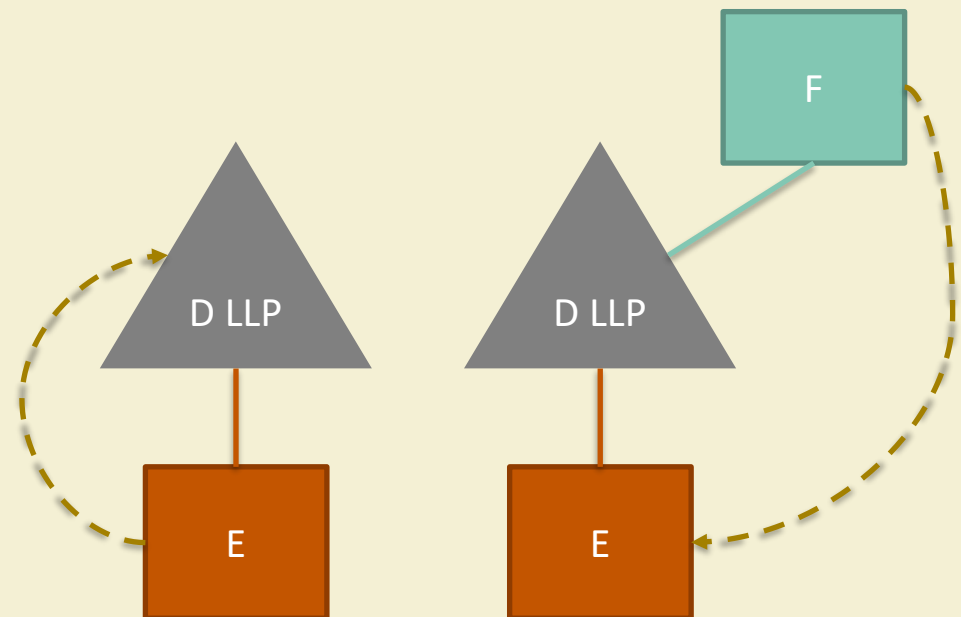
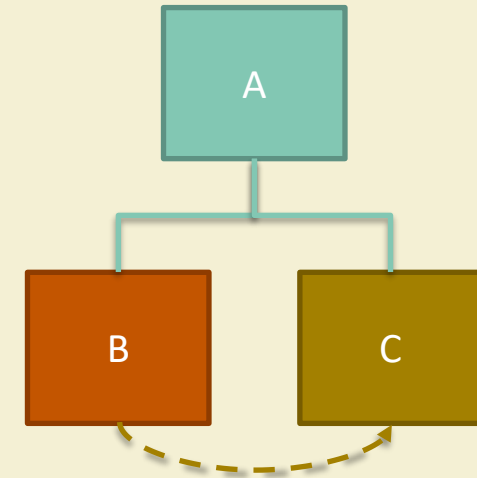
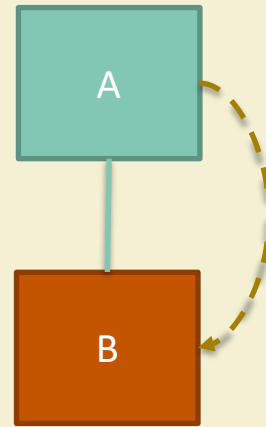
Exemption	Description	Stamp duty	SDRT
Growth markets	Transfers of securities admitted to trading on recognised growth markets but not listed on recognised stock exchanges	Part 2 Sch 24 FA 2014	Part 1 Sch 24 FA 2014
Exchange traded funds	Transfers of units in (i) OEICs admitted to trading on a regulated market or multilateral trading facility; or (ii) UCITS	SI 2014/911	SI 2014/911
Share Incentive Plans	Transfer of partnership shares or dividend shares from an approved share incentive plan to an employee	S95 FA 2001	S95 FA 2001
Loan Capital	Transfers of loan capital except securities carrying share conversion or acquisition rights or where there is an excessive rate of return or repayment	S79 FA 1986	S79 FA 1986/ s99(5) FA 1986

Stamp Duty/SDRT Reliefs

Relief	Description	Stamp duty	SDRT
Group relief	Transfer of beneficial interest in property between two bodies corporate in the same group	S42 FA 1930	No relief
Intermediary relief	Relief on transfers to qualified intermediaries (provides liquidity in financial markets)	s80A FA 1986	s88A FA 1986
Stock lending and repurchase relief	Relief on transfer of securities which are transferred back at later date	s80C FA 1986	s89AA FA 1986
Public issues	Relief on certain public offers to enable issuing houses to act as principals without incurring SDRT	No relief	s89A FA 1986
Reconstruction relief	Relief on transfers in connection with transfer of whole/part of company's undertaking to another company in consideration of share issue	S75 FA 1986	No relief
Acquisition relief	Relief on acquisition of target company's share capital	S77 FA 1986	No relief

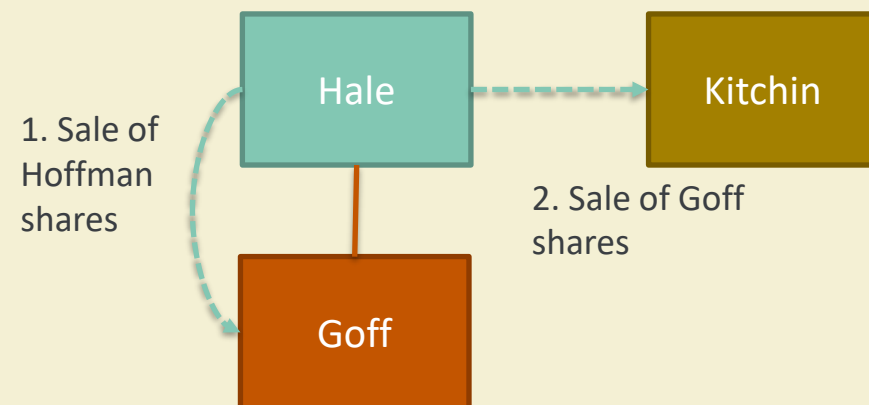
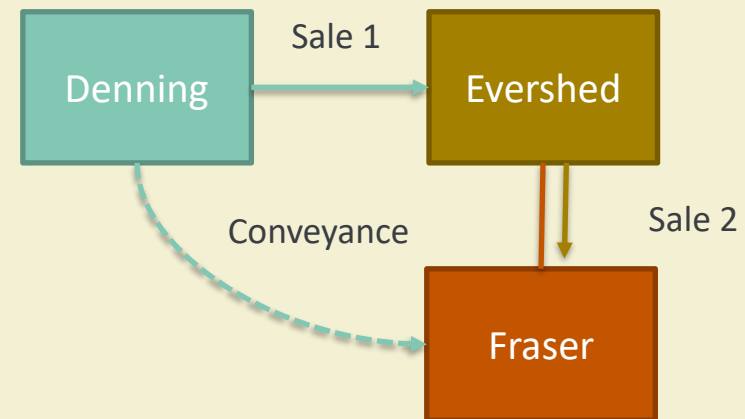
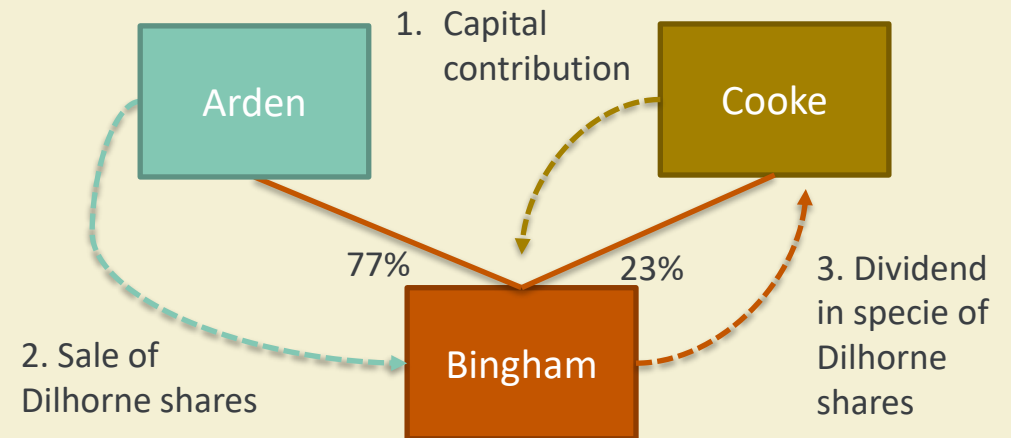
Group Relief s42 FA 1930

- Transfer of beneficial interest in property between 2 associated bodies corporate
- Associated bodies corporate
 - 75% beneficial ownership of ordinary share capital
 - 75% entitlement to profits available for distribution/assets on a winding up
- Indirect ownership must be traced through bodies corporate
 - See STSM042260 for list of foreign "bodies corporate"
 - Watch out for partnerships



Group Relief s42 FA 1930

- Group relief not available where there are arrangements where a 3rd party could obtain control of transferee but not transferor – s42(2) FA 1930
- s27(3) FA 1967: relief not available where there are arrangements where:
 - Consideration provided/received by 3rd party
 - Property previously conveyed by 3rd party
 - Parties cease to be associated



Group Relief s42 FA 1930

- Can claim group relief on share buyback – STSM042250
- Interaction with SDRT
 - No SDRT group relief
 - If shares are unmaterialised in CREST, use letter of direction route – see STMS131060

