HMRC - STSM132050 - CREST: CREST & SDRT: SDRT Paid Outside CREST

There are various situations where Stamp Duty Reserve Tax (SDRT) is accounted for outside the CREST system. Such transactions are sometimes referred to as “off-market”, though strictly this term only applies to those transactions that do not take place on a regulated exchange.

Examples are where there is a rapid exchange of residual securities and stock transfer forms are not stamped in respect of every transaction, and also “agency crosses” (See STSM126010) in cases involving residual securities.

More generally, if securities are registered in the name of a nominee and the beneficial interest is sold to a person using the same nominee so that the legal title remains unchanged, a charge to SDRT may arise unless the written instructions from the vendor to the nominee instructing him to hold the shares as nominee for the purchaser constitutes a letter of direction and this has been duly stamped as a transfer on sale.

Where an SDRT charge does arise in these circumstances, this will not be collected through the CREST system and will need to be paid directly to HMRC. This situation arises frequently within the discretionary nominees operated by many qualified brokers and qualified dealers, who will then be accountable for any such SDRT arising.

Where SDRT cannot be accounted for through CREST, the tax is payable on or before the seventh day of the month following the month in which the transaction takes place.

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