HMRC - STSM031170 - Interaction With Stamp Duty And Exemptions

Where an agreement and instrument of transfer relating to the same transaction would otherwise be subject both to SDRT and stamp duty respectively, a double charge to tax is avoided under FA86/S92 provided the following conditions are met.

Where an instrument is executed in pursuance of the agreement:

within six years of the relevant day (See STSM012040)

transferring to B or his nominee all the chargeable securities to which the agreement relates and

is duly stamped in accordance with stamp duty legislation (or is not chargeable)

the SDRT charge is cancelled and any SDRT paid is repayable (on claim within six years of the relevant day), together with interest if the tax is £25 or more.

There is no SDRT equivalent of sub-sale relief. If A agrees to sell securities to B who agrees to sell them on to C before B’s purchase has completed, then there are potentially two charges to SDRT. If the transfer from A to C is effected by an instrument of transfer which is duly stamped, this cancels only the SDRT on the agreement for transfer to C. The initial agreement between A and B will still give rise to a charge to SDRT.

Special rules apply regarding the cancellation and repayment of SDRT payable on an ‘own-shares agreement’ (an agreement to transfer shares in a company to that company - FA86/S92 (1C and 1D).

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