HMRC - STSM021140 - Stamp Duty: Exchange Of Shares

Where two transfers are executed to exchange shares both documents are liable to Stamp Duty (SD). Each document is charged to duty by reference to the value of the shares transferred by the other document. SA1891/S(6) (1) and SA1891/S55.apply.

It is possible, when the shares are not of equal value, for the transaction to be structured not as an exchange, but as a sale of the dearer shares in consideration for the transfer of those shares of lesser value together with a sum of money. The monetary sum must be more than nominal. In such cases the transfer of the dearer share attracts SD on the total value of the consideration, i.e. the lesser value shares plus the cash sum. But the lesser value shares are not passing on sale and are thus not liable to Stamp Duty.

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

Shares may also be given as part satisfaction for land or property. It this instance it makes no difference if there is an equality payment or not; even if it is classed as an exchange, land or property is not a chargeable consideration for the purposes of calculating any Stamp Duty liability.

Previous page

Next page