HMRC - STSM041250 - Exemptions: Treasury Shares

See STSM021260 for how company purchases of own shares are dealt with generally. For stamp taxes purposes, where a company purchases its own shares to be held as treasury shares, they are treated as though they had been cancelled; and any subsequent transfer out of treasury is treated as an issue.

FA86/S66 charges ad valorem stamp duty on the purchase by a company of its own shares, requiring that the return to Companies House must be stamped. Any instrument executed to transfer the shares to the company does not have to be stamped nor is any stamp duty payable on an instrument for the subsequent sale or transfer of the shares (unless it is to a depositary bank or a clearance service) (FA99/SCH13/PARAS 1(4)-(6)).

Prior to FA08, where shares held in Treasury were subsequently cancelled, a £5 fixed stamp duty applied to the cancellation return made to Companies House. FA08/SCH32/PARA5 removed the fixed duty charge for such returns made on or after 13 March 2008.

Stamp Duty Reserve Tax (SDRT) is not chargeable on an agreement to transfer treasury shares (FA86/S90(7A)). SDRT remains payable on the original buy-back of shares unless the return to Companies House has been duly stamped (FA86/S92(1C)-(1D)).

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