HMRC - STSM056010 - Liable And Accountable Person

Depositary receipts

The person who issues a depositary receipt is both liable and accountable for the 1.5 per cent Stamp Duty Reserve Tax (SDRT) charge arising, if that person is a United Kingdom resident or has a United Kingdom branch or agency. See FA86/S93 (8) and Regulation 2 of the SDRT Regulations 1986 (SI 1986/1711).

In a case where securities are transferred and the depositary receipt issuer is not resident in the UK, and does not have a branch or agency in the United Kingdom, the person liable and accountable for the 1.5 per cent SDRT charge is the person to whom the securities are transferred. See FA86/S93 (9) and Regulation 2 of the SDRT Regulations 1986 (SI 1986/1711).

Clearance Service

The operator of the service will normally be the liable and accountable person for the tax by virtue of FA86/S96 (6) and Paragraph 2 of the SDRT Regulations 1986 (SI 1986/1711). But similar rules to those for depositories apply where the person concerned is not resident, and has no branch or agency in the United Kingdom.

See FA86/S96 (7) and Regulation 2 of the SDRT Regulations 1986 (SI 1986/1711).

General

Where securities held in CREST are to be transferred, it is common for the nominee acting for the depositary or clearance service to have a ‘C’ tax status account in CREST. This is a special kind of account which ensures that 1.5 per cent SDRT is charged on all transfers to it.

A depositing CREST member (i.e. the member delivering the security to a depositary or clearance service) can elect however, to be accountable for, and pay, the 1.5 per cent SDRT charge. The CREST publication ‘Stamp Duty Reserve Tax in CREST, A Guide to Market Practice’ provides further information about the procedure.

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