

Stamp Duty Land Tax Working Together Steering Group
Notes of Meeting on 8 September 2014
100 Parliament Street, London, SW1A 2BQ

(Please note action points and comments are at the back of this document, see appendix 1&2)

Attendees

Demi Abeynayake [DA] (HMRC)	Repa Antonio [RA] (WG)
Joyce Boutabba [JB](HMRC)	Keith Brown [KB] (HMRC)
Michael Callaghan [MiC](LPSLG)	Martin Callan [MaC] (ILEX)
Jon Cannon [JC] (HMRC)	Catherine Dampier [CD] (HMRC)
Nick Davies [ND] (HMLR)	Jonathan Evans [JE] (Linklaters LLP)
Eile Gibson [EG] (CIOT)	Warren Gordon [WG] (LSE&W)
Sally Gwalchmai [SG] (HMRC)	Diane Latter [DL](LSE&W)
Luke Marsland [LM] (HMRC)	Gerald Moran [GM](STPG)
Tom Nicholls [TN] (WG)	Simon Sabel [SSa] (STDG)
Leigh Sayliss [LS] (SHL)	Jeremy Schryber [JSc](HMRC)
Sheila Southwick [SSo] (HMRC) (note taker)	Fiona Taylor [FT] (SG)
Elizabeth Thompson [ET] (LPSLG)	Stephen Ward [SW] (CLC)
Geoff Yapp [GY] (HMRC) (chair)	

Apologies

Tony Capp	Paul Clark
Martin Corbett	Isobel d'Inverno
Jane Ewart	Ion Fletcher
Jane Hume Poyner	Pat Lavery
Nigel Popplewell	Jean Pounder

1. New Deputy Director for Stamp Taxes

GY, the new Deputy Director of Stamp Taxes introduced himself to the group.

2. Minutes and action points from the last meeting in May 2014.

The minutes from the May meeting were reviewed, an amendment was agreed to item 6 Devolution (6 words were removed).

3. ATED

On 5 September a discussion paper was issued with a tight deadline for feedback of 16 September, it was agreed the deadline would be extended until 22 September.

Section 110(2) provides an exception to the aggregation rule relating to interests held by connected persons where a connected person is an individual and the company's interest is no more than £500,000. Aggregation still applies unless the individual's interest is a substantial majority interest, and the enveloped value of the company's interest is a minority interest.

So for the taxable value band of £2,000,001 to £5m aggregation still applies if the enveloped interest is greater than 25% of the band lower threshold, although this percentage reduces for the property bands £5m+; £10m+ and £20m+.

Following the reduction in the taxable value threshold to £500,000+ we now need to consider what should be done with the current £500,000 limit in section 110(2).

JB asked the group for their thoughts about the paper and pointed out there were three options:-
Option 1 - Do nothing

Option 2 - Reduce the £500,000 limit to £250,000 and £125,000

Option 3 - Leave the £500,000 as now but introduce a £250,000 limit to apply to the new bands.

JB explained ATED IT solutions should be in place by August 2015, in preparation for the October 2015 filing date.

There will be a new ATED relief for Equity Release Schemes, where a company buys a dwelling and rents it back to the seller.

4. Devolution and LBTT

HMRC is working on its communications campaign for the changes from 1 October 2014. When all paper filers must use a valid Local Authority (LA) code on forms SDLT1, SDLT3 and SDLT4 or the forms will be rejected and returned. HMRC are drafting communication products at the moment which they will share with the group.

Draft joint guidance is also being developed, which should mean customers are not bounced from one website to the other.

CD pointed out that HMRC online filing system will provide a 'pop-up box' asking the agent to confirm whether the property is in England, Wales or Northern Ireland and this pop up message should stop Scottish transactions from being filed and will link to the transitional guidance. User testing will be available in November 2104

To ensure a transaction did not relate to a Scottish property, it was suggested that the LA code could also be requested at the 'pop-up box' stage.

AP1 CD will investigate whether the LA code could also be requested on the 'pop-up box'.

It was asked whether the SDLT5 certificate might contain a 'rider' which explains that from April 2014 all Scottish transactions will be covered by the new Building and Land Transaction Tax (LBTT)

AP2 CD will investigate whether it is possible for a rider to be printed on the SDLT5 certificate to explain LBTT.

AP3 CD and FT will speak with Michael Nicholson (IT solutions, Revenue Scotland) and to advise him that the group would like more information on:-

- registering for LBTT
- third party software providers linking to both systems.

CD agreed to arrange for Michael Nicholson to attend the next SDLT WTSG meeting.

There are approximately 33 LA codes relating to Scotland and no LA codes cross the border between England and Scotland.

CD asked the group for suggestions regarding how to raise awareness of the switch over from SDLT in Scotland to LBTT, she suggested using social media such as twitter?

FT explained worked in the Fiscal Responsibility Division of the Scottish Government, who are responsible for LBTT policy. She also explained that Revenue Scotland would soon be constituted as a Non-Ministerial Department of the Scottish Government and that they had the power to collect the tax. The Revenue Scotland and Tax Powers (Scotland) Bill, went through stage three clearance in August, which included the framework and powers for Revenue Scotland.

There have been two LBTT consultation documents:-

The first covered:-

- the process for deferred and contingent payments

- taxes on licensed premises
- multiple dwelling relief

The second covered subsale relief for LBTT

The Scottish Budget will be announced on 9 October and the rates and bands for LBTT will be available. It is anticipated this will generate additional calls to the Stamp Taxes helpline.

The website goes live from the end of September, when tax payer guidance will also be available. FT explained that it is anticipated that IT user testing for the LBTT return system will begin in November 2014.

5. Devolved taxes in Wales

The UK Government's Wales Bill to devolve Stamp Duty Land Tax and Landfill Tax to Wales is expected to achieve Royal Assent by the end of this year. Competence is for a transaction tax and this is what Welsh Government will be working on. In respect of timetable, they have decided to focus on tax collection and management first. As a consequence, they are shortly due to consult on proposals to establish a tax administration function and the make-up of a new Welsh tax collection management authority.

RA explained that they are aiming to consult on the Welsh replacement to SDLT in Spring 2015 and they are keen to obtain this Group's input on their proposals, particularly around the Scottish and UK approach to avoidance – the different GAARs and how to deal with them. The target date for the new tax to come on line remains 2018.

There are no LA codes which cross the borders of England and Wales, but there are some properties which do straddle both sides of the border. The Wales Bill has details on how these properties will be treated for Stamp Duty Land Tax purposes.

It was pointed out to the group that ATED will not be devolved, which is a tax applicable to Scotland and Wales, England and Northern Ireland.

6. VOA

WG updated the group about a meeting in July 2014 with Stamp Taxes, VOA representatives and key stakeholders which looked at the information required by VOA for rating purposes.

At the meeting it was suggested the sales contracts schedules of occupation leases may contain all the information VOA require. This is currently being tested by TC and WG asked the group to send their schedules to TC.

SSa informed the group he had spoken to VOA, IT technical staff to see if there was a simple electronic solution which would collect the information off the schedules, at the moment this is not possible.

There is a follow up meeting planned for 12 January 2015 to take stock of the information gathered and decide whether the schedules supply enough information for VOA.

SSo is happy to forward any information to TC (tony.capp@voa.gsi.gov.uk.)

7. Estates agents/finders fee

There was a recent meeting with the National Association of Estate Agents (NAEA), where finder's fees were discussed. This is where the buyer pays for everything, including the seller's agent's fee, this which has SDLT implications.

(An introductory fee is not a finder's fee, this is where an agent is employed to look at a number of properties and SDLT would not apply here.)

At the meeting it was agreed more guidance was required which should include different scenarios. GM offered to provide some scenarios for the draft guidance. Draft guidance should be available in November 2014 and it will be shared with the group.

The group were informed NAEA did not approve of this practice and wanted to raise an awareness of the SDLT implications within the target audience. It was also suggested that a representative from NAEA should be invited to the SDLT WTSG meetings.

8. Multiple Dwelling Relief

GM discussed MDR in relation to registered Social Landlords
AP4 KB will talk to treasury about this issue and will feedback to the group

AOB

9. Brief about errors on paper returns

It was acknowledged, there can be valid reasons why people choose to file paper returns. There are rural broadband issues in Scotland and Wales, which may explain why some people choose to use paper returns, but for most property transactions online filing is the easiest way to file a return.

Some members of the group explained that on occasion they wanted to print a blank form but the system is not designed for that purpose.

10. Tax Simplification/ lease renewals and holding over

The group are keen to see the draft guidance about tax simplification/ lease renewals and holding over
AP5 JC will obtain an update from JE about the new guidance relating to

- tax simplification/ lease renewals
- holding over

and he will update the group.

11. DOTAS - Accelerated Payment

GM suggested that conveyancers acting for users of old schemes would be helped if guidance was not only published by AAG but also within SDLT information.

JC will seek further advice from Counter Avoidance colleagues, they have already confirmed that APN cannot apply in respect of DOTAS numbers for SDLT issued prior to 1 April 2010 and the guidance will be updated.

12. Trees

WG questioned an article in the draft 2/2014 Stamp Taxes Bulletin, he will arrange for a contact within CLA to liaise with KB about the information relating to trees.

Date of next meeting – 5 December 2014

Appendix 1

Action Points	September 2014 Meeting	For	Action By
AP1 Sept 20141	CD will investigate whether the LA code could also be requested on the 'pop-up box '.	CD	5/12/14
AP2 Sept 20141	CD will investigate whether it is possible for a rider to be printed on the SDLT5 certificate to explain LBTT.	CD	5/12/14
AP3 Sept 20141	FT will provide information about the LBTT registration process	FT	5/12/14
AP4 Sept 20141	KB will talk to treasury about MDR and registered Social Landlords and will feedback to the group	KB	5/12/14
AP5 Sept 20141	JC will obtain an update from JE about the new guidance relating to <ul style="list-style-type: none"> • tax simplification/ lease renewals • holding over and he will update the group.	JC	5/12/14

Appendix 2

Action Points	May 2014 Meeting	For	Action By
AP1 May 2014	SJ offered to prepare a paper listing the top ten errors on paper forms, the group requested that this information be issued well in advance of the next September meeting, which will enable them to reflect on the information.	SJ	Before Sept 2014 meeting <i>done</i>
AP2 May 2014	TC and Stamp Taxes will form a small sub-group to discuss this briefing paper, what information is needed by VOA? The group will consider the most effective way of collecting this information, taking into account costs and benefits to different government departments? The group will report back to SDLT WTSG with their finding. <i>Stamps and VOA meeting took place 22/7/14.</i>	TC	Before Sept 2014 meeting
AP3 May 2014	PC and GM will provide simple examples to support PC's paper about SDLT on assignment of an agreement for lease.	PC and GM	Before Sept 2014 meeting <i>done</i>