

Clause 21: SDLT: changes to periods for delivering returns and paying tax

Summary

1. This clause reduces the time limit that purchasers have to file a stamp duty land tax (SDLT) return and pay the tax due, from 30 days after the effective date of the transaction to 14 days. It applies to transactions to purchase land in England and Northern Ireland, with an effective date on or after 1 March 2019.

Details of the clause

2. Subsection 1 introduces amendments to the Finance Act 2003.
3. Subsection 2 amends section 76(1) (duty to deliver a land transaction return), reducing the time limit for filing a land transaction return in relation to notifiable transactions to 14 days after the effective date of the transaction.
4. Subsection 3 amends section 80(2) (adjustment where contingency ceases or consideration is ascertained), reducing the time limit to 14 days for filing a return in cases where a transaction was not previously notifiable but as a result of new information becomes notifiable. It also inserts into section 80, new subsections (2A), (2B) and (2C).
5. New subsection (2A) provides that where a transaction was previously notified but as a result of new information, a further return is required, the 30 day time limit continues to apply.
6. New subsection (2B) provides that where a return or further return is required, tax or additional tax is calculated according to the effective date of the transaction.
7. New subsection (2C) provides that where a return or further return is required it must include a self-assessment of the tax chargeable and that tax or additional tax payable must be paid no later than the filing date for the return.
8. Subsection 4 inserts at section 81(1B) (further return where relief withdrawn), new paragraphs (ca) and (da) and amends section 81(2A). These changes are in relation to the withdrawal of relief under paragraphs 5G to 5K of Schedule 4A (higher rate for certain transactions).
9. New paragraph (ca) defines “the relevant date” for the purposes of the further return required under section 81(1A), in cases where relief under paragraph 5CA of Schedule 4A (acquisition under a regulated home reversion plan) is withdrawn under paragraph 5IA(2) of that Schedule.
10. New paragraph (da) defines “relevant date” for the purposes of the further return required under section 81(1A), in cases where relief under paragraph 5EA of Schedule 4A (acquisition by management company of flat for occupation by caretaker) is withdrawn under paragraph 5JA(2) of that Schedule.

11. Section 81(2A) is amended to include a specific provision regarding the due date for payment of tax when a further return is required under section 81(1A).
12. Subsection 5 amends section 81A(1) (return or further return in consequence of a later linked transaction), reducing the time limit for filing a return to 14 days in cases where, following a later, linked transaction, an earlier transaction, which was not previously notifiable, becomes notifiable. It also inserts into section 81A, new subsections (1A), (1B) and (1C).
13. New subsection (1A) provides that where a transaction was previously notified but as a result of a later, linked transaction, a further return is required in relation to the earlier transaction, the 30 day time limit continues to apply.
14. New subsection (1B) provides that where a return or further return is required, tax or additional tax is calculated according to the effective date of the earlier transaction.
15. New subsection (1C) provides that where a return or further return is required, it must include a self-assessment of the tax chargeable and that the tax or additional tax payable must be paid no later than the filing date for the return.
16. Subsection 6 inserts into section 86(2) (payment of tax), new paragraph (za).
17. New paragraph (za) provides a due date for payment in relation to relief withdrawn under paragraphs 5G to 5K of Schedule 4A (higher rate for certain transactions).
18. Subsection 7 inserts into section 87 (interest on unpaid tax), new subsection (1A). It also amends section 87(2), and inserts at section 87(3), new paragraph (za).
19. New subsection (1A) provides that where the 14 day time limit applies, interest on any unpaid tax runs from the end of that period until the tax is paid.
20. Section 87(2) is amended to provide the power to make regulations in relation to new subsection (1A) as well as subsection (1).
21. New paragraph (za) provides that when relief is withdrawn under paragraphs 5G to 5K of Schedule 4A (higher rate for certain transactions), "the relevant date" for the purposes of interest under section 87(1), will be the date which is the relevant date for section 81(1A).
22. Subsection 8 amends Schedule 17A (further provisions relating to leases).
23. Subsection 8(a) amends paragraph 3, substituting paragraph 3(3) and inserting new sub-paragraphs (3ZA), (3ZB) and (3ZC). Paragraph 3 contains provisions relating to fixed term leases that continue after the end of the term. Paragraph 3(3) reduces the time limit for filing a return to 14 days, in cases where a fixed term lease, that was not previously notifiable, becomes notifiable as a result of it continuing after the end of the fixed term.
24. New sub-paragraph (3ZA) provides that where such a lease was previously notified but as a result of it continuing after a fixed term, a further return is required, the 30 day time limit continues to apply.
25. New sub-paragraph (3ZB) provides that where a return or further return is required, tax or additional tax is calculated according to the effective date of the transaction.
26. New sub-paragraph (3ZC) provides that where a return or further return is required, it must include a self-assessment of the tax chargeable and the tax or additional tax payable must be

paid no later than the filing date for the return.

27. Subsection 8(b) amends paragraph 4, substituting paragraph 4(3) and inserting new sub-paragraphs (3A), (3B) and (3C). Paragraph 4 contains provisions relating to leases granted for an indefinite term. Paragraph 4(3) reduces the time limit for filing a return to 14 days in cases where a lease that was not previously notifiable, becomes notifiable, as a result of it continuing after a deemed fixed term.
28. New sub-paragraph (3A) provides that where such a lease was previously notified, but as a result of the lease continuing after a deemed fixed term, a further return is required, the 30 day time limit applies.
29. New sub-paragraph (3B) provides that where a return or further return is required, tax or additional tax is calculated according to the effective date of the transaction.
30. New sub-paragraph (3C) provides that where a return or further return is required, it must include a self-assessment of the tax chargeable, and the tax or additional tax payable must be paid no later than the filing date for the return.
31. Subsection 8(c) amends paragraph 8, substituting paragraph 8(3) and inserting new sub-paragraphs (3A) and (3B). Paragraph 8 contains provisions relating to leases where rent that was contingent, uncertain or unascertained, ceases to be uncertain. Paragraph 8(3) reduces the time limit for filing a return to 14 days in cases where a lease that was not previously notifiable, becomes notifiable, as a result of rent ceasing to be uncertain in the first five years of the term.
32. New sub-paragraph 3A provides that where such a lease was previously notified and as a result of rent ceasing to be uncertain in the first five years of the term, a further return is required, the 30 day time limit applies.
33. New sub-paragraph 3B provides that where a return or further return is required, it must include a self-assessment of the tax chargeable, calculated by reference to the rates in force at the effective date of the transaction and that the tax or additional tax payable must be paid no later than the filing date for the return.
34. Subsection 9 provides that the clause will apply to land transactions with an effective date on or after 1 March 2019, and to land transactions with an effective date before then which were not previously notifiable but become notifiable on or after 1 March 2019.

Background note

35. This clause will improve the efficiency of the SDLT system. The majority of returns are already filed within 14 days of the transaction. It will not change liabilities for the purchaser.
36. When a chargeable transaction is notifiable, a return must be filed and any tax due, paid within the time limit set out in the legislation. Generally, a transaction is notifiable where the chargeable consideration is £40,000 or more. The provisions that define notifiable transactions are at sections 77 and 77A, and paragraphs 3(5) and 4(4A) of Schedule 17A Finance Act 2003.
37. For most notifiable transactions, the time limit to file the return and pay any tax runs from the

effective date of the transaction. The 'effective date of the transaction' is defined at section 119 Finance Act 2003 and is usually the completion date.

38. Further provisions in relation to reducing the time limit and improving the return will be made later this year by amending the Stamp Duty Land Tax (Administration) Regulations 2003 (SI 2003/2837).
39. If you have any questions about this change, or comments on the legislation, please contact Anne Berriman on 03000 585901 (email: anne.berriman@hmrc.gsi.gov.uk) or Jane Ewart on 03000 585790 or email: jane.ewart1@hmrc.gsi.gov.uk.

