



HM Revenue
& Customs

Stamp Duty Land Tax - The Stamp Duty Land Tax (Administration) (Amendment) Regulations 2021

Who is likely to be affected

Non-UK resident purchasers of residential property in England and Northern Ireland together with conveyancers and other professionals who make Stamp Duty Land Tax (SDLT) paper returns.

General description of the measure

This statutory instrument (SI) is to update the SDLT paper return in accordance with the introduction of new rates of SDLT for non-UK resident purchasers of residential property.

Those new rates announced at Spring Budget 2020 will apply to purchasers of residential property in England and Northern Ireland who are not resident in the United Kingdom as well as some UK resident companies which are controlled by non-UK residents. The rates will be 2% higher than those that apply to purchases made by UK residents, and will apply to purchases of both freehold and leasehold property as well as increasing SDLT payable on rents on the grant of a new lease.

A technical consultation on the draft SI will be held during October and November 2020.

Policy objective

The introduction of the non-resident SDLT surcharge requires changes to the SDLT return for the purposes of administering the tax and for compliance purposes.

Background to the measure

The non-resident SDLT surcharge measure was announced at Budget 2018 and a consultation ran from 11 February 2019 to 6 May 2019. The consultation included proposed consequential changes to the SDLT return.

Detailed proposal

Operative date

The SI will apply the changes with effect from 1 April 2021.

Transitional provisions will also apply so that where the effective date of transaction (defined in section 119 of the Finance Act 2003) is before 1 April 2021, returns made on either the current prescribed SDLT return or the new prescribed SDLT return will be accepted up until 30 April 2021.

Where the effective date of transaction is on 1 April 2021 or later, only returns made on the new prescribed SDLT return will be accepted.

Current law

Schedule 2, Land Transaction Return, of the Stamp Duty Land Tax (Administration) Regulations 2003, (The Principal Regulations).

Proposed revisions

Legislation will amend Schedule 2, Land Transaction Return, of the Stamp Duty Land Tax (Administration) Regulations 2003. This will substitute a new form SDLT 1 for the form currently prescribed by Part 1 of Schedule 2 to the Principal Regulations.

Summary of impacts

Exchequer impact (£m)

2019 to 2020	2020 to 2021	2021 to 2022	2022 to 2023	2023 to 2024	2024 to 2025
nil	nil	nil	nil	nil	nil

This measure is expected to have no impact on the Exchequer.

Economic impact

The non-resident SDLT surcharge measure may help to control house price inflation, by leading to a reduction in residential property purchases by non-UK residents, some of which is offset by an increase in purchases by UK residents.

Impact on individuals, households and families

The non-resident SDLT surcharge measure will affect individuals who will be required to consider their residence status when purchasing a residential property. Most individuals will be clear as to their residence status for the purposes of SDLT but some individuals with more complex affairs or who have regular periods in and out of the UK may require additional advice and incur additional costs in determining their tax liability. Where individuals pay the surcharge but then satisfy the residence conditions in the 12 months following the transaction, they may be entitled to a refund.

Customer experience could be negatively impacted as this measure may create complexity for individuals in establishing the rate at which SDLT is payable on their property purchase. To support, we will produce guidance setting out how individuals can determine their residence status and whether they are entitled to claim a refund. This measure may impact family formation, stability or breakdown by increasing upfront costs for some non-UK residents purchasing a home in England or Northern Ireland. It could affect customer decisions around the type and location of property purchased.

Equalities impacts

It is not anticipated that there will be impacts on groups sharing protected characteristics.

Impact on business including civil society organisations

This measure is expected to have a negligible impact on businesses who will be required to consider their residence status when purchasing a residential property in England or Northern Ireland. It is expected that recording this on SDLT returns will be a straightforward task. For businesses with complex ownership structures, more time and extra costs may be involved in assessing their residence status. One-off costs include familiarisation with this change and will include businesses identifying their residence status in order to self-assess their SDLT liability. There are not expected to be any ongoing costs.

Customer experience could be negatively impacted for businesses with complex ownership structures as it may be more difficult for them to establish the rate at which SDLT is payable on their property purchase. This measure is not expected to impact civil society organisations.

Operational impact (£m) (HMRC or other)

HMRC will make changes to IT systems to implement the non-resident SDLT surcharge measure.

The costs associated for implementing the changes to the SDLT return have been factored in to the estimated cost of the measure.

Other impacts

This measure will require the collection of personal data from purchasers. Other impacts have been considered and none have been identified.

Monitoring and evaluation

This measure will be monitored through information collected on land transactions returns and through communication with affected groups.

Further advice

If you have any questions about this change, please contact the HMRC Stamp Taxes team at stamptaxes.budgetfinancebill@hmrc.gov.uk

Declaration

Jesse Norman MP, Financial Secretary to the Treasury has read this tax information and impact note and is satisfied that, given the available evidence, it represents a reasonable view of the likely costs, benefits and impacts of the measure.