HMRC - STSM021190 - Stamp Duty: Block Transfers

In circumstances where a number of separate transactions take place, for example, the takeover of a company, Stamp Taxes is prepared to help ease the administrative burden by accepting a block transfer. This consists of a stock transfer form with an accompanying schedule showing so many transfers of a certain number of shares together with the considerations and duty payable for each individual transaction.

This document is stamped with the total of the separate amounts of duty, rounded up as appropriate in each case. It should be noted that transactions involving individual shareholders where the total consideration does not exceed £1,000 are entitled to benefit from a £1,000 certificate of value and any such individual transactions do not, if properly certified, attract any Stamp Duty (SD). There need only be one certificate of value, either on the reverse of the stock transfer form itself or on the attached schedule.

It is helpful if separate block transfers are prepared in respect of chargeable and non chargeable transactions. It is only be necessary for the block transfer of chargeable transactions to be sent for stamping.

SD can be calculated in a different manner if the applicant so chooses. To simplify the calculation SD is calculated at the appropriate percentage on the total consideration for all the shares transferred by the block transfer. Each entry on the schedule is charged at £2.50 to compensate for the lack of rounding on the individual transfers. That total is then rounded up to the next higher £5.

Again, if the block transfer contains transactions that may properly benefit from a £1,000 certificate of value, these are not included in the total consideration nor are they charged £2.50 for that entry. For ease of calculation it would be appreciated if the block transfer submitted for stamping on this basis only includes transactions that are properly chargeable with SD.

Usually there is more than one block transfer. For example, one covers acceptances up to and including the date on which the offer was declared unconditional, one for a specified period after that date and one in respect of dissenting shareholders who originally choose not to part with their holding in the target company but whose shares are eventually compulsorily acquired.

There should be a certificate, signed to the effect that the signatory is able to verify all the transfers on the schedule are correctly detailed. The stock transfer form can be accepted unexecuted if the certificate is on the schedule which is attached to the stock transfer form.

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