

Stamp Duty Land Tax Working Together Steering Group
Notes of Meeting on 17 February 2015
100 Parliament Street, London, SW1A 2BQ

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

Attendees

Keith Brown [KB] (HMRC)	Dawn Bunyan (DB)[VOA]
Jon Cannon [JC] (HMRC)	Catherine Dampier [CD] (HMRC)
Nick Davies [ND] (HMLR)	Jonathan Evans [JoE] (Linklaters LLP)
Jane Ewart [JaE](HMRC)	Eile Gibson [EG] (CIOT)
Sally Gwalchmai [SG] (HMRC)	Warren Gordon [WG] (LSE&W)
Andrew Hewitt [AH](WG)	Mark Hayward [MH](NEAA)
Isobel d’Inverno [IDI](LSS)	Jenny Ladbury [JL](LPSLG)
Pat Lavery [PL](HMRC)	Gerald Moran [GM](STPG)
Simon Sabel [SSa] (STDG)	Leigh Sayliss [LS] (HK)
Sheila Southwick [SSo](HMRC)(note taker)	Stephen Ward [SW] (CLC)
Geoff Yapp [GY] (HMRC)	

Apologies

Demi Abeynayake	Neil Butt
Martin Callan	Paul Clark
Michael Callaghan	Martin Corbett
Ion Fletcher	Karen George
Diane Latter	Alan Martin
Nigel Popplewell	Jean Pounder
Philippa Staples	Elizabeth Thompson

Minutes from the last meeting

The minutes from the December meeting were agreed by the group. APs from the December meeting were discussed:-

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 number of returns filed.	PL	Before the Feb 2015 meeting

AP1 Dec 14 SSo circulated a link to this draft consultation for the new Land Transaction Tax (LTT) @ <http://gov.wales/newsroom/finance1/2015/150210-land-transaction-tax/?skip=1&lang=en> on 12 February 2015. (Previously known as Welsh Tax on Transactions involving Land (WTTIL))

AP2 Dec 14 PL explained, the stats issued with the agenda for the February 2015 meeting, were not complete as he was still waiting for the January helpline stats and when these were available he would share these with the group. The statistics relating to payments showed a noticeable reduction of payments made in January 2015. The group discussed methods of payment and suggested within small companies, it was easier to control a client account using cheque payments, where two signatures were required.

The group agreed electronic payments should be encouraged, with the added benefit of a receipt being available.

The group discussed the online filing figure of 97.46% and that 20% of paper returns contain errors. The group also pointed out that filing a paper return is complicated, whereas the online process is far simpler.

Planning for Autumn Statement meant that the 11 staff manning the helpline, was increased to 1,000 staff, this support was withdrawn on 17 January 2015, when the number of calls returned to business as usual levels.

Switch off of SDLT in Scotland

CD apologised, that representatives from Revenue Scotland (RS) and Registers of Scotland (RoS) were not available to attend the meeting. An email containing a link to the new transitional guidance on the introduction of Land and Buildings Transaction Tax (LBTT) @ <https://www.gov.uk/government/publications/transitional-land-and-building-transaction-tax-guidance> had been issued to stakeholders on 17 February 2015.

CD explained everything was on track for the target date of 1st April 2015, CD asked whether the group could provide any live examples of concerns/problems they could share with her. CD also explained that RS, RoS and HMRC would welcome their thoughts and feedback on the transitional guidance. RS's helpline and website are live, they have been holding roadshows across Scotland and these will continue for a few more weeks.

RS will also be producing a webinar which CD offered to circulate to the group when available.

CD asked the group to consider additional communication opportunities, she asked whether they would place messages on their websites about this new guidance and that she and SSo be informed of this additional support.

AP1 Feb 15 WG offered to cascade the information to members of the Law Society in England and Wales.

The group were informed that a company/organisation must sign up to submit returns to LBTT and payment of LBTT must be made at the same time as the transaction details are entered.

SSa, said he would welcome information confirming which firms are signed up to LBTT and asked whether companies could advertise when they have signed up to LBTT.

It was also suggested that Scottish firms will need to complete the LBTT returns.

Switch off of SDLT in Wales

This new tax will be called Land Transaction Tax (LTT)

The Welsh Ministers are particularly keen to hear views about:-

- Rates and bands
- Reliefs
- Compliance and avoidance rules

The Welsh Government election takes place on 5 May 2016 and the new tax will go live in 2018. There will be a consultation on the bill before it is laid. It was acknowledge that members of the group may wish to be involved in consultation meetings about the bill.

It is also acknowledged there is much more of an overlap between English and Welsh transactions, than there is between English and Scottish transactions, as the border is more densely populated and some land crosses the borders of England and Wales.

Office of Tax Simplification

There have been two reports published by Office of Tax Simplification (OTS):-

- Review of Partnerships
- Review of the competitiveness of the UK Tax administration

These were discussed at the SDLT Deregulation sub group in January 2015, where it was agreed that the group would work with HMRC to take forward the recommendations.

AP2 Feb 15 JaE will send out a link to the reports. JaE is happy to take any comments on the recommendations and would also welcome examples of the difficulties examples of the problems and will keep the group updated on progress.

Review of Partnerships

OTS published their final report in January 2015 and HMRC is committed to taking forward their recommendations.

The main recommendations of the report were:

1. HMRC guidance should be clearer on SDLT liabilities following changes in profit sharing ratios. A member of OTS (Gary Richards) will be working with HMRC on this and may attend future meetings.
2. HMRC should consider whether there should be a formal rule in SDLT that no tax will apply in partnership reorganisations unless cash changes hands.

Other issues raised by OTS were:

1. Inconsistency in legislation between partnerships being treated as transparent in some and in others the partnership having an SDLT liability but OTS recognised that there may be wider issues on how partnerships should be treated for tax purposes, with SDLT following principle.
2. Consideration should be given to whether the rules could be simplified, in particular whether paragraph 17A of Schedule 15 should be abolished.
3. HMRC raised an issue about having to issue enquiry notices to every partner.

There was discussion around the proposals and the complexity of partnership provisions, it being accepted that a wider review of the provisions would be desirable but that this was not possible at present because of the resources that would need to be committed to such work.

Review the competitiveness of the UK Tax administration

The OTS remit was to review what the government could do to further improve the competitiveness of the UK tax administration. Final report was published in October 2014.

There was only one recommendation on SDLT. This was to, streamline the process when a return is required at the 5 year stage for leases with uncertain rent, giving consideration to whether a form *de minimis* would be appropriate.

The group agreed that this was an issue - there is no obvious trigger for taxpayers and it is unlikely that an agent would still be involved at the 5 year point to remind taxpayers that a return is due. The group discussed whether HMRC send/could sent out reminders at the 5 year point and what records HMRC retained of further returns. It was agreed that these were issues that could be looked at as part of the review.

Autumn Statement

The group was asked what more should Stamps do to support the stakeholders following Autumn Statement.

The group asked for guidance and for the lease calculator to be updated. The group were informed the lease calculator would be signed off week commencing 23 February 2015. The group explained that updating the guidance was a priority, because tax payers were uncertain about the changes.

The group asked whether there has been an increase in 'mixed use' property transactions since Autumn Statement. The group were informed that of all transactions two thirds are residential and one third is non-residential.

GM asked about how, under the new rates for residential property, SDLT should be calculated where there was contingent or contingent consideration an application for deferral was made. Advice had been sought on this but there is nothing yet in guidance.

AP3 Feb 15 JaE agreed to arrange for the guidance on deferred payments to be updated.

Filing Options

ATED - there will be a new filing system

SDLT - 99% of returns are filed by agents, and 97% are filed online

60% of payments are paid electronically.

Mandation – SDLT returns are data rich, and Stamps wants to investigate whether the information collected on behalf of VOA can be collected from other sources.

Thinking about the digital space, e-conveyancing, Land Registry, HMRC and VOA. HMRC is currently investigating, capturing information once via government sources and using it once.

HMRC is thinking about what the customer wants to know? Has my payment been received?

SSa informed the group there was a Cross Government forum on 18 February 2015 and VOA were attending this meeting.

The group were informed LBTT will collect less data than is currently collected by SDLT.

Thinking about the information Stamps currently collects for VOA, which includes information about student leases, but in fact VOA wants information about the state of the property and whether it need repairing. DB informed the group that VOA are interested in the frequency of re-evaluations and incentives used to attract clients to a property, such as any rent free periods.

DB discussed the review of the administration of business rates announced by the Chancellor in his 2013 Autumn Statement and the paper summarising the government's interim findings which was published in December 2014. She explained the paper sets out how the VOA, HMT and DCLG are taking forward work on a more efficient appeals system, billing and collection and the gathering, use and sharing of information required for business rates. (available @ <https://www.gov.uk/government/publications/administration-of-business-rates-in-england-interim-findings>) She also explained the public consultation will close on 28 February.

The question was raised is the current information being used and what is the best portal to gather information

AP4 Feb 15 DB will investigate whether VOA can collect data from other public sectors.

She informed the group that the information from SDLT returns is used for:-

- council tax
- business rates

SSa suggested we have a representative from the cabinet office at the next meeting

AOB

GM asked about section 75A and Project Blue decisions, he explained it is difficult to advise clients on the legislation and he would like clearer rules.

The group agreed this needed some thought and Stamps will need to wait to see what happens with the appeal and how the case is argued.

Appendix 1

Action Points	Feb 2015 Meeting	For	Action By
AP1 Feb'15	WG offered to cascade the information the new transitional guidance on the introduction of Land and Buildings Transaction Tax (LBTT) @ https://www.gov.uk/government/publications/transitional-land-and-building-transaction-tax-guidance to members of the Law Society in England and Wales.	WG	12 March 2015
AP2 Feb'15	JaE will send out a link to the reports and she is happy to take any comments and keep the group updated.	JaE	End March 2015
AP3 Feb'15	JaE agreed to arrange for guidance on deferred payments to be updated.	JaE	June/August 2015
AP4 Feb'15	DB will investigate whether VOA can collect data from other public sectors.	DB	June 2015