HMRC - STSM015020 - Penalties For Late Stamping

The legislation governing the application of penalties for the late stamping of documents is at SA1891/S15B, which provides that a penalty is payable if a document is not presented for stamping within thirty days of either:

if executed within the United Kingdom (UK) or relating to land within the UK, the day on which it is executed (15B(1)(a))

if executed outside the UK and not relating to land within the UK, the day on which it is first received in the UK (15B(1)(b))

This provision only applies to documents executed on or after 1 October 1999, having been added to the Stamp Act 1891 by Section 109(1) Finance Act 1999.

It should be further noted that, although the references to land are now largely superseded by the introduction of Stamp Duty Land Tax on 1 December 2003, a document executed outside the UK that transfers both shares and land within the UK (and which is thus liable to Stamp Duty on the consideration for the shares) will fall within 15B(1)(a), not 15B(1)(b) and will thus attract a penalty if not presented for stamping within thirty days of execution rather than thirty days from first entry into the UK. (See 15B(1A))

The penalty is:

10% applied against the duty for cases with up to 12 months delay, capped at £300; with a de minimis penalty level of £20, (any amount below this - penalty reduced to nil);

20% applied against the duty for cases delayed for 12 to 24 months, with a de minimis penalty level of £20;

30% applied against the duty for delays over 24 months with a de minimis penalty level of £20.

For delays of 12 months or more, the penalty rate may be higher if there is evidence that the failure to submit documents for stamping was deliberate.

The more serious the reason, the greater the penalty. The following tables show the maximum and minimum penalty percentages for each type of failure dependent on:

the type of failure,

whether the disclosure is unprompted or prompted, and

the time at which a failure is disclosed.

12- 24 months:

if executed within the United Kingdom (UK) or relating to land within the UK, the day on which it is executed (15B(1)(a))

if executed outside the UK and not relating to land within the UK, the day on which it is first received in the UK (15B(1)(b))

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whether the disclosure is unprompted or prompted, and

the time at which a failure is disclosed.

12- 24 months:

(submission for stamping)

Over 24 months:

Section 15B(4) provides that penalties can be mitigated (see STSM153020).

Section 15B(5) says that no penalty is payable if there is a reasonable excuse for the delay. Examples of acceptable and unacceptable reasons are at STSM015040

Formal appeals against stamp duty penalties can only be made through the adjudication process. See STSM012020 for further details.

(This content has been withheld because of exemptions in the Freedom of Information Act 2000)

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