

Shares Working Together Steering Group
5 November 2013 @ 10.30 am
LH Auditorium
1 Horse Guards Road entrance
Westminster, London.

Attendees

Sarah Wulff-Cochrane (SWC)	British Bankers Association
Peter Stewart (PS)	British Bankers Association
David Nicholas (DN)	Euroclear
Craig Clayton (CC)	Euroclear
Michael Phillips (MP)	HSBC
Lorraine Belton (LB)	IMA
Michael Quinlan (MQ)	Law Society & Deloitte
Craig Leslie (CL)	Stamp Taxes Practitioners Group & EY (previously Ernst & Young)
Andy Thompson (AT)	WMA (previously APCIMS)
Clive Barnett (CB)	HMRC
Howard Buttery (HB)	HMRC
Jane Ewart (JE)	HMRC
Miles Harwood (MH)	HMRC
Jeremy Schryber (JSc)	HMRC
Jon Sherman (JS)	HMRC
Chris Taylor (CT)	HMRC

Apologies

Sheila Doyle	Institute of Chartered Secretaries & Administrators
Nigel Popplewell	Law Society (E&W)
Jon Cannon	HMRC

1. Notes of last meeting

JS led a review of the action points from the last meeting focussing on the action points: -

Action Points

Action Point		For	Action
AP1	To consider if there is any way to provide clarity regarding 3 rd party involvements in cases where a custodian needs to make reclaim direct to HMRC	DN confirmed the archive period for CREST data remains at 60 days. BBA had raised an issue around the time constraints, where custodian needs to check information obtained from underlying clients. This has become less of an issue since the matter was originally raised. CT confirmed the volume of repayment claims has fallen. It was agreed that DN and PS will discuss a solution outside of the group forum.	Closed
AP2	CT to provide DN with details of original action point. DN to consider if there ways in which guidance regarding	CT had provided information to DN. Based on the group discussion the CREST GUI help provides a narrative explanation for SDRT exemptions and reliefs but does not state the	Closed

	TSS flags can be improved to assist the CREST transaction data input process.	appropriate Transaction Stamp Status flag. DN to take this back to EUI and explore if/ when the GUI help can be updated to show the TSS flag alongside the explanation.	
AP3	JS to talk to HMT regarding their policy for engaging with business regarding the practical effects of European FTTs	The group thought that WTSG could play a useful role in these discussions and it was agreed that a representative from HMT should be invited to attend a future meeting.	AP1

2. Stamp Duty performance

CT advised that there were no internal performance issues and all published customer service standards were being met with regard to processing payments and documents submitted for stamping. There had been continuing issues turning around technical queries.

Claims for relief from stamp duty – CT stated that further to comments made at the last meeting regarding information in claims for relief from stamp duty under FA86\S75 and 77, HMRC had issued improved guidance in the latest Stamps Taxes Bulletin in August 2013. Procedural changes had been introduced that have helped filter out incomplete claims. HMRC recognised that there were resource and training issues that needed to be addressed to provide a full solution and this was in progress.

3. SDRT performance

CT indicated that there were no known performance issues regarding SDRT in CREST and all customer service commitments were being met with regard to processing unit trust and off-market notifications of SDRT.

CT asked if there were any questions or issues to be raised. CL asked for clarification regarding the accountable date for payments of SDRT reported in but paid outside of CREST. It was confirmed that the accountable date for transaction effected in CREST or that could have been effected in CREST remains as transaction date +14 days. If the transaction has not been reported in CREST or directly to the FSA or relevant exchange the accountable date is the seventh day of the month following the month in which the relevant transaction took place. CL added that anecdotally he understood that HMRC had been giving advice that the 'off market' accountable date applies to transactions carried out in CREST but where tax has been accounted for outside of CREST.

CT agreed to investigate and clarify current HM Revenue and Customs (HMRC) practice ([AP2](#)).

A comment was made that due to market developments and improvements in the efficiency of the trading and accounting systems in use, settlement is often effected at T+3 days (by agreement between the parties to the transaction). It was suggested there is possibly some scope/justification for reviewing the 'accountable date' rules generally.

MH asked if the Group if anyone had any thoughts or explanations regarding the fall in the value of rejected repayment claims that has been experienced by HMRC. CL suggested that a growing understanding of the Senior Accounting Officer provisions (Schedule 46, Finance Act 2009) had led to businesses to review and improve their accounting arrangements and performance with regard to tax compliance.

4. STS Manual progress report

JSc reported that the final 3 Chapters; Depositary Receipts and Clearance Services, Trusts and Pension Schemes and Compliance were complete. JSc requested feedback by 31 December with a view to publication by the end of QTR 1, 2014.

MQ suggested that paragraphs regarding the tax treatment of bearer shares would need amendment. JSc said that the chapters stated the tax position at the time they were circulated and agreed they would need to be updated for subsequent legislative changes prior to being published.

5. Gross Transaction Reporting

MH explained that the impact of settlement netting (and other similar processes) and the effect on the visibility of transactions in the CREST data had been a cause of concern to HMRC for some time. HMRC had entered into discussions with prominent service providers; exchanges, trading platforms and CCPs. The aim had been to find a way of maintaining the commercial benefits of netting and achieving gross transaction reporting necessary for HMRC's compliance response. A practical solution is now being developed by Euroclear UK&I. Craig Clayton of the Project Development Team at EUI gave the meeting a broad outline of the mechanics of the SDRT assessment process. This will look similar to and run alongside the existing CREST system but will only assess the tax due on a transaction.

HMRC and EUI planned to publish further details in December. There will be opportunities to learn more as development and testing processes progress. It was agreed that members of the forum should be kept up to date on progress.

6. Budget 2013

MH updated the group on developments in respect of Budget 2013 announcements with an SDRT impact;-

1. Schedule 19 to be abolished – this measure removes the SDRT charge with regard to investments in Collective Investment Schemes. JSc advised that legislation is in draft form and he will circulate to members of the group on a confidential basis.

MQ suggested that Section 90(1B) FA 1986 should be included in the review of legislation affected by the change.

2. Growth markets – HMRC was working towards publishing draft legislation on 10 December 2013. The commencement date should be confirmed at that point.

MQ asked how CDIs would be affected by the measure. MH said that he would consider this point and provide an answer outside of the meeting ([AP3](#)).

7. GOV.UK

Stamp Taxes content presently on the HMRC internet website would be migrating to www.gov.uk. An exact date for the move had not been set but this would be communicated to the group when known. Although the appearance will change the content will not. JE confirmed that hyperlinks that currently exist to other HMRC and HMT web content should remain.

CL commented that from personal experience migration to the new format should benefit everyone but particularly mobile users.

8. AOB

1. MQ advised the meeting that he is leaving Deloitte and returning to the Bar.
2. HB advised that changes over time have led to a situation where stamp duty late stamping penalties have come under scrutiny and HMRC had been reviewing the issue with a view to

bringing the calculation of these penalties more into line with current thinking. HB circulated an outline which would operate by applying a penalty based on a percentage of the late duty that would increase proportionately depending on lateness of presenting the document to be stamped. A new approach could be implemented without legislative change, by revising guidance.

Members of the group raised a number of issues with the approach that HMRC were considering. CL questioned whether there needed to be a clearer read across to 'new penalties'. MQ suggested that where the legislation gave discretion, that discretion cannot be fettered; the circumstances of particular cases would still need to be taken into account.

JS thanked the group for their input. HMRC would reflect on the points made in further developing and communicating the proposals and would report back to the group.

3. The group briefly discussed current trends in SDRT receipts (which had declined in 2012/13). The group thought that there were a number of factors contributing to the overall effect but no one factor stood out. Particular factors included:
 - Lower transaction volumes due to market volatility.
 - Institutional buyers had not been as active in the market.
 - Loss of 1.5% SDRT on new issues of shares.
 - Move away from UK equities trading to trading ETFs
 - Move away from UK equities trading to index / tracker funds
 - Investors turning to synthetic securities to avoid a high risk volatile market
 - FTSE/blue chips moving outside of the UK e.g. British airways

4. MH said that he would not be present at the next meeting of the group due to his impending retirement. He thanked the group for their kindness. The group expressed their thanks and good wishes to MH for the future. Jon Cannon had been appointed as Miles' successor (email: jon.cannon@hmrc.gsi.gov.uk).

5. CB stated that a 'same day stamping' service has traditionally been offered by Stamp Office for those business critical events. There is currently a dedicated telephone appointment line to the Birmingham office. This has become used less and less over time and the low take-up means this is not offering value for money. It is proposed that the same day stamping line will migrate to the contact centres that currently handle customer enquiries for Stamp Taxes. This will take effect from April 2014. Assurances were given that call handlers will be given additional training and support.

Action Point		For	Action By
AP1	To invite attendance from HMT, to update the group on current thinking and policy position on European Financial Transaction Tax issues	JS	Next meeting
AP2	To check that legislation with regard to applying the accountable date for payments within Regulation 2 (a) and (b) SDRT regulations 1986 (relevant transaction date + 14days) is being applied correctly.	CT	Next meeting
AP3	To consider how the 'growth markets' exemption will apply to CDIs.	MH	Next meeting