

# Clause 1: Stamp duty: transfers of listed securities and connected persons

## Summary

1. This clause introduces a new Stamp Duty market value rule for listed securities transferred to connected companies. The clause will apply where money is paid or there is nil consideration or where the consideration is other than money. The tax has effect in relation to instruments executed on or after 29 October 2018. A related change is made in respect of Stamp Duty Reserve Tax (SDRT) by clause 2.

## Details of the clause

2. Subsection (1) provides that this section will apply if an instrument transfers listed securities to a company or a company's nominee (whether or not for consideration), and the person transferring the securities is connected with the company or is the nominee of a person connected with the company.
3. Subsection (2) defines the meaning of 'listed securities' as stock or marketable securities which are regularly traded on a regulated market, or a multilateral trading facility, or a recognised foreign exchange. Regulated market, multilateral trading facility and recognised foreign exchange have the same meaning as in section 80B of Finance Act 1986 (intermediaries: supplementary).
4. Subsection (3) provides that for the purposes of the enactments relating to Stamp Duty within the meaning of new subsection (4) and where new subsection (1) applies, any transfer effected by an instrument is to be charged by reference to the following.
  - Where there is consideration consisting of money or any stock or security or debt, the amount or value of the consideration is to be treated as being equal to the amount or value of the consideration for the transfer or, if higher, the value of the listed securities.
  - In any other case, the transfer of listed securities is to be treated as being for an amount of consideration in money equal to the value of the listed securities.
5. Subsection (4) provides that the enactments for Stamp Duty under new subsection (3) means the Stamp Act 1891 and any enactment amending that Act or that it is to be construed as one with that Act. It also provides that, for the purposes of new subsection (3), the value of listed securities is to be taken to be the price which they might reasonably be expected to fetch on a sale in the open market at the date the instrument is executed.

6. Subsection (5) defines connected persons for the purposes of this section by the meaning in section 1122 of CTA 2010.
7. Subsection (6) provides that the Treasury may by regulations made by statutory instrument provide for this section not to apply in relation to particular cases.
8. Subsection (7) provides that a statutory instrument made under new subsection (6) may make provision which has retrospective effect.
9. Subsection (8) provides that a statutory instrument made under new subsection (6) is to be made under a negative procedure.
10. Subsection (9) provides that this section is to be construed as one with the Stamp Act 1891.
11. Subsection (10) sets out the commencement provision. This section has effect in relation to instruments executed on and after 29 October 2018.

## Background note

12. Where shares in UK companies are transferred, the transaction is subject to stamp tax. This is either Stamp Duty on paper instruments or documents or Stamp Duty Reserve Tax (SDRT) on electronic transfers. The rate is 0.5% in both cases. A higher Stamp Duty or SDRT 1.5% rate applies where shares in UK companies are transferred to a person who provides clearance services or issues depositary receipts.
13. HM Revenue & Customs has become aware of contrived arrangements involving the transfer of listed securities to connected companies for low consideration to minimise stamp taxes on shares liability.
14. This clause inserts a market value rule to ensure where listed securities are transferred to a connected company, Stamp Duty is charged based on the higher of the amount or value of the consideration (if any) for the transfer or the market value of the securities.