

Stamp Duty Land Tax Working Together Steering Group
Notes of Meeting on 5 December 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

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| Demi Abeynayake [DA] (HMRC) | Andy Bedworth [AB] (HMRC) (chair) |
| Keith Brown [KB] (HMRC) | Neil Butt [NB](WG) |
| Martin Callan [MaC] (ILEX) | Tony Capp [TC](VOA) |
| Paul Clark [PC] (CHH) | Catherine Dampier [CD] (HMRC) |
| Nick Davies [ND] (HMLR) | Jane Ewart [JE](HMRC) |
| Ion Fletcher [IF](PBF) | Karen George[KG](VOA) |
| Warren Gordon [WG] (LSE&W) | Isobel d’Inverno [IDI](LSS) |
| Jenny Ladbury [JL](LPSLG) | Pat Lavery [PL](HMRC) |
| Alan Martin [AM](RS) | Gerald Moran [GM](STPG) |
| Simon Sabel [SSa] (STDG) | Jon Sherman [JS](HMRC) |
| Sheila Southwick [SSo] (HMRC) (note taker) | Elizabeth Thompson [ET] (LPSLG) |
| Stephen Ward [SW] (CLC) | |

Apologies

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|--------------------------------|------------------------------|
| Michael Callaghan [MiC](LPSLG) | Jon Cannon [JC] (HMRC) |
| Martin Corbett [MC](ROS) | Jonathan Evans[JE](BPF) |
| Sally Gwalchmai [SG] (HMRC) | Eile Gibson [EG] (CIOT) |
| Diane Latter [DL](LSE&W) | Nigel Popplewell [NP](LSE&W) |
| Jean Pounder [JP](CLC) | Leigh Sayliss [LS] (SHL) |
| Geoff Yapp [GY] (HMRC) | |

Introductions

AB introduced himself as the chair for the meeting, he also acknowledged that NB, KG and AM were attending the meeting for the first time. AB also welcomed JS (previous DD of Stamps Taxes and now Director of Corporation Tax, International and Stamps (CTIS)) back to the group.

Jon Sherman

JS acknowledged that the Autumn Statement (AS) change of structure of SDLT would impact on the group and their firms and asked for their reaction to the AS announcement.

One member of the group expressed concern that the lease calculator still contained the old rates. JE explained that Stamps were working on this and as a short term measure HMRC would highlight on the website that for leases the new calculator should be used to calculate the SDLT on the premium and the lease calculator to work out the SDLT due on the rent.

AB said there had been over 700,000 hits on the Stamps calculator and it had coped well with this increased usage.

The group discussed the definition of a conditional contract for the purposes of the transitional rules - for example a contract could be conditional upon an external event or decision over which the parties have no control, such as planning permission being obtained. The group agreed that the characteristics of a contract were well understood amongst property professionals and detailed guidance was not required on this.

It was agreed that in the New Year, HMRC would be giving further thought to the definition of a residential dwelling. Stamps pointed out that the new rates do not apply for mixed use properties. HMRC confirmed that the 15% rate is not affected by the new rate structure for SDLT.

The group pointed out, that for transactions in Scotland, there were three regimes to be considered, according to the effective date:

- SDLT old rates up to 3 December 2014
- SDLT new rates from 4 December 2014 to 31 March 2015
- Land and Buildings Transaction Tax (LBTT) applies from 1 April 2015.

The AS was classed as a massive change within Stamp Taxes and through flexible working and by having a good communication strategy the dedicated staff were able to offer a good level of service to customers after the AS announcements. SSa stated he was very pleased with the communication process and the new system. WG praised Stamp Taxes for the level of secrecy that was maintained throughout the Autumn Statement period, the group had no idea or suggestion of the changes.

JS thanked the group for being very helpful during the process.

The group asked whether there were plans for commercial property transactions to move to a marginal rate structure. This would be a matter for ministerial decision and nothing is currently planned.

ATED changes in the Autumn Statement

JE explained there were two announcements relating to ATED in the Autumn Statement:

- Increased charges from 1 April 2015
- A Changes to the filing requirements for taxpayers who are eligible to claim relief from ATED (the team are happy to discuss the proposals further with the group).

HMRC are also working on a new IT system for ATED, which should be available during 2015 (the actual date is to be agreed).

Other SDLT changes in the Autumn Statement

MDR, Covering lease and lease back and shared ownership MDR

Alternative Finance – change to definition of a financial institution, to include the providers of the house purchase plans, so that users of home purchase plans can benefit from this relief

Application of SDLT on certain authorised property funds, further consultation will be undertaken with any legislative changes being included made in 2016.

Where applicable, draft legislation on above changes will be available next week.

SDLT Technical Forum

AB updated the group about a SDLT Technical Forum which took place on 24 November 2014. Terms of reference have been established and notes of the meeting will be available on the website. The SDLT Technical Forum will cover SD and SDLT issues and consists of representatives from CIOT, Law Society and STPG.

The forum allows the group to meet and discuss challenging issues, and to identify areas of guidance to update.

At the meeting on 24/11/14 they discussed:-

- DOTAS – Step B
Pre-completion transactions (The group were also informed that Jeremy Schryber has left Stamp Taxes and moved to Controlled Foreign Companies.)
- Transition to LBTT in Scotland, KB explained the guidance relating to the transition from SDLT to LBTT has been agreed but there had been a glitch with formatting the document. This will be published in January.
- Trees - The forum agreed that if trees are planted in the land they are part of the land

- Stamp Duty s77 relief and the definition of issued funded debt
- Land Pooling
- Definition of residential property for SDLT
- Overlap relief and regrants
- Hold over and renewals, staff are busy writing this guidance.

If members of the SDLT WTSG wish to raise agenda items for the Technical Forum, please do this via Jon Cannon and Andy Bedworth. It is intended that in addition to a core group of attendees, additional places will be available to support specific agenda items, where people have particular knowledge or interest in a topic.

Devolution

CD will be updating the transitional guidance to include the new SDLT rates structure.

From 1st April 2015 there is a need to enter the correct LA code to prevent returns being rejected. Incorrect codes have not previously led to rejection, so careful communications will be needed. CD thanked everyone involved in the communications campaign and she also informed the group, there would be codes for transition cases and verification cases.

Welsh Government

The new tax will be called Welsh Tax on Transactions involving Land (WTTIL) and it is expected to come into effect from April 2018. There will be a Welsh Revenue Authority responsible for administering the new tax.

Stakeholder engagement has commenced, there are three technical expert groups, consisting of the Law Society, CIOT, Law firms and commercial dealers. Early drafts of the outputs will be available in January 2015, which will be shared with HMRC and the Scottish Government.

All the legislation is in dual language. SSa pointed out that, if dual-language returns are mandatory, this may present problems with field lengths within the software.

NB AP 1 will send a copy of the drafts to SS and CD for them to circulate around the SDLT WTSG group

Revenue Scotland

Recruitment is underway for go-live and all forty staff should be in post by the summer of 2015.

Legislation is key to delivery, there are three acts, two are tax specific and one covers the tax powers and gives Revenue of Scotland the power to collect the tax.

Secondary legislation, covers e.g. tribunal rules and first and second tier action, time limits for seeking an appeal.

LBTT secondary legislation has also been covers subsale relief

- MDR
- Licences
- Charities
- Crofting - right to buy.

Guidance

Draft transitional guidance has been written jointly by HMRC and Revenue Scotland and this has been well received. This is expected to be published in January.

Development of the IT systems is progressing well and user testing will begin in the middle of December. Schema for the third party provider (TPV) software was published on 5 December 2014 on the Revenue of Scotland website.

Users will be able register for the new portal during February 2015.

The Keeper of the Registers needs to know the tax has been paid before land can be registered.

Online filing will be interactive, there will be various options to pay, including a payment option within the online filing process.

There has been a joint communications group with HMRC, Registers of Scotland and CIPA colleagues as well as regular meetings with the Law Society of Scotland.

The recent Smith Commission Report recommended devolution of further taxes to Scotland including:-

- Air passenger duty
- Aggregates levy
- Income tax rates in entirety

These recommendations do not affect devolution of SDLT in April 2015.

VOA

TC introduced Karen George (KG), his replacement and commented on his recent brief and the VOA/SDLT WTSG Stakeholder meeting which took place in July 2014. TC explained there was a consultation document in the summer of 2014, which talked about the structure of evaluations and the Autumn Statement suggested a review of business rates.

VOA are undergoing a review, which includes how they receive information, updating their IT system and considering whether all contact should be online.

TC also explained that subleases cause significant work and discussions are continuing. VOA also need to explore the legal basis for them to request information.

It was agreed to push the next VOA /Stakeholder meeting on 12 January 2015 back until later in 2015, until after the results of the consultation document have been published

AOB

The Group asked about the statistical information they receive and requested that electronic payment information also be included.

AP PL2 agreed to provide this statistical information and he would arrange for it to include information about electronic payments.

Stamps explained they wish to improve their customer service, by encouraging the take up of electronic payments, encouraging customers to pay money into the right bank account. There have been occasions where the money has been paid into the Stamp Duty bank account and not the SDLT bank account. This means that customers and agents are receiving letters about outstanding debt, which has already been paid, creating confusion for the customers and agents.

There was also a discussion about paper SDLT forms, annually 150,000 SDLT1 forms are issued but only 50,000 are scanned at Netherton, the group expressed surprise at this apparent waste of paper and suggested firms should be charged for paper forms.

Appendix 1

| Action Points | Dec 2014 Meeting | For | Action By |
|--------------------|--|-----|-----------------------------|
| AP1 Dec 2014 | NB will send a copy of the drafts for the Welsh Tax on Transactions involving Land (WTTIL) to SS and CD for them to circulate around the SDLT WTSG group | NB | Jan 2015 |
| AP2 Dec 2014 | PL agreed to provide statistical information to the group and he would arrange for this to include information about electronic payments, helpline calls and the numbers of returns filed. | PL | Before the Feb 2015 meeting |