

Stamp Duty Land Tax Working Together Steering Group
Notes of Meeting on 10 February 2014
100 Parliament Street, London, SW1A 2BQ

(Please note action points and comments are at the back of this document)

Attendees

Demi Abeynayake [DA](HMRC)

Keith Brown [KB] (HMRC)

Micheal Callaghan [MC](LPSLG)

Martin Corbett [MC](ROS)

Catherine Dampier [CD](HMRC)

Jane Ewart [EW](HMRC)

Warren Gordon [WG] (LSE&W)

Diane Latter [DL](LSE&W)

Pat Lavery [PL] (HMRC)

John St Clair [JSC](SG)

Leigh Sayliss [LS](SHL)

Jon Sherman [JoS] (HMRC) (chair)

Sheila Southwick [SSo](HMRC) (note taker)

Clive Barnett [CB](HMRC)

Joyce Boutabba [JB](HMRC)

Paul Clark [PC] (CHH)

Isobel d'Inverno [IDI] (LSoS)

Nick Davies [ND](HMLR)

Eile Gibson [EG](CIOT)

Stephen Jewell [SJ] (HMRC)

Sheila Kumar [SK] (CLC)

Gerald Moran [GM](STPG)

Simon Sabel [SSa](CSP)

Jeremy Schryber [JSc](HMRC)

Elizabeth Thompson [ET](LPSLG)

Stephen Ward [SW] (CLC)

Apologies

Martin Callan

Jonathan Evans

Nigel Popplewell

Tony Capp

Ion Fletcher

Jean Pounder

1. Minutes and action points from the last meeting in July 2013.

(for July APs see Appendix 1)

The minutes from the July meeting were agreed and the action points were reviewed.

One AP was outstanding from the July meeting, AP2 July 2013 'PL will investigate how many referrals are made by the Helpline to Birmingham Stamp Office.' This information was issued with the agenda for this meeting.

2. Stamp Taxes Performance SDLT Current Turnaround Times

This information was issued with the agenda for this meeting.

The group discussed the operational performance information; the increase in the housing market has meant an increase in calls to the Helpline. PL requested that feedback about the Helpline, good or bad be emailed to him @ patrick.lavery@hmrc.gsi.gov.uk.

3. Digital Transactions

The group discussed the continued high error rate associated with returns filed by paper – 96% are now filed electronically but of the 4% 'paper returns', c.23% contain errors; this is in spite of concerted, ongoing customer education initiatives. In Stamps we are looking at options to help ensure a higher level of accurate completion/compliance; this includes a proposal to raise late-filing penalty charges (under existing legislation) on SDLT8s, which lead to a return not validating until 30 days after the effective date (currently the clock stops for paper filers once they provide minimum information, known as MDS1). There was broad agreement with this proposal and the need for a level playing field (parity between online and paper filers) albeit with one or two concerns about raising penalty charges on 'low value' questions.

AP1 JS suggested it might be helpful to arrange for a smaller, sub-group to talk through specific issues/problems (such as completion of SDLT returns); this could provide a useful forum for more in-depth discussion outside of the wider WTSG. We would therefore welcome members' views on the merits of this, including who should attend (and not necessarily confined to members of the existing WTSG). If there is a

consensus that it's worth pursuing, we would like to set up an initial meeting to explore how best to address the continued error rate in returns, including the best way of reaching/educating those agents responsible for the highest error rates. **For discussion at the next WTSG meeting**

4. ATED

Due to some difficulties with the IT system, 20% of ATED returns were on paper. Annual reminders will be issued from 28 February 2014 for all existing customers which will include a unique ATED reference number. (Every year a new payment reference number will be generated internally but existing customers will be able to use the payment number they have previously been issued with to make a payment.)

On the 3 March 2014 there will be:-

- a technical enquiry email box
- an additional information email box

To pay ATED there must be a payment reference number, for new customers there will be a 10 working day turn around target for the issue of the payment reference numbers.

Updated technical guidance will be available in March 2014.

5. Switching off SDLT in Scotland

In April 2015 the new Land and Building Transaction Tax in Scotland will mean that SDLT in Scotland needs to be switched off. The correct use of the LA code will enable Stamps to identify property in England and Wales.

A warning message will be displayed at the beginning of the electronic transaction. Once the agent has indicated that the transaction does not include land in Scotland, he or she will be able to proceed to the HMRC online filing system.

For paper filers, from October 2014 return forms not carrying a valid LA code will be rejected and returned to the sender. A valid LA code is already required for submission of an online return.

From April 2015 valid LA codes will be restricted to those in England, Wales and Northern Ireland. The LA code will be cross-checked against the first half of the property postcode and any apparent inconsistencies will be referred to a manual worklist.

Customer Education has begun:-

- Letters will be sent to paper filers who do not currently enter an LA code at all.
- Guidance will be updated shortly
- There is a Q&A brief for the Helpline.

SSa expressed concerns about the LA code website and will email CD with these concerns

JSC explained the Land and Building Transaction Tax (LBTT) has been established. His colleagues are working on the secondary regulations; there may be limited relief for subsales.

The Law Society of Scotland has made suggestions regarding re-development and tax avoidance. LBTT will have penalties similar to SDLT, interest rates and European GARR are also being considered. JSC will update the group at the next meeting

MC explained how LBTT will operate, Revenue Scotland is a tax authority for the Scottish Government and will delegate authority to ROS. Filing a return and making the relevant tax payment is one legal event and a direct debit arrangement will be available. ROS will offer a seamless service, using one portal for:-

- The payment
- The tax return
- Advance notice

a paper alternative will also be available.

6. Devolution for Wales

Draft legislation is being scrutinised and a representative will be invited to the next SDLT WTSG meeting in May 2014.

7. Deregulation

JE apologised for the delay in providing guidance on recent changes to the leases rules. It is hoped that the draft guidance will be available within the next month or so..

The group met in January 2014 to discuss further areas that would benefit from simplification:

- £1000 rule
- Abolishing the nil rate band
- Treated of the assignment of a lease as a grant (Sch17A/Para11).
- Reversionary leases
- Partnership and partner returns

It was acknowledged that of these, simplifying the rules on reversionary leases was the highest priority. The group will continue to work together to firm up proposals and the costs and benefits of these.

8. VOA

Stamp Taxes and the group are keen to move forward with VOA and schedules issues.

AP2 WG will forward an email to JS explaining his concerns

AP3 SS/PL will set up a meeting with VOA to discuss the concerns raised by the group

9. AOB

Prior to the meeting a number of queries were raised,

GM expressed concern about withdrawal of exclusions from the 15% SDLT rate because the conditions were no longer satisfied, in circumstances where the equivalent ATED relief would still apply because the conditions for an alternative relief were met.

GM noted that the draft Finance Bill focused on charities relief and asked how the KCL/Pollen case would apply to other reliefs, particularly Registered Social Landlords. JS explained that it was HMRC view that the decision was focussed on the question of whether partial relief was available for charities and did not impact on other SDLT reliefs. JS stated that if people had concerns about this they should make representations to HMRC/HMT.

Land Registry, ND explained the Land Registry will be offering a free Map Search product which will show index map representation. They are still gathering feedback and the site is not fully live yet, although the product is available as a beta.

50% discount from HM Land Registry, from 17 March 2014 HM Land Registry will be offering a 50% discount for certain applications submitted electronically.

Avoidance

Avoidance has been a priority within Stamp Taxes, resulting in a clamp down on the mass market of avoidance schemes. JS asked the group to report any intelligence on schemes and avoidance to Stamp Taxes.

Date of next meeting – 1 May 2014

Appendix 1

Action Points	Feb 2014 Meeting	For	Action By
AP1 Feb 2014	JS suggested it might be helpful to arrange for a smaller, sub-group to talk through specific issues/problems (such as completion of SDLT returns); this could provide a useful forum for more in-depth discussion outside of the wider WTS. We would therefore welcome members' views on the merits of this, including who should attend (and not necessarily confined to members of the existing WTS). If there is a consensus that it's worth pursuing, we would like to set up an initial meeting to explore how best to address the continued error rate in returns, including the best way of reaching/educating those agents responsible for the highest error rates. For discussion at the next WTS meeting	Group	1/5/14
AP2 Feb 2014	WG will forward an email to JS explaining his concerns about Schedules/VOA. After the meeting WG sent the email	WG	3/3/14 Discharged
AP3 Feb 2014	SS/PL will set up a meeting with VOA to discuss the concerns raised by the group. HMRC/VOA meeting has taken place.	SS/PL/TC	1/5/14

Action Point	April 2013 Meeting	For	Action By
AP4 - April 13	TC, will discuss the possibility of simplifying the schedules within the VOA and will feed this information back to SSo who will cascade this information to the group. TC has stated he will look at what if any scope there is for streamlining information and he will set up a discussion with SSa and WG.	TC	1 July 2013