HMRC - STSM031040 - Agreement To Transfer

Under FA86/S87, the principal charge to Stamp Duty Reserve Tax (SDRT) applies where there is:

an agreement between persons (A and B)

to transfer chargeable securities

to B or to any other person

for consideration in money or money’s worth.

Under FA86/S87 (3), the charge to SDRT arises on the date that an agreement to transfer chargeable securities is made (or, if conditional, the date the conditions are satisfied). It applies regardless of whether the agreement has been completed (but see STSM031140 for the procedure if an instrument is stamped).

The charge applies equally to written and oral agreements.

Under FA86/S86 (4), SDRT is chargeable regardless of whether the agreement is made in the UK and whether any party to the agreement is located or resident in the UK.

An agreement between A and B to transfer chargeable securities creates a charge to SDRT even if the transfer is to a third party (C). It is the agreement itself that creates the charge. Under FA86/S91, B is liable for the tax, even if the transfer is to C.

For chargeable securities to be transferred, there must be an assignment of a pre-existing proprietary interest in those securities. This does not cover, for example:

the issue of securities, for example on subscription or a bonus issue. A rights issue does not in itself involve a transfer of securities, but rights to subscribe for chargeable securities are themselves chargeable securities.

the grant or creation of new rights, such as options, where no pre-existing proprietary interest exists.

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