HMRC - STSM017020 - Wait And See - Consideration Not Yet Ascertained

When the initial consideration for a transfer of stock or marketable securities is theoretically ascertainable but not yet ascertained at the date of the document (usually, variable according to agreed completion accounts) HMRC Stamp Taxes is prepared to “wait and see” until the precise figure is known. This, however, does not apply to contingent consideration which is dependent on future events. For examples of the way that this type of consideration is treated for Stamp Duty see STSM021100 and STSM021110.

Provided that documents are submitted within thirty days of the date of execution with a request to be stamped on that basis; and it is accepted by Stamp Taxes that the “wait and see” basis is correct, no penalty will be charged for late stamping unless the documents are withdrawn by the applicant.

The position with regard to interest is different. SA1891/S15A which imposes an interest charge on any sum of duty payable that is not paid to HMRC within thirty days of the date of execution, does not provide for the possibility of any mitigation.

To protect the interest position, it is recommended that, when sending the documents to HMRC, a sum representing a reasonable estimate of the eventual duty to be paid is also remitted. Interest will be charged on any shortfall; but any overpayment will be repaid with interest.

After the application has been considered, a reply will be issued accepting, where appropriate, that the documents be held under the “wait and see” process and allocated a reference number which should be used in all subsequent correspondence regarding that transaction.

Sometimes documents may be required in the interim period, e.g. to allow the change of ownership to be registered. The facility exists for provisional stamping in this specific instance. Details are given at STSM017030.

HMRC Stamp Taxes would usually expect completion accounts to be agreed within three months of finalisation but do accept that the process may occasionally take longer. To avoid unnecessary reminders being sent HMRC should be informed if there is likely to be undue delay in accounts being agreed.

Previous page

Next page