Finance Bill (Future Measures)

[PRE-INTRODUCTION]

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PART 1

SECURITIES TRANSFER TAX

CHAPTER 1

CHARGES, CALCULATION AND LIABILITY

Introductory

1 Introduction and overview

(1) A tax called "securities transfer tax" is charged in accordance with this Part.

(2) This Chapter imposes the two charges to securities transfer tax and describes how the tax is calculated and who has to pay it.

(3) Chapter 2 confers exemptions.

(4) Chapter 3 contains special rules, including exemptions, that relate to funds.

(5) Chapter 4 is about payment, reporting and administration.

(6) Chapter 5 contains miscellaneous and general provision, including about interpretation.

Charges to tax

2 The main charge

(1) Securities transfer tax is charged where a person agrees to transfer chargeable securities to another person for consideration in money or money's worth.

(2) The general rule is that the charge arises—
 (a) in the case of an unconditional agreement, when the agreement is made, and
 (b) in the case of a conditional agreement, when the conditions are satisfied.

(3) But where the agreement is not an electronic transaction, and the charge would otherwise arise before the transfer is substantially completed, the charge instead arises when the transfer is substantially completed.

(4) For that purpose a transfer is "substantially completed" when any of the following takes place—
 (a) all or substantially all of the consideration for the transfer is paid;
 (b) the transferee exercises a voting right associated with ownership of the chargeable securities (whether directly or by securing that another person's voting rights are exercised in accordance with the transferee's wishes);

(c) the transferee receives a dividend, or another financial benefit, associated with ownership of the chargeable securities;

(d) the transferee sells, or agrees to sell, the chargeable securities or an interest in them.

(5) The charge under this section is referred to in this Part as “the main charge”.

(6) In this Part “transfer agreement” means an agreement by a person to transfer chargeable securities to another person for consideration in money or money’s worth.

(7) In relation to a transfer agreement—

“the buyer” means the person by whom the consideration for the transfer is payable (which may be different from the transferee);

“the chargeable securities concerned” means the chargeable securities whose transfer is the subject of the agreement;

“the transfer” means the transfer that is the subject of the agreement;

“the transferee” means the person to whom the chargeable securities concerned are to be transferred;

“the transferor” means the person by whom the chargeable securities concerned are to be transferred.

3 The higher-rate charge

(1) Securities transfer tax is charged where a person transfers chargeable securities—

(a) to a clearance service provider in connection with the provision of a clearance service in relation to the chargeable securities, or

(b) to a depositary receipt issuer in connection with the entering into of depositary receipt arrangements in relation to the chargeable securities.

(2) The charge arises when the transferee receives the chargeable securities.

(3) The charge under this section is referred to in this Part as “the higher-rate charge”.

(4) In this Part “higher-rate transfer” means a transfer of chargeable securities—

(a) to a clearance service provider in connection with the provision of a clearance service in relation to the chargeable securities, or

(b) to a depositary receipt issuer in connection with the entering into of depositary receipt arrangements in relation to the chargeable securities.

(5) In this Part—

“the chargeable securities concerned”, in relation to a higher-rate transfer, means the chargeable securities transferred;

“clearance service”, in relation to chargeable securities, means a service that enables the chargeable securities to be traded by book entry while legal ownership of them is held by the provider of the service;

"clearance service provider" means a person whose business is or includes the provision of a clearance service;

"depositary receipt arrangements", in relation to chargeable securities, means arrangements under which—

(a) a person holds chargeable securities,

(b) contractual rights ("depositary receipts") are created in relation to chargeable securities of the same kind, and

(c) the depositary receipts are capable of being traded;

"depositary receipt issuer" means a person whose business is or includes entering into depositary receipt arrangements in relation to chargeable securities;

"the interested party", in relation to a higher-rate transfer, means—

(a) where the transferee is a clearance service provider, the first person or persons credited after the transfer with a book-entry interest in relation to the chargeable securities concerned;

(b) where the transferee is a depositary receipt issuer, the first person or persons issued after the transfer with depositary receipts in relation to the chargeable securities concerned;

"the transferee", in relation to a higher-rate transfer, means the clearance service provider or depositary receipt issuer (as the case may be) to which the chargeable securities concerned are transferred;

"the transferor", in relation to a higher-rate transfer, means the person by whom the chargeable securities concerned are transferred.

(6) Where—

(a) a person transfers chargeable securities to a depositary receipt issuer otherwise than in connection with the entering into of depositary receipt arrangements in relation to the chargeable securities, and

(b) the chargeable securities are later appropriated by the depositary receipt issuer in connection with the entering into of such arrangements,

the appropriation is regarded for the purposes of the higher-rate charge as a transfer of the chargeable securities made by the person, at the time of the appropriation, to the depositary receipt issuer.

Key concepts

4 "Chargeable securities"

(1) In this Part "chargeable securities" means—

(a) shares in a company incorporated in the United Kingdom,

(b) equity-like debt interests in a company incorporated in the United Kingdom,

(c) units in a unit trust scheme other than an excluded unit trust scheme,

(d) interests in, or in dividends or other rights arising out of, chargeable securities within paragraph (a), (b) or (c), or

(e) rights to allotments of or to subscribe for, or options to acquire, chargeable securities within paragraph (a), (b) or (c).

(2) The references in subsection (1) to a company incorporated in the United Kingdom—

(a) include a UK Societas within the meaning of the European Public Limited-Liability Company Regulations 2004 (S.I. 2004/2326), but

(b) do not include an excluded open-ended investment company.

(3) The interests referred to in subsection (1)(d)—

(a) do not include depositary receipts,

(b) do not include units in a contractual scheme or interests in such units, and

(c) do not include units in a unit trust scheme (but do, in accordance with subsection (1), include interests in units in certain unit trust schemes).

(4) Where the underlying securities in relation to a depositary interest are shares in or equity-like debt interests in a company that—

(a) is not incorporated in the United Kingdom, but

(b) is resident in the United Kingdom for corporation tax purposes,

subsection (1)(d) applies in relation to the depositary interest as though the company were incorporated in the United Kingdom.

(5) In subsection (3)(b) "contractual scheme" has the same meaning as in Part 17 of the Financial Services and Markets Act 2000 (see section 235A of that Act).

5 "Relevant transaction", "electronic transaction", etc

(1) The following applies for the purposes of this Part.

(2) "Relevant transaction" means a transfer agreement or a higher-rate transfer.

(3) "Electronic transaction" means a transfer agreement, or a higher-rate transfer, that is—

(a) made by means of an electronic transfer system, or

(b) reported to an electronic transfer system.

(4) A relevant transaction is "reported to" an electronic transfer system if details relating to it are communicated to the operator of the electronic transfer system in accordance with the procedures used for the purposes of the electronic transfer system.

(5) Where a relevant transaction is an electronic transaction by virtue of subsection (3)(b) it is treated as having been an electronic transaction at all times since it took place (even if it is only reported to an electronic transfer system later).

(6) "The system operator", in relation to an electronic transaction, means the operator of the electronic transfer system referred to in subsection (3)(a) or (b) (as applicable).

(7) "Electronic transfer system" means a system and procedures which, in accordance with regulations under section 785 of the Companies Act 2006 (transfer without written instrument), enable title to securities to be evidenced and transferred without a written instrument.

Calculation of tax

6 Amount of tax charged

(1) Where the main charge applies, the amount of tax charged is 0.5% of the amount or value of the consideration for the transfer.

(2) Where the higher-rate charge applies, the amount of tax charged is 1.5% of—

(a) if the transfer is for consideration in money or money's worth, the amount or value of the consideration;

(b) otherwise, the value of the chargeable securities concerned.

(3) Where the amount of tax charged would otherwise be an amount which is not a multiple of one penny, the amount is to be rounded to the nearest penny, taking any 0.5p as nearest to the next whole penny above.

(4) For the purposes of either charge to securities transfer tax—

(a) a reference to the "value" of consideration other than money is to the price it might reasonably be expected to fetch if it were sold or supplied on the open market as at the charging time, and

(b) a reference to the "value" of the chargeable securities concerned is to their market value determined in accordance with sections 272 and 273 of TCGA 1992.

7 Transfers deemed to be for market-value consideration

Main charge: agreement to transfer to connected company

(1) Where—

(a) the transferee in relation to a transfer agreement is a company with which the transferor is connected,

(b) the listed securities condition or the share issuance condition is met, and

(c) the value of the chargeable securities concerned exceeds the amount or value of the consideration for the transfer,

the amount or value of the consideration for the transfer is treated for the purposes of the main charge as being equal to the value of the chargeable securities concerned.

Main charge: transfer to connected company without transfer agreement

(2) Where—

(a) a person transfers chargeable securities, otherwise than under an agreement for consideration in money or money's worth, to a company with which the person is connected, and

(b) the listed securities condition is met,

the person is treated for the purposes of the main charge as having agreed, on the date on which the transfer is made, to transfer the chargeable securities to the company for consideration of an amount equal to the value of the chargeable securities.

Higher-rate charge: transfer for benefit of connected company

(3) Where—

(a) a higher-rate transfer is made for consideration in money or money's worth,

(b) the interested party is a company connected with the transferor,

(c) the listed securities condition or the share issuance condition is met, and

(d) the value of the chargeable securities concerned exceeds the amount or value of the consideration for the transfer,

the amount or value of the consideration for the transfer is treated for the purposes of the higher-rate charge as being equal to the value of the chargeable securities concerned.

Higher-rate charge: exercise of options

(4) Where—

(a) a higher-rate transfer is made for consideration in money or money's worth,

(b) the transfer results from the exercise of an option, and

(c) the value of the chargeable securities concerned exceeds the amount or value of the consideration for the transfer,

the amount or value of the consideration for the transfer is treated for the purposes of the higher-rate charge as being equal to the value of the chargeable securities.

Interpretation

(5) For the purposes of this section, in relation to a relevant transaction or a transfer of chargeable securities within subsection (2)(a)—

(a) "the listed securities condition" is met if the chargeable securities concerned are listed securities;

(b) "the share issuance condition" is met if the transfer is made for consideration some or all of which consists of the issue of shares;

(c) references to the value of chargeable securities are to their value as at the charging time.

(6) In this section—

"connected" has the meaning given in section 1122 of CTA 2010 (connected persons);

"listed securities" means chargeable securities that are regularly traded on—
(a) a regulated market,
(b) a multilateral trading facility, or
(c) a recognised foreign exchange.

8 Consideration unknown at time of charge

(1) Where securities transfer tax is charged and the amount or value of any element of the consideration for the transfer cannot be, or has not yet been, determined as at the charging time—
(a) the amount of tax charged is to be determined initially on the basis of a reasonable estimate of the amount or value of the element in question, and
(b) when the exact amount or value of the element in question becomes clear, the amount of tax charged is to be redetermined on the basis of that exact amount or value.

(2) It is possible for that purpose for the whole of the consideration for a transfer to constitute a single "element".

(3) The reference in subsection (1)(b) to the "exact value" of an element of consideration is (in accordance with section 6(4)) to its exact value as at the charging time.

Liability

9 Liability and accountability

(1) Where the main charge applies, the person liable for the tax is the buyer.

(2) Where the higher-rate charge applies, the person liable for the tax is the interested party.

(3) Where either charge applies and two or more persons are liable for the tax (because there is more than one buyer or more than one interested party), their liability is joint and several.

(4) Where either charge applies and there is an accountable person, the accountable person—
(a) is required to pay the tax as though they were liable for it on a joint and several basis with the liable person (and any other accountable person), but
(b) is relieved of that requirement if an officer of Revenue and Customs is satisfied, on a claim made by the accountable person, that the accountable person has taken without success all reasonable steps (both before and after the relevant transaction takes place) to obtain the amount of the tax from the liable person.

(5) A claim under subsection (4)(b)—

(a) must be made in the manner and form specified by HMRC, and
(b) must contain information or evidence of a description specified by HMRC.

10 "Accountable person"

(1) The following rules apply for the purposes of this Part for determining who (if anyone) is an "accountable person" in relation to a relevant transaction.

(2) In relation to an electronic transaction—
(a) the system operator is an accountable person (subject to subsection (5)), and
(b) if in the case of a transfer agreement there is a responsible exchange member or dealer (see section 11), the responsible exchange member or dealer is an accountable person.

(3) In relation to a relevant transaction that is not an electronic transaction, a person ("B") is an accountable person if—
(a) B has at any time been authorised by another person ("A") to act as agent for A in relation to the relevant transaction,
(b) A is, or has previously been, required under section 56 to make a return in respect of the relevant transaction, and
(c) B confirms to HMRC, in the manner and form specified by HMRC, that B is authorised as mentioned in paragraph (a),

and in such a case B remains an accountable person irrespective of whether B continues to be so authorised.

(4) In relation to a higher-rate transfer, the transferee is an accountable person.

(5) The system operator is not an accountable person in relation to an electronic transaction—
(a) if an indication is given to the system operator, in accordance with the procedures operated by it for the purposes of the electronic transfer system, that any securities transfer tax charged in relation to the transaction is not in the case in question to be paid by the system operator, or
(b) if the electronic transaction is a transfer agreement and the transfer does not in fact take place.

11 "Responsible exchange member or dealer"

(1) For the purposes of section 10(2)(b) there is a "responsible exchange member or dealer" in relation to a transfer agreement that is an electronic transaction—
(a) if a relevant person is a member of an exchange and the buyer is not, or
(b) if—
(i) neither the buyer nor a relevant person is a member of an exchange,

(ii) a relevant person is a qualified dealer, and

(iii) the buyer is not a qualified dealer.

(2) The responsible exchange member or dealer (if there is one) is—

(a) if one relevant person is a member of an exchange, that person;

(b) if more than one relevant person is a member of an exchange, whichever of them is mentioned first in the definition of "relevant person" in subsection (3);

(c) if no relevant person is a member of an exchange but one relevant person is a qualified dealer, that person;

(d) if no relevant person is a member of an exchange but more than one relevant person is a qualified dealer, whichever of them is mentioned first in the definition of "relevant person" in subsection (3).

(3) In this section—

"exchange" means—

(a) a recognised investment exchange within the meaning given by section 285(1)(a) of the Financial Services and Markets Act 2000, or

(b) an EU regulated market within the meaning of Regulation (EU) No. 600/2014 of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments;

"investment business" means business which consists of the carrying on of an activity specified in—

(a) Article 14, 21, 25, 37, 40, 45, 51 or 53 of the Financial Services and Markets Act 2000 (Regulated Activities) Order 2001 (S.I. 2001/544), or

(b) so far as it applies to any of those Articles, Article 64 of that Order;

"qualified dealer" means a person that is not a member of an exchange and—

(a) has permission under Part 4 of the Financial Services and Markets Act 2000 to carry on investment business,

(b) is authorised under the law of a territory outside the United Kingdom to carry on investment business, or

(c) carries on investment business without being required to be authorised to do so;

"relevant person", in relation to a transfer agreement that is an electronic transaction, means—

(a) any person acting as agent for the buyer,

(b) the transferor, and

(c) any person acting as agent for the transferor.

CHAPTER 2

EXEMPTIONS

Group relief

12 Group relief

(1) The main charge does not apply to a transfer agreement if the transferor and transferee—

(a) are both bodies corporate, and

(b) are members of the same group at the charging time,

provided that none of the following exclusions applies.

(2) Exclusion A (arrangements for change of control) applies if at the charging time arrangements are in place by virtue of which a person has or could later obtain, or two or more persons together have or could later obtain, control of the transferee and not the transferor.

(3) Exclusion B (arrangements involving outsiders) applies if the transfer agreement is made in connection with arrangements under which—

(a) any of the consideration for the transfer is to be provided or received, directly or indirectly, by a person who at the charging time is not a member of the same group as the transferor or the transferee, or

(b) the chargeable securities in question were previously transferred by such a person.

(4) Exclusion C (arrangements for grouping to be broken) applies if the transfer agreement is made in connection with arrangements under which the transferor and transferee are to cease to be members of the same group—

(a) because of the transferee ceasing to be a 75% subsidiary of the transferor or of another body corporate, and

(b) otherwise than by virtue of a transfer agreement to which section 15 (exemption for demergers) applies.

(5) Exclusion D (securities previously benefited from intermediaries relief) applies if—

(a) any of the chargeable securities concerned were previously acquired by the transferor under a transfer agreement ("the earlier agreement") in relation to which the exemption under section 17 (intermediaries relief) applied, and

(b) that previous acquisition took place within the period of two years ending with the day on which the charging time falls.

(6) Exclusion E (involvement of OEIC) applies if the transferor or the transferee is an open-ended investment company.

(7) The exemption under this section must be claimed in a return under section 56.

(8) For the purposes of this section the question of whether two bodies corporate are "members of the same group", or whether one body corporate is a "75% subsidiary" of another, is to be determined as it would be for the purposes of Part 5 of CTA 2010 (group relief), but ignoring the following provisions of CTA 2010 (equity holders rules: arrangements that could change relevant proportions)—

section 171(1)(b) and (3)
section 173
section 174
sections 176 to 178.

(9) In this section "control" has the meaning given in section 1124 of CTA 2010.

(10) This section is subject to sections 13 and 14 (which limit the application of exclusion A in relation to arrangements involving joint ventures or mortgages).

13 Group relief: joint venture arrangements that do not engage exclusion A

(1) Exclusion A in section 12(2) (arrangements for change of control) does not prevent the application of the exemption under section 12(1) if the only reason why that exclusion would otherwise apply is that there are arrangements in place that provide for one or both of the following—

(a) the transfer of shares in or securities issued by a joint venture company, in accordance with the terms of an agreement, to one or more of its members on the occurrence of one or more trigger events;

(b) the suspension of the voting rights of a member of a joint venture company, in accordance with the terms of a constitutional document of the company, on the occurrence of one or more trigger events.

(2) Subsection (1) does not apply—

(a) if the trigger event or trigger events in question have already occurred as at the charging time, or

(b) if a member of the joint venture company could, alone or together with connected persons, dictate the terms or timing of the transfer of shares or securities or suspension of voting rights in advance of the occurrence of the trigger event or trigger events in question.

(3) The following are "trigger events" for the purposes of this section—

(a) the voluntary departure of a member;

(b) the commencement of the liquidation, administration, administrative receivership or receivership of, or the entering into of a voluntary arrangement by, a member under the Insolvency Act 1986 or the Insolvency (Northern Ireland) Order 1989 (S.I. 1989/2405 (N.I. 19)) or the commencement or entering into of equivalent proceedings or arrangements under the law of any country or territory outside the United Kingdom;

(c) a serious deterioration in the financial condition of a member;

(d) a change of control of a member;

(e) a default by a member in performing its obligations under any agreement with one or more other members or with the joint venture company;

(f) the failure by a member to do anything specified in a constitutional document of the joint venture company;

(g) an external change in the commercial circumstances in which the joint venture company operates such that its viability is threatened;

(h) an unresolved disagreement between members;

(i) any event—

(i) that is of a similar kind to one mentioned in paragraphs (a) to (h), and

(ii) that is not intended to occur when the arrangements in question are entered into.

(4) In this section—

"connected" has the meaning given in section 1122 of the Corporation Tax Act 2010, save that members of a joint venture company are not connected with each other solely because of their membership of the joint venture company;

"joint venture company" means a company that—

(a) has two or more members, and

(b) carries on a commercial activity governed by an agreement regulating the affairs of its members;

"member", in relation to a joint venture company, means a holder of shares in or other securities issued by the joint venture company.

14 Group relief: mortgage arrangements that do not engage exclusion A

(1) Exclusion A in section 12(2) (arrangements for change of control) does not prevent the application of the exemption under section 12(1) if the only reason why that exclusion would otherwise apply is that there are arrangements in place—

(a) that involve a mortgage secured by way of shares in or other securities issued by a company, and

(b) that on default or on the occurrence of any other event allow the mortgagee to exercise rights in relation to those shares or securities.

(2) This section does not apply if the mortgagee—

(a) has already exercised the rights mentioned in subsection (1)(b) as at the charging time,

(b) could alone or together with connected persons dictate the terms or timing of the event that allows it to exercise the rights, or

(c) has greater rights in respect of the shares or securities than it reasonably requires to protect its interest as mortgagee.

(3) In this section—

"connected" has the same meaning as in section 1122 of the Corporation Tax Act 2010, save that a mortgagee is not, by reason only of the mortgage, connected with a company whose shares or securities are the subject of the mortgage;

"mortgage" means—

(a) in England and Wales and Northern Ireland, any legal or equitable charge;

(b) in Scotland, any right in security.

Corporate reorganisations

15 Demergers

(1) The main charge does not apply to a transfer agreement if the transferor and transferee are both companies and all of the following conditions are met, namely—

(a) that the transfer forms part of an arrangement under which the transferee acquires the whole or part of a business carried on by the transferor,

(b) that the intention of the transferor and the transferee, as at the time when that acquisition is made, is that the business (or part) acquired should continue to be carried on following the acquisition but by the transferee rather than the transferor,

(c) that the consideration for the acquisition consists solely of the issue of non-redeemable shares in the transferee to all of the shareholders of the transferor, and

(d) that after the acquisition is made—

(i) each shareholder of the transferor is a shareholder of the transferee, and

(ii) the proportion of shares of the transferor held by each shareholder is the same, or as nearly as may be the same, as the proportion of shares of the transferee held by that shareholder.

(2) For the purposes of subsection (1)(c) ignore any consideration so far as it consists of the assumption or discharge by the transferee of liabilities of the transferor.

(3) For the purposes of subsection (1)(d) ignore any shares that the transferor or transferee holds in itself.

(4) The exemption under this section does not apply if—

(a) the transferor or the transferee is an open-ended investment company, or

(b) the acquisition forms part of a scheme or arrangement whose main purpose, or one of whose main purposes, is the avoidance of liability to securities transfer tax, income tax, corporation tax or capital gains tax.

(5) The exemption under this section must be claimed in a return under section 56.

16 Insertion of new holding company

(1) The main charge does not apply to a transfer agreement if the transferee is a company and all of the following conditions are met, namely—
(a) that the transfer forms part of an arrangement by which the transferee acquires the whole of the issued share capital of the company to whose chargeable securities the transfer agreement relates ("the target"),
(b) that the consideration for the acquisition consists solely of the issue of shares in the transferee to the shareholders of the target, and
(c) that after the acquisition is made—
(i) each person who immediately before the acquisition was made was a shareholder of the target is a shareholder of the transferee,
(ii) the shares in the transferee are of the same classes, and distributed between those classes in the same proportions or as nearly as may be the same proportions, as were the shares in the target immediately before the acquisition was made, and
(iii) the proportion of shares of a particular class in the transferee held by a particular shareholder is the same, or as nearly as may be the same, as the proportion of shares of that class in the target held by that shareholder immediately before the acquisition was made.

(2) For the purposes of subsection (1)(c) ignore any shares that the transferee or the target holds in itself.

(3) The exemption under this section does not apply if—
(a) the transferee is an open-ended investment company,
(b) the acquisition forms part of a scheme or arrangement whose main purpose, or one of whose main purposes, is the avoidance of liability to securities transfer tax, income tax, corporation tax or capital gains tax, or
(c) there are disqualifying onward transfer arrangements in existence as at the charging time.

(4) For the purposes of subsection (3)(c) arrangements are "disqualifying onward transfer arrangements" if it is reasonable to assume that the purpose, or one of the purposes, of the arrangements is to secure that a particular outsider, or particular outsiders acting together, obtain control of the transferee.

(5) But the existence of either or both of the following does not, in and of itself, mean that there are disqualifying onward transfer arrangements in existence—
(a) the issue of shares mentioned in subsection (1)(b);
(b) arrangements for the acquisition by the transferee of the whole of the issued share capital of a company other than the target ("the second

acquisition") where the exemption under subsection (1) would be available in respect of the second acquisition.

(6) In assessing for the purposes of subsection (5)(b) whether the exemption under subsection (1) would be available in respect of the second acquisition—
  (a) assume that the second acquisition involves a relevant transaction, and
  (b) ignore the shares issued to shareholders of the target as mentioned in subsection (1)(b).

(7) The exemption under this section must be claimed in a return under section 56.

(8) In this section—
"control" has the meaning given in section 1124 of CTA 2010;
"outsider" means any person other than a person who has held at least 25% of the issued share capital of the target at all times during the period of 3 years ending with the day on which the first shares are issued as mentioned in subsection (1)(b).

(9) The Treasury may by regulations amend the definition of "outsider" in subsection (8) so as to alter the percentage, or the length of the period of time, specified there.

Intermediaries etc

17 Intermediaries relief

(1) The main charge does not apply to a transfer agreement if the buyer is the transferee and—
  (a) the buyer is an intermediary and condition A or B is met, or
  (b) the buyer is an options intermediary and condition C or D is met.

(2) Condition A is that—
  (a) equivalent securities are regularly traded on a regulated market, and
  (b) the buyer is—
    (i) a member of the market and recognised by it as an intermediary in accordance with arrangements approved by HMRC, or
    (ii) approved as an intermediary by HMRC.

(3) Condition B is that—
  (a) equivalent securities are regularly traded on a multilateral trading facility or a recognised foreign exchange,
  (b) the transfer is effected on the facility or exchange, and
  (c) the buyer is—
    (i) a member of the facility or exchange and recognised by it as an intermediary in accordance with arrangements approved by HMRC, or

(ii) approved as an intermediary by HMRC.

(4) Condition C is that—

(a) equivalent securities are regularly traded on a regulated market,

(b) options to buy or sell equivalent securities are regularly traded on, and are listed by or quoted on, a regulated market, a multilateral trading facility or a recognised foreign options exchange, and

(c) the buyer is—

(i) a member of the market, facility or exchange mentioned in paragraph (b) and recognised by it as an options intermediary in accordance with arrangements approved by HMRC, or

(ii) approved as an options intermediary by HMRC.

(5) Condition D is that—

(a) options to buy or sell equivalent securities are regularly traded on, and are listed by or quoted on, a regulated market, a multilateral trading facility or a recognised foreign options exchange,

(b) the transfer is effected on a multilateral trading facility, a recognised foreign options exchange or a recognised foreign exchange,

(c) the facility or exchange mentioned in paragraph (b) is one—

(i) on which equivalent securities are regularly traded, or

(ii) in a case where the transfer that is the subject of the relevant transaction results from the exercise by the buyer of an option to buy securities or the exercise of an option binding the buyer to buy securities, on which options to buy or sell equivalent securities are regularly traded and by or on which such options are listed or quoted, and

(d) the buyer is—

(i) a member of the market, facility or exchange mentioned in paragraph (a) and recognised by it as an options intermediary in accordance with arrangements approved by HMRC, or

(ii) approved as an options intermediary by HMRC.

(6) HMRC may approve a person as an intermediary or options intermediary only if the person—

(a) is authorised under the law of an EEA State or Gibraltar to provide or carry out an investment service or activity mentioned in paragraph (2) or (3) of Section A of Annex I to MiFID II (execution of orders on behalf of clients or dealing on own account), whether or not the person is authorised under MiFID II, or

(b) has permission under the Financial Services and Markets Act 2000 to provide or carry out an investment service or activity mentioned in paragraph 2 or 3 of Part 3 of Schedule 2 to the Financial Services and Markets Act 2000 (Regulated Activities) Order 2001 (S.I. 2001/544) (execution of orders on behalf of clients or dealing on own account).

(7) The exemption under this section must be claimed in a return under section 56.

(8) See section 18 for provision about the interpretation of this section.

18 Intermediaries relief: interpretation and powers to amend

(1) In section 17—

"equivalent securities", in relation to a transfer agreement, means securities of the same kind as the chargeable securities that are the subject of the transfer agreement;

"intermediary" means a person who carries on a bona fide business of dealing in chargeable securities and does not carry on an excluded business;

"options intermediary" means a person who carries on a bona fide business of dealing in quoted or listed options to buy or sell chargeable securities and does not carry on an excluded business.

(2) In subsection (1)—

"excluded business" means any of the following—

(a) a business which consists wholly or mainly of the making or managing of investments;

(b) a business which consists wholly or mainly of, or is carried on wholly or mainly for the purpose of, providing services to persons who are connected, within the meaning given by section 1122 of CTA 2010, with the person carrying on the business;

(c) a business which consists of the effecting or carrying out of contracts of insurance within the meaning given by Article 3(1) of the Financial Services and Markets Act 2000 (Regulated Activities) Order 2001 (S.I. 2001/544);

(d) a business which consists of managing or acting as trustee in relation to a pension scheme or which is carried on by the manager or trustee of such a scheme in connection with or for the purposes of the scheme;

(e) a business which—

(i) consists of operating or acting as trustee in relation to a collective investment scheme, or

(ii) is carried on by the operator or trustee of such a scheme in connection with or for the purposes of the scheme,

"quoted or listed options" means options which are quoted on or listed by a multilateral trading facility, a regulated market or a recognised foreign options exchange.

(3) In paragraph (e) of the definition of "excluded business" in subsection (2), "trustee", in relation to a collective investment scheme, means a trustee, or a depositary, within the meaning given in section 237(2) of the Financial Services and Markets Act 2000.

(4) For the purposes of section 17 a transfer is "effected on" a facility or an exchange if it is subject to the rules of the facility or exchange and made in accordance with those rules.

(5) The Treasury may by regulations do any of the following—
(a) change the conditions for exemption from tax under section 17;
(b) disapply that exemption in relation to arrangements of a description specified in the regulations;
(c) provide that if (ignoring any regulations under this paragraph) the main charge would be prevented from applying to a transfer agreement by that exemption, the main charge is to apply to the transfer agreement but with the substitution of a rate of tax not exceeding 0.1% for the rate of tax that would otherwise apply;
(d) change the meaning for the purposes of section 17 of "intermediary" or "options intermediary".

(6) A power under subsection (5) may be exercised by amending this Part.

19 Public issues

(1) The main charge does not apply to a transfer agreement where the transferee is an issuing house and all of the following conditions are met, namely—
(a) that the transfer agreement is made in pursuance of an arrangement, entered into by the transferee in the ordinary course of its business as an issuing house, under which the transferee (as principal) is to offer the chargeable securities concerned for sale to the public,
(b) that the transfer agreement is conditional on the chargeable securities' admission to the official list, and
(c) that the consideration under the transfer agreement for each chargeable security concerned is the same as the price at which the transferee is to offer the chargeable security for sale.

This is subject to subsection (3).

(2) The main charge does not apply to a transfer agreement where the transferor is an issuing house and all of the following conditions are met, namely—
(a) that the transfer agreement is made in pursuance of an offer to the public made by the transferor (as principal) under an arrangement entered into in the ordinary course of its business as an issuing house,
(b) that the transferor has acquired a right of allotment in respect of, or to subscribe for, the chargeable securities concerned under an agreement which is part of the arrangement,
(c) that both the transfer agreement and the agreement mentioned in paragraph (b) are conditional upon the chargeable securities' admission to the official list,
(d) that the consideration for each chargeable security is the same under the transfer agreement as it is under the agreement mentioned in paragraph (b), and

(e) that the chargeable securities concerned are issued wholly for new consideration in pursuance of the arrangement mentioned in paragraph (a).

(3) Where (ignoring this subsection) the exemption under subsection (1) applies to a transfer agreement, and the chargeable securities concerned are not in fact sold by the transferee in accordance with the arrangement mentioned in subsection (1)(a), this Part has effect as though the exemption had never applied.

(4) The Treasury may by regulations amend this section so as to remove or vary the condition in subsection (1)(b) or (2)(c).

20 Central counterparties

(1) Where—

(a) a transfer agreement ("the main agreement") is entered into,

(b) central counterparty arrangements are entered into in relation to the main agreement, and

(c) each central counterparty is, or is a member of, a relevant entity specified by HMRC for the purposes of this section,

the main charge does not apply to any transfer agreement entered into by a central counterparty solely in consequence of the central counterparty arrangements.

(2) In this section "central counterparty arrangements", in relation to the main agreement, means arrangements under which one or more entities ("central counterparties") are to interpose themselves between the transferor and transferee, such that under those arrangements chargeable securities of the same kind and amount as those that are the subject of the main agreement are to be transferred—

(a) by the transferor to a central counterparty, and

(b) by a central counterparty to the transferee.

(3) The exemption under this section does not apply to a transfer agreement made in pursuance of a stock lending or repo arrangement.
"Stock lending or repo arrangement" here means an arrangement under which—

(a) a person ("P") is to transfer chargeable securities of a particular kind to another person ("Q"), and

(b) Q is subsequently to transfer chargeable securities of the same kind and amount to P.

(4) In this section "relevant entity" means any of the following—

(a) a regulated market;

(b) a multilateral trading facility;

(c) a recognised clearing house;

(d) a recognised CSD;

(e) a third country CSD;

(f) a recognised investment exchange;

(g) a third country central counterparty.

The expressions used in paragraphs (d) to (g) have the same meaning as in the Financial Services and Markets Act 2000 (see section 283 of that Act).

(5) The Treasury may by regulations make provision about exemptions from the charges to securities transfer tax for relevant transactions in which relevant entities, or members of relevant entities, are involved in their capacity as central counterparties, including provision varying the exemption under subsection (1).

(6) The power under subsection (5) may be exercised by amending this Part.

Growth markets, listings and capital raising

21 Recognised growth markets

(1) No charge to securities transfer tax applies to a relevant transaction if the chargeable securities concerned are—

(a) admitted to trading on a recognised growth market, and

(b) not listed on a recognised stock exchange.

(2) "Recognised growth market" means a recognised stock exchange, or a qualifying UK multilateral trading facility, that is recognised by HMRC as a growth market.

(3) HMRC must recognise a recognised stock exchange or qualifying UK multilateral trading facility as a growth market if, on an application made by the exchange or facility, HMRC are satisfied that the applicant meets one or both of the following conditions, namely—

(a) that a majority of the companies whose securities are admitted to trading on the applicant are companies with a market capitalisation of less than £450 million;

(b) that the admission requirements of the market include provision requiring companies to demonstrate compounded annual growth in gross revenue or employment of at least 20% over the last three periods of account preceding admission ("the pre-admission periods").

(4) The following applies for assessing at any given time ("the relevant time") whether the condition in subsection (3)(a) is met—

(a) a company is to be disregarded if it was admitted to trading on the market in the calendar year in which the relevant time falls;

(b) a company's market capitalisation is taken to be the average of the closing market capitalisations of the company on the last trading day of each calendar month (or part of a calendar month) in the qualifying period, for which purpose "the qualifying period" means whichever is the shorter of—

(i) the last three calendar years preceding the calendar year in which the relevant time falls, or

(ii) the period beginning with the day on which the company is admitted to trading on the market and ending at the end of the calendar year before that in which the relevant time falls;

(c) in the case of a company with a market capitalisation in a currency other than sterling, the closing market capitalisation for the last trading day of any calendar month is taken, for the purposes of paragraph (b), to be the sterling equivalent of that capitalisation (calculated by reference to the spot rate of exchange for that last trading day).

(5) For the purposes of subsection (3)(b) the percentage of the compounded annual growth in gross revenue over the pre-admission periods is calculated by applying the formula—

$$\left(\left(\frac{A}{B}\right)^{1/3} - 1\right) \times 100$$

where—

"A" is the company's gross revenue for the last of the pre-admission periods, and

"B" is the company's gross revenue for the period of account immediately preceding the pre-admission periods.

(6) For the purposes of subsection (3)(b) the percentage of the compounded annual growth in employment over the pre-admission periods is calculated by applying the formula—

$$\left(\left(\frac{A}{B}\right)^{1/3} - 1\right) \times 100$$

where—

"A" is the number of employees of the company at the end of the last of the pre-admission periods, and

"B" is the number of employees of the company at the end of the period of account immediately preceding the pre-admission periods.

(7) The exemption under this section must be claimed in a return under section 56.

(8) For the purposes of this section—

(a) section 1005(3) to (5) of ITA 2007 (meaning of "listed on a recognised stock exchange") applies as it applies in relation to the Income Tax Acts;

(b) a UK multilateral trading facility is "qualifying" if—

(i) it is operated by an investment firm within the meaning given by article 3(1) of the Financial Services and Markets Act 2000 (Regulated Activities) Order 2001 (S.I. 2001/544), and

(ii) the investment firm has permission under Part 4A of the Financial Services and Markets Act 2000 to carry on the regulated activity (within the meaning of that Act) of operating a multilateral trading facility.

(9) The Treasury may by regulations—
(a) make provision for the revocation by HMRC of recognition under this section and about the consequences of revocation;
(b) amend this section so as to—
(i) modify the definition of "recognised growth market", or
(ii) add, remove or vary the conditions which must be met in relation to a market for it to be recognised under this section.

22 New UK listings

(1) The main charge does not apply to a transfer agreement if the chargeable securities concerned are securities in a listed company—
(a) that was first listed after the beginning of the period of 3 years ending with the day on which the charging time falls, and
(b) whose shares are admitted to trading on a UK regulated market,
provided that none of the following exclusions applies.

(2) Exclusion A (listed company mergers) applies if the listing referred to in subsection (1)(a) was connected with arrangements by which—
(a) a listed company took control of another listed company,
(b) a company took control of two or more listed companies, or
(c) two or more listed companies merged all or substantially all of their businesses.

(3) Exclusion B (new holding company) applies if—
(a) the listing referred to in subsection (1)(a) was connected with arrangements by which the company took control of another company, and
(b) immediately before those arrangements came into being, the other company was—
(i) listed otherwise than by reference to depositary interests, and
(ii) controlled by the person or persons who, at the time of the listing referred to in subsection (1)(a), controlled the company.

(4) Exclusion C (change of control) applies if—
(a) there was a change of control of the company during the period beginning with the listing referred to in subsection (1)(a) and ending with the day on which the charging time falls, or
(b) the transfer forms part of arrangements for a change of control of the company.

(5) The exemption under this section must be claimed in a return under section 56.

(6) In subsection (1)(a) the reference to a company being "first listed" is a reference to—

(a) in the case of a company falling within subsection (7), the company first making a regulatory announcement to the effect that it has taken control of a company as described in subsection (7)(b), or

(b) in other cases, shares in the company being admitted to the official list at a time when no other shares of the company were included in the official list.

(7) A company falls within this subsection if—

(a) shares in the company were admitted to the official list at a time when the company's assets consisted wholly or mainly of cash or short-dated securities, and

(b) the shares were admitted with a view to the company taking control of an unlisted company before the end of a certain period.

(8) In this section—

(a) a reference to a company being "listed" is a reference to shares in the company being included in the official list;

(b) a reference to shares being "included in the official list" is a reference to shares—

(i) being included in the official list in accordance with Part 6 of the Financial Services and Markets Act 2000 (see section 74 of that Act), or

(ii) not being included in that list only by reason of suspension under that Part of that Act;

(c) a reference to shares being admitted to the official list has the same meaning as in that Part of that Act;

(d) a reference to shares includes a reference to depositary interests in relation to shares.

(9) In this section—

"control" has the meaning given in section 1124 of CTA 2010;

"regulatory announcement" means an announcement required by, and made in accordance with, Part 6 rules made under section 73A of the Financial Services and Markets Act 2000;

"UK regulated market" has the same meaning as in Regulation (EU) No 600/2014 of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments (see Article 2(13A)).

23 Transfers in the course of capital-raising arrangements

(1) The higher-rate charge does not apply to a higher-rate transfer that is made in the course of, and in connection with, capital-raising arrangements.

(2) In this section "capital-raising arrangements" means arrangements pursuant to which chargeable securities are issued by a company for the purpose of raising new capital.

(3) For the purposes of subsection (1) a higher-rate transfer is treated as made in the course of capital-raising arrangements if—
(a) the transferor acquired the chargeable securities that are the subject of the transfer—
(i) before the capital-raising arrangements are entered into, or
(ii) in the course of the capital-raising arrangements,
(b) the transferor is subject to a restriction that has the effect of preventing the transfer of the chargeable securities in the course of the capital-raising arrangements, and
(c) the transfer is made as soon as reasonably practicable after the restriction ceases to have effect.

24 Transfers in the course of listing arrangements

(1) The higher-rate charge does not apply to a higher-rate transfer if—
(a) the transfer is made in the course of, and in connection with, qualifying listing arrangements, and
(b) those arrangements do not affect the beneficial ownership of the chargeable securities that are the subject of the higher-rate transfer.

(2) For the purposes of this section—
(a) "listing arrangements" means arrangements pursuant to which chargeable securities, or depositary receipts in relation to chargeable securities, are listed on a recognised stock exchange;
(b) listing arrangements are "qualifying" if, before the arrangements come into being, no chargeable securities in the company or depositary receipts in relation to chargeable securities in the company are listed on the recognised stock exchange to which the listing arrangements relate;
(c) references to chargeable securities or depositary receipts being listed on a recognised stock exchange are to be read in accordance with section 1005 of ITA 2007.

(3) For the purposes of subsection (1) a higher-rate transfer is treated as made in the course of qualifying listing arrangements if—
(a) the transferor acquired the chargeable securities before the qualifying listing arrangements are entered into,
(b) the transferor is subject to a restriction that has the effect of preventing the transfer of the chargeable securities in the course of the qualifying listing arrangements, and
(c) the transfer is made as soon as reasonably practicable after the restriction ceases to have effect.

Stock loans and repos

25 Stock loans and repos

(1) The main charge does not apply to a transfer agreement made in pursuance of an arrangement under which—

(a) a person ("P") is to transfer chargeable securities of a particular kind to another person ("Q"), and

(b) Q is subsequently to transfer chargeable securities of the same kind and amount to P,

provided that condition A or B is met.

(2) Condition A is that—

(a) securities of the kind concerned are regularly traded on a regulated market, a multilateral trading facility or a recognised foreign exchange, and

(b) the transfer agreement is effected on that market, facility or exchange.

(3) Condition B is that—

(a) securities of the kind concerned are regularly traded on a regulated market, and

(b) P or Q—

(i) is authorised under the law of an EEA State or Gibraltar to provide or carry out an investment service or activity mentioned in paragraph (2) or (3) of Section A of Annex I to MiFID II (execution of orders on behalf of clients or dealing on own account), whether or not the person is authorised under MiFID II, or

(ii) has permission under the Financial Services and Markets Act 2000 to provide or carry out an investment service or activity mentioned in paragraph 2 or 3 of Part 3 of Schedule 2 to the Financial Services and Markets Act 2000 (Regulated Activities) Order 2001 (S.I. 2001/544) (execution of orders on behalf of clients or dealing on own account).

(4) Subsection (1) does not apply if—

(a) the arrangement is not such as would be entered into by persons dealing with each other at arm's length, or

(b) under the arrangement any of the benefits or risks arising from fluctuations, before the transfer to P takes place, in the market value of the chargeable securities accrues to, or falls on, Q.

(5) Where (ignoring this subsection) subsection (1) applies, but one or both of the transfers described in subsection (1)(a) and (b) do not in fact take place, this Part has effect as though subsection (1) had never applied.

(6) The exemption under this section must be claimed in a return under section 56.

(7) For the purposes of subsection (2)(b) a transfer is "effected" on a market, facility or exchange if it is subject to, and made in accordance with, the rules of the market, facility or exchange.

(8) The Treasury may by regulations do any of the following—
  (a) change the conditions to which the exemption from tax under this section is subject;
  (b) disapply that exemption in relation to arrangements of a description specified in the regulations;
  (c) provide that if (ignoring any regulations under this paragraph) the main charge would be prevented from applying to a transfer agreement by that exemption, the main charge is to apply to the transfer agreement but with the substitution of a rate of tax not exceeding 0.1% for the rate of tax that would otherwise apply.

(9) A power under subsection (8) may be exercised by amending this Part.

26 Stock loans and repos: return transfer prevented by insolvency

(1) This section applies if—
  (a) the exemption under section 25(1) would have applied in relation to a transfer agreement but for the fact that the transfer from Q to P described in section 25(1)(b) ("the return transfer") does not in fact take place,
  (b) the reason why the return transfer does not take place is that P or Q becomes insolvent after the transfer described in section 25(1)(a) takes place, and
  (c) P and Q are not connected persons within the meaning of section 1122 of CTA 2010.

(2) The main charge does not apply to—
  (a) the transfer agreement mentioned in subsection (1)(a), or
  (b) any subsequent transfer agreement that is an agreement to transfer to P securities of the same kind as those which would have been the subject of the return transfer.

(3) The exemption under subsection (2)(b) can apply to more than one transfer agreement (including where the transferor is different) but—
  (a) that exemption does not apply to a transfer agreement if the amount of chargeable securities concerned, together with any amounts of chargeable securities concerned in previous transfer agreements to which the exemption has applied by reference to the return transfer, exceeds the amount of securities that would have been the subject of the return transfer, and
  (b) in a case where collateral is provided under the arrangement referred to in section 25(1), that exemption does not apply unless the collateral is used to the maximum extent possible to acquire the securities in question.

(4) The exemption under this section must be claimed in a return under section 56.

(5) For the purposes of this section a person "becomes insolvent"—
   (a) if a company voluntary arrangement takes effect under Part 1 of the Insolvency Act 1986,
   (b) if an administration application (within the meaning of Schedule B1 to that Act) is made or a receiver or manager, or an administrative receiver, is appointed,
   (c) on the commencement of a creditor's voluntary winding up (within the meaning of Part 4 of that Act) or a winding up by the court under Chapter 6 of that Part,
   (d) if an individual voluntary arrangement takes effect under Part 8 of that Act,
   (e) on the making of a bankruptcy application or presentation of a bankruptcy petition (within the meaning of Part 9 of that Act),
   (f) if a compromise or arrangement takes effect under Part 26 or 26A of the Companies Act 2006,
   (g) if a bank insolvency order takes effect under Part 2 of the Banking Act 2009,
   (h) if a bank administration order takes effect under Part 3 of that Act,
   (i) if a special administration order takes effect under the Investment Bank Special Administration Regulations 2011 (S.I. 2011/245),
   (j) if a special administration order takes effect under the Payment and Electronic Money Institution Insolvency Regulations 2021 (S.I. 2021/716), or
   (k) on the occurrence of any corresponding event which has effect under or as a result of the law of Scotland or Northern Ireland or a country or territory outside the United Kingdom.

Special forms of security

27 Securitisation companies and qualifying transformer vehicles

(1) No charge to securities transfer tax applies to a relevant transaction if the chargeable securities concerned consist of capital market investments issued as part of a capital market arrangement by—
   (a) a securitisation company that is a note-issuing company, or
   (b) a qualifying transformer vehicle.

(2) The exemption under subsection (1) does not apply—
   (a) if the capital market investment carries a right (exercisable at any time) of conversion into other securities or to the acquisition of other securities, unless it is a right of conversion solely into, or to the acquisition solely of, securities which are capital market investments issued as part of a capital market arrangement by the same qualifying transformer vehicle or note-issuing company,

(b) in relation to a securitisation company if, when the capital market arrangement was entered into, regulation 14 of the Taxation of Securitisation Companies Regulations 2006 (S.I. 2006/3296) (corporation tax charge) did not apply to the note-issuing company, or

(c) in relation to a qualifying transformer vehicle if, when the capital market arrangement was entered into, regulation 6 of the Risk Transformation (Tax) Regulations 2017 (S.I. 2017/1271) (removal of special tax treatment) applied to the qualifying transformer vehicle.

(3) The Treasury may by regulations make provision for or in relation to exemptions from securities transfer tax in connection with—

(a) transfers of chargeable securities issued or raised by a securitisation company or a qualifying transformer vehicle, or

(b) transfers of chargeable securities to or by a securitisation company,

including provision modifying or removing the exemption under subsection (1).

(4) The power under subsection (3) may be exercised by amending this Part.

(5) In this section—

"note-issuing company" has the same meaning as in regulation 5 of the Taxation of Securitisation Companies Regulations 2006;

"qualifying transformer vehicle" has the same meaning as in the Risk Transformation (Tax) Regulations 2017;

"securitisation company" has the same meaning as in the Taxation of Securitisation Companies Regulations 2006.

28 Hybrid capital instruments

(1) No charge to securities transfer tax applies to a relevant transaction if the chargeable securities concerned are hybrid capital instruments within the meaning of section 475C of CTA 2009.

(2) The exemption under this section must be claimed in a return under section 56.

Clearance services and depositary receipt issuers

29 Securities held by clearance service provider or depositary receipt issuer

(1) This section applies where chargeable securities are held by—

(a) a clearance service provider in connection with the provision of a clearance service in relation to the chargeable securities, or

(b) a depositary receipt issuer in connection with depositary receipt arrangements that are in place in relation to the chargeable securities.

(2) The main charge does not apply to a transfer agreement the subject of which is the chargeable securities.

(3) The higher-rate charge does not apply to a higher-rate transfer the subject of which is the chargeable securities.

30 Replacement securities

The higher-rate charge does not apply in relation to a higher-rate transfer ("the relevant transfer") if—

(a) the chargeable securities concerned ("the new securities") were issued by a company in place of existing securities of the same company ("the old securities"),

(b) the value of the new securities immediately after their issue does not exceed the value of the old securities immediately before the issue of the new securities,

(c) before the relevant transfer the old securities are the subject of a clearance service provided by, or of depositary receipt arrangements entered into with, the transferee in relation to the relevant transfer ("T"),

(d) the higher-rate charge previously applied in respect of the transfer to T of—

(i) the old securities, or

(ii) earlier securities in relation to which on a previous application of this section those securities were the new securities, and

(e) the old securities are cancelled under the same arrangement under which the relevant transfer is made.

31 Arrangements comprising both transfer agreement and higher-rate transfer

The main charge does not apply to a transfer agreement that forms part of an arrangement under which the chargeable securities that are the subject of the transfer agreement are also to be the subject of a higher-rate transfer.

Other exemptions

32 Resolution of financial institutions

(1) No charge to securities transfer tax applies to a relevant transaction if the transfer is effected by, or by an instrument made under, any of the following—

(a) a mandatory reduction instrument made in accordance with section 6B of the Banking Act 2009 (mandatory write-down, conversion etc of capital instruments);

(b) a share transfer instrument or property transfer instrument made in accordance with section 12(2) of that Act (transfer to a bridge bank);

(c) a property transfer instrument made in accordance with section 12ZA(3) of that Act (transfer to asset management vehicle);

(d) a resolution instrument made in accordance with section 12A of that Act (bail-in);

(e) a share transfer order made in accordance with section 13(2) of that Act (share transfer);

(f) a supplemental share transfer instrument made in accordance with section 26 of that Act, where the original instrument was made in accordance with section 12(2) or 13(2) of that Act;

(g) a supplemental share transfer order made in accordance with section 27 of that Act;

(h) a property transfer instrument made in accordance with section 41A(2) of that Act (transfer of property subsequent to resolution instrument);

(i) a supplemental property transfer instrument made in accordance with section 42(2) of that Act where the original instrument was made in accordance with section 12(2), 12ZA(3) or 41A(2) of that Act;

(j) a bridge bank supplemental property transfer instrument made in accordance with section 44D(2) of that Act;

(k) a property transfer order made in accordance with section 45(2) of that Act;

(l) a supplemental resolution instrument made in accordance with section 48U(2) of that Act;

(m) an onward transfer resolution instrument made in accordance with section 48V of that Act in circumstances where the transfer—

(i) is to a clearance service provider or a depositary receipt issuer, and

(ii) is made by way of compensation to a creditor of the financial institution in respect of which the original instrument (within the meaning of section 48V of the Banking Act 2009) was made.

(n) an order under section 85 of that Act (temporary public ownership: building societies);

(o) a third-country instrument made in accordance with section 89H(2) or 89I(4) of that Act;

(p) a share transfer instrument or property transfer instrument made in accordance with paragraph 29(3) (bridge central counterparty) of Schedule 11 to the Financial Services and Markets Act 2023 (central counterparties);

(q) a share transfer instrument made in accordance with paragraph 30(2) of that Schedule (transfer of ownership);

(r) a write-down instrument made in accordance with paragraph 34(2) of that Schedule (write-down power);

(s) a supplemental share transfer instrument made in accordance with paragraph 49 of that Schedule (supplemental instruments), where the original instrument was made in accordance with paragraph 29(3) or 30(2) of that Schedule;

(t) a property transfer instrument made in accordance with paragraph 66(2) of that Schedule (transfer of property subsequent to resolution instrument);

(u) a supplemental property transfer instrument made in accordance with paragraph 67(2) of that Schedule (supplemental instruments), where the original instrument was made in accordance with paragraph 29(3) of that Schedule;

(v) a bridge central counterparty supplemental property transfer instrument made in accordance with paragraph 73(2) of that Schedule (bridge central counterparty: supplemental property transfer powers);

(w) a supplemental resolution instrument made in accordance with paragraph 82(2) of that Schedule (supplemental resolution instruments);

(x) a third-country instrument made in accordance with paragraph 145(2) (third-country resolution actions) or 146(4) (effects of recognition on third-country resolution action) of that Schedule.

(2) The exemption under this section must be claimed in a return under section 56.

(3) References in this section to a provision of the Banking Act 2009 include references to that provision as applied by or under any other provision of that Act (including where it is applied with modifications or in a substituted form).

33 Demutualisation of insurance companies

(1) The main charge does not apply to a transfer agreement made for the purposes of or in connection with a qualifying demutualisation transaction.

(2) In this section "demutualisation transaction" means a transfer, under a scheme, of the whole or any part of the business carried on by a mutual insurance company ("the mutual") to a company that has share capital ("the acquiring company").

(3) A demutualisation transaction is "qualifying" if it meets all of the following conditions, namely—

(a) that the transfer—

(i) is of business consisting of the effecting or carrying out of contracts of insurance and is effected under an insurance business transfer scheme, or

(ii) is of the whole or any part of the business of a general insurance company carried on through a branch or agency in the United Kingdom and takes place in accordance with any authorisation granted outside the United Kingdom for the purposes of Article 39 of the Solvency II Directive,

(b) that shares in the acquiring company, or a company of which the acquiring company is a wholly owned subsidiary, are offered under the scheme to at least 90% of the persons who immediately before the transfer are members of the mutual, and

(c) that under the scheme, all the shares in the issuing company which will be in issue immediately after the transfer is made, other than shares which are to be or have been issued pursuant to an offer to the public, are offered to persons who (at the time of the offer) are—

(i) members of the mutual,

(ii) persons who are entitled to become members of the mutual, or

(iii) employees, former employees or pensioners of the mutual or of a company that is a wholly owned subsidiary of the mutual.

(4) For the purposes of this section—

"contract of insurance" has the meaning given by Article 3(1) of the Financial Services and Markets Act 2000 (Regulated Activities) Order 2001 (S.I. 2001/544);

"employee", in relation to a mutual insurance company or its wholly owned subsidiary, includes any officer or director of the company or subsidiary and any other person taking part in the management of the affairs of the company or subsidiary;

"general insurance company" means a company that has permission under Part 4A of the Financial Services and Markets Act 2000 to effect or carry out contracts of insurance;

"insurance business transfer scheme" has the same meaning as in Part 7 of the Financial Services and Markets Act 2000;

"insurance company" means a company that carries on the business of effecting or carrying out contracts of insurance;

"mutual insurance company" means an insurance company carrying on business without having any share capital;

"pensioner", in relation to a mutual insurance company or its wholly owned subsidiary, means a person entitled (whether presently or prospectively) to a pension, lump sum, gratuity or other similar benefit referable to the service of any person as an employee of the company or subsidiary;

"the Solvency II Directive" means Directive 2009/138/EC of the European Parliament and of the Council of 25 November 2009 on the taking-up and pursuit of the business of Insurance and Reinsurance (Solvency II);

and a company is a "wholly owned subsidiary" of another company ("the parent") if it has no members except the parent and the parent's wholly owned subsidiaries or persons acting on behalf of the parent or its wholly owned subsidiaries.

(5) The Treasury may by regulations—

(a) amend subsection (3)(b) so as to substitute a percentage not exceeding 90% for the one for the time being mentioned there;

(b) provide for any or all of the references in subsection (3) to "members" to be construed as references to members of a class specified by the regulations.

(6) The power under subsection (5)(b) may be exercised by amending this section.

34 Share incentive plans

(1) The main charge does not apply to a transfer agreement if the transfer is a transfer of partnership shares or dividend shares by the trustees to an employee under a Schedule 2 SIP.

(2) This section forms part of the SIP code (see section 488 of ITEPA 2003) and is to be construed accordingly.

35 Transfers to charities etc

(1) The main charge does not apply to a transfer agreement if the transferee is—
   (a) a charitable company,
   (b) the trustees of a charitable trust,
   (c) the trustees of the National Heritage Memorial Fund, or
   (d) the Historic Buildings and Monuments Commission for England.

(2) The exemption under this section must be claimed in a return under section 56.

36 Transfers in connection with divorce etc

The main charge does not apply to a transfer agreement if the transferor and transferee are parties (or former parties) to a marriage or civil partnership and the agreement is made in connection with or in anticipation of—
   (a) their divorce,
   (b) the dissolution of their civil partnership,
   (c) the annulment of their marriage or civil partnership, or
   (d) their judicial separation.

37 Death: varying dispositions and appropriations

(1) The main charge does not apply to a transfer agreement—
   (a) that consists in the variation, within the period of two years after a person's death, of any of the dispositions (whether effected by will, under the law relating to intestacy or otherwise) of the property of which the deceased was competent to dispose, and
   (b) the only consideration for which is the making of a variation in respect of another of those dispositions.

(2) The main charge does not apply to a transfer agreement if the transfer consists in the appropriation of property by a personal representative in or towards satisfaction of any of the following—
   (a) a general legacy of money;
   (b) any interest of a surviving spouse or civil partner in the estate of an intestate;
   (c) in Scotland—
      (i) the right of a husband to *jus relicti*;

(ii) the right of a wife to *jus relictae*;
(iii) the right of issue to legitim or rights under section 131 of the Civil Partnership Act 2004 (succession: legal rights arising by virtue of civil partnership);
(iv) rights of a civil partner under that section of that Act.

(3) The reference in subsection (2)(b) to an interest in the estate of an intestate—
(a) includes a reference to the capital value of a life interest which the surviving spouse or civil partner has under the Intestates' Estates Act 1952 elected to have redeemed, and
(b) in Scotland, includes a reference to prior rights within the meaning of the Succession (Scotland) Act 1964 but does not include a reference to rights within subsection (2)(c).

38 Maintenance funds for historic buildings

(1) The main charge does not apply to a transfer agreement if—
(a) the transfer involves the chargeable securities concerned ceasing to be comprised in a settlement,
(b) the chargeable securities concerned, or a portion of them, subsequently become comprised in another settlement, and
(c) as a result of the event mentioned in paragraph (b) there is—
(i) no charge to inheritance tax in respect of the event described in paragraph (a) by virtue of paragraph 9(1) or 17(1) of Schedule 4 to IHTA 1984, or
(ii) a reduced charge to inheritance tax in respect of that event by virtue of paragraph 9(4) of 17(4) of that Schedule.

(2) Where only a portion of the chargeable securities concerned becomes comprised in the other settlement as mentioned in subsection (1)(b)—
(a) this Part applies as though there were two transfer agreements, one concerning the portion that becomes so comprised and one concerning the other portion,
(b) the consideration for the transfer is to be allocated between those two agreements on a just and reasonable basis, and
(c) the exemption under subsection (1) applies only in respect of the transfer agreement concerning the portion that becomes so comprised.

(3) The exemption under this section must be claimed in a return under section 56.

39 Granting of security interests

(1) The main charge does not apply to a transfer agreement if the purpose of the transfer is to grant a security interest consisting of the chargeable securities concerned.

(2) "Security interest" here means an interest or right held for the purpose of securing the payment of money or the performance of any other obligation.

40 Transfers to pension schemes

The main charge does not apply to a transfer agreement if—

(a) the transferee is the trustees or managers of a pension scheme, and

(b) the only consideration for the transfer is the assumption by the transferee of obligations to provide benefits under the scheme.

41 Transfers in exchange for rights under life insurance policy

The main charge does not apply to a transfer agreement if the only consideration for the transfer is the granting of rights under a policy of life insurance.

42 Shares registered in an overseas branch register

No charge to securities transfer tax applies to a relevant transaction if the chargeable securities concerned are shares registered in an overseas branch register in accordance with Chapter 3 of Part 8 of the Companies Act 2006.

43 Transfers in connection with insolvency

(1) The main charge does not apply to a transfer agreement if—

(a) the transferor is a company that is the subject of a winding up by the court or a creditors' voluntary winding up, and

(b) the transfer is to be made in pursuance of that winding up.

(2) The main charge does not apply to a transfer agreement if—

(a) the chargeable securities concerned are the property of a bankrupt, and

(b) the transfer is to be made in pursuance of bankruptcy proceedings.

(3) The exemption under this section must be claimed in a return under section 56.

44 No change in beneficial ownership

The main charge does not apply to a transfer agreement if the transfer does not involve a change in the beneficial ownership of the chargeable securities concerned.

45 Transfers of own shares

No charge to securities transfer tax applies to a relevant transaction if the chargeable securities concerned are shares in a company that, immediately before the relevant transaction takes place, are held by the company (whether in accordance with section 724 of the Companies Act 2006 (treasury shares) or otherwise)

46 Transfers to government departments etc

The main charge does not apply to a transfer agreement if the transferee is any of the following—
(a) a Minister of the Crown;
(b) the solicitor for the affairs of His Majesty's Treasury;
(c) the Welsh Ministers;
(d) the First Minister for Wales;
(e) the Counsel General to the Welsh Government;
(f) the Senedd Commission;
(g) the Northern Ireland Assembly Commission.

47 Interests in relation to exempt chargeable securities

(1) The main charge does not apply to a transfer agreement if—
(a) the chargeable securities that are the subject of the transfer agreement fall within section 4(1)(d) or (e) (interests or rights in or in respect of other chargeable securities), and
(b) the main charge would not apply to a transfer agreement whose subject was the shares, equity-like debt interests or units to which the chargeable securities relate.

(2) The higher-rate charge does not apply to a higher-rate transfer if—
(a) the chargeable securities that are the subject of the higher-rate transfer fall within section 4(1)(d) or (e) (interests or rights in or in respect of other chargeable securities), and
(b) the higher-rate charge would not apply to a higher-rate transfer whose subject was the shares, equity-like debt interests or units to which the chargeable securities relate.

(3) The exemption under subsection (1) does not apply to a transfer agreement if—
(a) the chargeable securities concerned are depositary interests,
(b) the underlying securities in relation to the depositary interests are shares or equity-like debt securities which are held by a depositary receipt issuer in connection with depositary receipt arrangements that are in place in relation to the shares or securities, and
(c) the only reason why the exemption under subsection (1) would otherwise apply is because of the operation of section 29(2) (which disapplies the main charge in relation to securities that are subject to depositary receipt arrangements).

CHAPTER 3

FUNDS

Funds whose units are not chargeable securities

48 "Excluded unit trust scheme"

(1) For the purposes of this Part a unit trust scheme is "excluded" if any of the following is the case—
  (a) all of the trustees under the scheme are resident outside the United Kingdom;
  (b) it is a relevant charitable scheme;
  (c) it is a share incentive plan within the meaning of the SIP code (see section 488(4) of ITEPA 2003);
  (d) it is a common investment scheme under section 42 of the Administration of Justice Act 1982 (pooling of funds held in court);
  (e) it constitutes common investment arrangements made by the trustees of registered pension schemes (within the meaning of Part 4 of FA 2004) solely for the purposes of the schemes;
  (f) the property subject to the scheme is held on trust for the general partners and the limited partners in a limited partnership registered under the Limited Partnerships Act 1907;
  (g) under the terms of the scheme the property subject to the scheme can only be invested in exempt investments.

(2) In subsection (1)(b) "relevant charitable scheme" means—
  (a) a common investment scheme under section 96 of the Charities Act 2011 or section 25 of the Charities Act (Northern Ireland) 1964 (pooling of charity investments),
  (b) a common deposit scheme under section 100 of the Charities Act 2011 (pooling of charity deposit funds), or
  (c) a unit trust scheme the units in which are, under the terms of the trust instrument, required to be held only by charitable companies or trustees of charitable trusts.

(3) In this section "exempt investment" means—
  (a) an interest that is not an interest under a collective investment scheme and that is not—
    (i) a chargeable security, or
    (ii) an interest on the acquisition of which stamp duty land tax would be chargeable,
  (b) an interest under a collective investment scheme where 80% or more of the market value of the investments in which the property subject to the scheme is invested is attributable to exempt investments, or
  (c) a derivative that relates wholly to one or more exempt investments.

(4) For the purposes of this section funds held for the purposes of the day-to-day management of the unit trust scheme are not regarded as "invested".

(5) The Treasury may by regulations amend this Part so as to extend the circumstances in which a unit trust scheme is excluded for the purposes of this Part.

49 "Excluded open-ended investment company"

(1) For the purposes of this Part an open-ended investment company is "excluded" if—

(a) the company is an exchange-traded fund, or

(b) under the terms of the collective investment scheme constituted by the company, the property that is subject to the scheme can only be invested in exempt investments.

(2) In this section—

"exchange-traded fund" means an open-ended investment company—

(a) units in which are admitted to trading on a regulated market or a multilateral trading facility, and

(b) which is—

(i) a UCITS within the meaning of the Financial Services and Markets Act 2000 (see section 236A of that Act), or

(ii) a Gibraltar UCITS;

"exempt investment" has the same meaning as in section 48;

"Gibraltar UCITS" means an undertaking that is a UCITS under the law of Gibraltar by virtue of the implementation in Gibraltar of Directive 2009/65/EC of the European Parliament and of the Council of 13 July 2009 on the coordination of laws, regulations and administrative provisions relating to undertakings for collective investment in transferable securities.

(3) Section 48(4) (funds held for day-to-day management purposes not regarded as "invested") applies for the purposes of this section as it applies for the purposes of section 48.

(4) The Treasury may by regulations amend this Part so as to extend the circumstances in which an open-ended investment company is excluded for the purposes of this Part.

Exemptions related to funds

50 Unit trust schemes and OEICs: transfers involving scheme managers

(1) The main charge does not apply to a transfer agreement if—

(a) the chargeable securities concerned are units under a unit trust scheme or shares in an open-ended investment company, and

(b) the managers of the scheme are the transferor or transferee.

(2) In subsection (1)(b) "the managers of the scheme", in relation to an open-ended investment company, means the persons who have responsibility for the management of the property that is subject to the collective investment scheme constituted by the company.

51 Contractual schemes

(1) The main charge does not apply to a transfer agreement if—
  (a) the transferee is a depositary in relation to a relevant contractual scheme,
  (b) the chargeable securities concerned are, under the transfer agreement, to be held as part of the property subject to the scheme, and
  (c) the only consideration for the transfer is the issue of units in the scheme.

(2) The main charge does not apply to a transfer agreement that relates to a transfer between relevant contractual schemes that are treated as separate schemes by virtue of section 54 (sub-schemes of umbrella scheme treated as separate schemes).

(3) Neither exemption under this section applies to a transfer agreement that forms part of arrangements whose main purpose, or one of whose main purposes, is the avoidance of securities transfer tax.

(4) In subsection (1)(a) "depositary" has the same meaning as in Part 17 of the Financial Services and Markets Act 2000 (see section 237(2) of that Act).

(5) In this section "relevant contractual scheme" means—
  (a) a co-ownership scheme that is an authorised contractual scheme within the meaning of Part 17 of the Financial Services and Markets Act 2000 (see section 237(3) of that Act), or
  (b) a RIF within the meaning of section 20 of F(No.2)A 2024.

52 In-specie redemptions

(1) The main charge does not apply to a transfer agreement if—
  (a) the chargeable securities concerned are property subject to a collective investment scheme ("scheme property"),
  (b) the scheme falls within subsection (2),
  (c) the consideration for the transfer is the surrender of units in the scheme,
  (d) under the agreement the transferee is to receive only such part of each description of asset in the scheme property as is proportionate to, or as nearly as practicable proportionate to, the transferee's share in the scheme, and
  (e) the transfer is permitted under the terms of the scheme.

(2) A collective investment scheme falls within this subsection if it is—
  (a) a unit trust scheme,

(b) an open-ended investment company, or
(c) a co-ownership scheme.

(3) For the purposes of subsection (1)(c) a "surrender" of units in a collective investment scheme takes place where—
(a) a person authorises the operator of the scheme to treat the person as no longer interested in a unit in the scheme, or
(b) a unit under the scheme is transferred to the operator of the scheme.

"The operator" here has the same meaning as in Part 17 of the Financial Services Act 2000 (see section 237(2)).

(4) In the case of a collective investment scheme established outside the United Kingdom, the exemption under this section must be claimed in a return under section 56.

53 Fund reconstructions

(1) The main charge does not apply to a transfer agreement made in pursuance of arrangements under which—
(a) all or part of the property subject to a collective investment scheme ("the transferor scheme") is to become property subject to another collective investment scheme ("the transferee scheme"), and
(b) holders of units in the transferor scheme are to receive units in the transferee scheme in exchange for their respective interests in that property.

(2) But if the relevant regulatory requirements are not complied with in respect of the arrangements mentioned in subsection (1), the exemption under this section is treated as never having had effect in relation to the transfer agreement.

(3) In subsection (2) "the relevant regulatory requirements" means the requirements imposed by the following (so far as applicable to the arrangements)—
(a) section 251 of the Financial Services and Markets Act 2000 (FCA approval for alterations of unit trust schemes);
(b) section 252A of that Act (FCA approval for conversion to non-feeder UCITS);
(c) section 261Q of that Act (FCA approval for alterations of contractual schemes);
(d) regulation 21 of the Open-Ended Investment Companies Regulations 2001 (S.I. 2001/1228) (FCA approval of alterations in respect of OEICs);
(e) Part 4 of the Undertakings for Collective Investment in Transferable Securities Regulations 2011 (S.I. 2011/1613) (mergers involving UK UCITSs);
(f) any rules made by the Financial Conduct Authority.

(4) Where either the transferor scheme or the transferee scheme is established outside the United Kingdom—

(a) the exemption under this section does not apply unless the scheme in question is comparable in its legal structure and its operation to a description of collective investment scheme to which any of the requirements mentioned in subsection (3) applies,

(b) the relevant regulatory requirements for the purposes of subsection (2) are taken to include any law of a territory outside the United Kingdom corresponding to or similar to the legislation mentioned in any of subsection (3)(a) to (f), and

(c) the exemption under this section must be claimed in a return under section 56.

Umbrella schemes

54 Umbrella schemes

(1) For the purposes of this Part each sub-scheme in relation to an umbrella scheme is regarded as a collective investment scheme in its own right; and the umbrella scheme as a whole is not so regarded.

(2) In this section "umbrella scheme" means a collective investment scheme—

(a) which provides arrangements for separate pooling of the contributions of participants and of the assets out of which payments are to be made to them (such that assets held in a given pool may only be used to discharge liabilities of the scheme in respect of the participants that have rights in that pool), and

(b) under which participants are entitled to exchange rights in one pool for rights in another;

and "sub-scheme", in relation to an umbrella scheme, means such of the arrangements constituting the scheme as relate to a separate pool.

CHAPTER 4

PAYMENT, REPORTING AND ADMINISTRATION

Collection, management and recovery

55 Collection, management and recovery

(1) HMRC are responsible for the collection and management of securities transfer tax.

(2) Securities transfer tax is recoverable as a debt due to the Crown.

Returns

56 Returns

(1) A return must be made to HMRC in respect of—

(a) every electronic transaction, and
(b) every other relevant transaction unless—
(i) an exemption applies, and
(ii) the exemption does not need to be claimed in a return under this section.

(2) The person responsible for making a return is—
(a) in respect of an electronic transaction where the system operator is an accountable person, the system operator;
(b) in respect of an electronic transaction where the system operator is not an accountable person but there is an accountable person, the accountable person;
(c) in respect of any other relevant transaction—
(i) where tax is charged, the person liable;
(ii) where no tax is charged, the person who would be liable if tax had been charged.

(3) A return must be made—
(a) in respect of an electronic transaction, before the end of the period of 14 days beginning with the day after that on which the charging time falls, and
(b) in respect of any other relevant transaction, before the end of the period of 30 days beginning with the day after that on which the charging time falls;

and in this Part "the filing date", in relation to a relevant transaction, means the last day of the period within which the return must be made in respect of it.

(4) A return—
(a) must be made in the manner and form specified by HMRC, and
(b) must contain information or evidence of a description specified by HMRC.

(5) A specification made by virtue of subsection (4) may, in particular, provide or allow for a single return to be made in respect of multiple relevant transactions.

(6) HMRC must, on receipt of a return under this section in relation to a relevant transaction other than an electronic transaction, give a written acknowledgement of receipt to the person that made the return.

57 Amendment of returns

(1) A person who has made a return under section 56 may amend the return.

(2) A return in respect of a relevant transaction may not be amended after the end of the period of one year beginning with the filing date, except in the case of—

(a) an amendment required to be made under subsection (3) (as to which see subsection (4)), or

(b) an amendment made for the sole purpose of making a claim for deferral under section 59 (as to which see section 59(5)(b)).

(3) Where—

(a) tax in respect of an element of the consideration for a transfer is charged on the basis described in section 8(1)(a) (reasonable estimate to be used where consideration is unknown at time of charge), or

(b) the time for paying tax in respect of an element of the consideration for a transfer is deferred under section 59 (deferral of due date for payment where consideration is uncertain),

and the amount or value of the element in question becomes clear, the person who is responsible as set out in section 56(2) must amend the return in relation to the relevant transaction accordingly.

(4) An amendment under subsection (3) must be made before the end of the period of 30 days beginning with the day after that on which the amount or value of the element of consideration in question becomes clear.

(5) An amendment of a return is to be made in the manner and form specified by HMRC.

(6) A specification made by virtue of subsection (5) may, in particular, provide or allow for a return to be amended by making a standalone disclosure to HMRC in relation to the subject-matter of the return (as opposed to by revising the text of the original return).

Payment and repayment of tax

58 Due date for payment

(1) Securities transfer tax charged in relation to an electronic transaction must be paid before the end of the period of 14 days beginning with the day after that on which the charging time falls.

(2) Securities transfer tax charged in relation to any other relevant transaction must be paid before the end of the period of 30 days beginning with the day after that on which the charging time falls.

(3) Where an amount of securities transfer tax becomes payable by virtue of section 8(1)(b) (cases where exact amount or value of consideration becomes clear after the charge arises)—

(a) subsections (1) and (2) do not apply to the amount, and

(b) the amount must instead be paid before the end of the period of 30 days beginning with the day after that on which the amount or value of the element of consideration in question becomes clear.

(4) This section is subject to section 59 (which allows for payment of tax to be deferred in certain cases where the amount or value of the consideration is not known).

59 Deferral of due date for payment where consideration is uncertain

(1) A person may, by a claim made to HMRC, defer the time by which the person is required to pay securities transfer tax in respect of an element of the consideration for a transfer.

(2) A claim may be made only if on the relevant date—
  (a) the amount or value of the element in question depends on uncertain future events,
  (b) it is reasonable to expect that the element's amount or value will not become clear within the period of 6 months beginning with the relevant date, and
  (c) there are no arrangements in relation to the relevant transaction whose main purpose, or one of whose main purposes, is to enable payment of the tax to be deferred.

(3) The effect of deferral under this section is that the time before which tax must be paid in respect of the element in question is the end of the period of 30 days beginning with the day after the earlier of the following—
  (a) the day on which the amount or value of the element in question becomes clear;
  (b) the date specified in the claim by the person making the claim ("the longstop date").

(4) The longstop date may not fall after—
  (a) the fourth anniversary of the relevant date, or
  (b) the twelfth anniversary of the day on which the charging time falls.

(5) A claim—
  (a) must be made in a return under section 56, and
  (b) may not be made after the end of the period of 30 days beginning with the day after the relevant date.

(6) In this section "the relevant date" means—
  (a) in relation to a first deferral, the day on which the charging time falls;
  (b) in relation to a subsequent deferral, the longstop date in relation to the previous deferral.

60 Repayments of tax by HMRC

(1) If a person pays HMRC an amount of securities transfer tax which was not in fact due, HMRC must, on a claim made by the person, repay the amount and any interest paid on it.

(2) HMRC must give written notice of the outcome of a claim under this section to the person that made the claim.

(3) A claim under this section may not be made after the end of the period of 4 years beginning with the later of—
(a) the day on which the amount was paid, and
(b) the day that would have been the due date for payment in relation to the amount had the amount in fact been due.

(4) Where—
(a) securities transfer tax is charged, and paid, on the basis described in section 8(1)(a) (reasonable estimate to be used where consideration is unknown at time of charge),
(b) the amount or value of the element of the consideration in question later becomes clear,
(c) the effect of the consequent redetermination under section 8(1)(b) is that less tax is payable in respect of the transfer than was previously paid, and
(d) a person amends their return in respect of the relevant transaction in accordance with section 57(3) (return to be amended where unknown consideration becomes clear),

HMRC must repay to the person an amount equal to the difference between the amount of tax that was previously paid and the amount of tax that is in fact payable.

(5) If an amount of securities transfer tax, or interest on securities transfer tax, is repaid to a person in error (whether it should not have been repaid at all or it should have been repaid to someone else), the amount may be assessed and recovered as if it were securities transfer tax due from the person, and as if it had become due and payable on the date on which it was repaid.

(6) A claim under this section—
(a) must be made in the manner and form specified by HMRC, and
(b) must contain information or evidence of a description specified by HMRC.

61 Late payment interest and repayment interest

(1) Sections 101 and 102 of FA 2009 (which provide for, respectively, late payment interest on sums to be paid to HMRC and repayment interest on sums to be paid by HMRC) come into force for the purposes of securities transfer tax at the same time as this Part comes into force.

(2) Where the time by which an amount of tax must be paid is deferred under section 59, the late payment interest start date in relation to that amount for the purposes of section 101 of FA 2009 is the date that would have been the due date for payment in relation to the amount had no deferral under that section been made.

(3) The following applies in a case where—

(a) tax is paid on the basis described in section 8(1)(a) (reasonable estimate to be used where consideration is unknown at time of charge), and

(b) the amount of tax charged is redetermined under section 8(1)(b) (redetermination of tax when consideration becomes clear).

(4) If the effect of the redetermination is that an amount of additional tax is payable, the late payment interest start date in relation to that amount for the purposes of section 101 of FA 2009 is the original due date for payment.

(5) If the effect of the redetermination is that HMRC are required to repay an amount of tax in accordance with section 60(4), the repayment interest start date in relation to that amount for the purposes of section 102 of FA 2009 is the later of—

(a) the original due date for payment, and

(b) the day on which tax was paid on the basis described in section 8(1)(a) (reasonable estimate to be used where consideration is unknown at time of charge).

(6) "The original due date for payment" means the due date for payment in relation to the tax paid on the basis described in section 8(1)(a).

Other provision

62 Transfers not to be registered without securities transfer tax confirmation

(1) This section applies where—

(a) an instrument of transfer is delivered to a company in respect of a transfer of shares in the company, and

(b) the company is required under section 771(1) of the Companies Act 2006 (procedure on transfer being lodged) to register the transfer or to give notice of refusal to do so.

(2) The company must not register the transfer unless it receives—

(a) a copy of the acknowledgement of receipt given by HMRC under section 56(6) (acknowledgement of receipt of return) in relation to the transfer or an agreement of which the transfer is the subject, or

(b) a statement from the person applying for registration of the transfer asserting that no return under section 56 was required to be made in relation to the transfer or an agreement of which the transfer is the subject.

(3) A statement under subsection (2)(b)—

(a) must be made in the manner and form specified by HMRC, and

(b) must contain information of a description specified by HMRC (which may include information about why no return was required to be made).

(4) If subsection (2) is contravened, an officer who is in default is liable to pay to HMRC a penalty of £300.

(5) An officer of Revenue and Customs—

(a) may assess a penalty under this section, and

(b) where they assess a penalty, must give notice of the assessment to the person liable.

(6) A penalty assessed under subsection (5)(a) may be recovered as if it were an amount of securities transfer tax due from the person liable, and as if it had become due and payable at the end of the period of 30 days beginning with the day on which notice of the assessment is given.

(7) An appeal may be brought against an assessment under subsection (5)(a); and Part 5 of Schedule 1 applies to such an appeal, with the necessary modifications, as it applies to an appeal within paragraph 21(1) of that Schedule.

(8) Section 1121(2) and (3) of the Companies Act 2006 (meaning of "officer" and "in default") has effect in relation to a contravention of subsection (2) as it has effect in relation to a contravention of the kind mentioned in section 1121(1) of that Act.

63 Notifications in relation to clearance services and depositary receipt arrangements

Notification requirements

(1) A person must notify HMRC if the person begins carrying on a business that involves—

(a) providing a clearance service in relation to chargeable securities,

(b) entering into depositary receipt arrangements in relation to chargeable securities, or

(c) holding chargeable securities as nominee or agent—

(i) for another person, and

(ii) for the purposes of a business of that other person that involves carrying on an activity mentioned in paragraph (a) or (b).

(2) A clearance service provider or depositary receipt issuer must notify HMRC if—

(a) a higher-rate transfer is made to it the subject of which is chargeable securities issued by a company, and

(b) the clearance service provider or depositary receipt issuer has not previously (as the case may be) provided a clearance service, or entered into depositary receipt arrangements, in respect of chargeable securities issued by the company in question.

(3) A company incorporated in the United Kingdom must notify HMRC on the first occasion on which the company becomes aware that any chargeable securities issued by the company are held by—

(a) a clearance service provider in connection with the provision of a clearance service in relation to the chargeable securities, or

(b) a depositary receipt issuer in connection with depositary receipt arrangements that are in place in relation to the chargeable securities.

(4) A notification under subsection (2) need not be given if a notification under subsection (3) is given in respect of the same chargeable securities, and vice versa.

Timing and form of notifications

(5) A notification under subsection (1) must be made before the end of the period of one month beginning with the date on which the person first (as the case may be)—
(a) provides a clearance service as mentioned in subsection (1)(a),
(b) enters into depositary receipt arrangements as mentioned in subsection (1)(b), or
(c) holds chargeable securities as nominee or agent as mentioned in subsection (1)(c).

(6) A notification under subsection (2) must be made before the end of the period of one month beginning with the date on which the higher-rate transfer is made.

(7) A notification under subsection (3) must be made before the end of the period of one month beginning with the date on which it becomes aware of the circumstance in question.

(8) A notification under this section must be made in the manner and form specified by HMRC.

Penalties for non-compliance

(9) A person who fails to comply with this section is liable to a penalty not exceeding £100.

(10) An officer of Revenue and Customs—
(a) may assess a penalty under this section, and
(b) where they assess a penalty, must give notice of the assessment to the person liable.

(11) A penalty assessed under subsection (10)(a) may be recovered as if it were an amount of securities transfer tax due from the person liable, and as if it had become due and payable at the end of the period of 30 days beginning with the day on which notice of the assessment is given.

(12) An appeal may be brought against an assessment under subsection (10)(a); and Part 5 of Schedule 1 applies to such an appeal, with the necessary modifications, as it applies to an appeal within paragraph 21(1) of that Schedule.

64 Enquiries, assessments and appeals

(1) Schedule 1 makes provision about—

(a) enquiries by HMRC in relation to returns,
(b) determinations made by HMRC in cases where no return is made,
(c) discovery assessments made by HMRC, and
(d) appeals by taxpayers against assessments and other decisions made by HMRC.

(2) The Treasury may by regulations amend this Part for the purpose of modifying the provision made by Schedule 1 about the matters described in subsection (1)(a) to (d).

CHAPTER 5

MISCELLANEOUS AND GENERAL

Territorial scope of tax

65 Territorial scope of tax

The main charge and higher-rate charge apply in accordance with this Part irrespective of whether the relevant transaction is effected, or whether any party to it is resident or situate, in the United Kingdom.

"Equity-like debt interests"

66 Equity-like debt interests

(1) In this Part a "debt interest" in a company means a security, right or other interest that consists in a debt owed by the company to the holder of the interest.

(2) For the purposes of this Part a debt interest is "equity-like" if—
(a) it carries a present or future right of conversion into, or to the acquisition of, shares or other securities, rights or interests (including debt interests of the same description),
(b) it carries or previously carried a right to interest the amount of which exceeds or exceeded a reasonable commercial return on the nominal amount of the debt in which it consists,
(c) it carries or previously carried a right to interest the amount of which falls or fell to be determined to any extent by reference to the results of, or of any part of, a business or to the value of any property, or
(d) it carries or previously carried a right on repayment to an amount that exceeds or exceeded the nominal amount of the debt in which it consists and is not or was not reasonably comparable with what is or was generally repayable (in respect of a similar nominal amount of debt) under the terms of issue of debt interests listed in the official list.

This is subject to subsections (3) to (6).

(3) A debt interest is not equity-like by virtue of subsection (2)(a) if the only reason why it meets the condition in that paragraph is that the debt interest carries a right of conversion into, or to the acquisition of, debt interests that are not equity-like.

(4) A debt interest is not equity-like by virtue of subsection (2)(b) or (d) if the only reason why it meets the condition in the paragraph in question is that it carries a right to interest, or (as the case may be) to an amount payable on repayment, determined to any extent by reference to an index showing changes in the general level of prices payable in the United Kingdom over a period substantially corresponding to the period between the creation of the debt interest and the repayment of the debt.

(5) A debt interest is not equity-like by virtue of subsection (2)(c) if the only reason why it meets the condition in that paragraph is that it carries a right to interest that—

(a) reduces in the event of the results of a business or part of a business improving, or the value of any property increasing, or

(b) increases in the event of the results of a business or part of a business deteriorating, or the value of any property diminishing.

(6) A debt interest that is a capital market investment issued as part of a capital market arrangement is not equity-like by virtue of subsection (2)(c) if the only reason why it meets the condition in that paragraph is that it carries a right to interest that ceases or reduces if or to the extent that the issuer, after meeting or providing for other obligations specified in the capital market arrangement concerned, has insufficient funds available from that capital market arrangement to pay all or part of the interest otherwise due.

67 Equity-like debt interests: Islamic finance arrangements etc

(1) A security that represents arrangements to which section 507(1) of CTA 2009 (investment bond arrangements) applies is treated for the purposes of this Part as a debt interest.

(2) For the purpose of determining whether such a security is equity-like, section 66(2) to (6) has effect with the following modifications.

(3) Omit subsection (2)(b).

(4) In subsections (2)(c), (4) and (5), for "interest" substitute "additional payments".

(5) For subsection (2)(d) substitute—

"(d) it carries or previously carried a right at the end of the bond term to payment of an amount that exceeds the aggregate of—

(i) the amount paid for the issue of the bond, and

(ii) the notional payment amount,

and for that purpose "the notional payment amount" means the amount of the payments that would represent a reasonable commercial return (within the meaning of section 507(1) of

CTA 2009) on the bond over the bond term, less the amount of the payments actually made."

(6) For subsection (6) substitute—

"(5) A debt interest that represents arrangements to which section 507(1) of CTA 2009 applies is not equity-like by virtue of subsection (2)(c) if the only reason why it meets the condition in that paragraph is that it carries a right to additional payments that cease or reduce if or to the extent that the bond issuer, after meeting or providing for other obligations specified in the arrangements concerned, has insufficient funds available from those arrangements to pay all or part of the additional payments otherwise due."

(7) At the end insert—

"(7) In this section "additional payments", "bond issuer" and "bond term" have the same meaning as in section 507 of CTA 2009."

Miscellaneous provision

68 Agreements to vary when and by whom tax is paid

(1) Where a person ("P") is required (ignoring this section) to pay securities transfer tax or make a return under section 56 in relation to a relevant transaction, HMRC may—

(a) agree with P that the tax must be paid, or the return made, on or before a time determined in accordance with the agreement instead of the time determined in accordance with Chapter 4, or

(b) agree with P and another person ("Q") that the tax must be paid, or the return made, by Q instead of P.

(2) An agreement may relate to a single relevant transaction or to relevant transactions of a description specified in the agreement.

(3) Where an agreement under this section is in force, any question arising for the purposes of any legislation relating to securities transfer tax as to—

(a) by when tax must be paid or a return made, or

(b) by whom tax must be paid or a return made,

is to be determined in accordance with the agreement.

69 Clearance service provider elections

(1) A clearance service provider may, with HMRC's approval, make an election under this section in respect of such clearance services provided by them as are specified in the election ("elected clearance services").

(2) The effect of an election under this section is that chargeable securities held in connection with the provision of an elected clearance service are treated

for the purposes of the main charge and higher-rate charge as though they were not held in connection with the provision of a clearance service.

(3) It follows, in particular, that—
   (a) the higher-rate charge does not apply to a transfer of chargeable securities to the clearance service provider in connection with the provision of an elected clearance service, but
   (b) if chargeable securities are held by the provider in connection with the provision of an elected clearance service—
      (i) the main charge is capable of applying to transfer agreements in respect of the chargeable securities (as section 29(2) does not apply), and
      (ii) the higher-rate charge is capable of applying to higher-rate transfers of the chargeable securities (as section 29(3) does not apply).

(4) HMRC may make approval conditional on the clearance service provider making and maintaining arrangements that HMRC consider satisfactory for—
   (a) the collection of securities transfer tax charged as described in subsection (3)(b), and
   (b) complying or securing compliance with provision made by virtue of this Part so far as relating to securities transfer tax so charged.

(5) Where the clearance service provider is not resident in the United Kingdom and has no branch or agency in the United Kingdom, the arrangements required by virtue of subsection (4) may include the appointment of a person who—
   (a) has a place of business in the United Kingdom, and
   (b) is approved by HMRC,

to be responsible for the matters described in subsection (4)(a) and (b) (a "tax representative").

(6) This Part has effect in relation to a tax representative so appointed as though any liability or obligation relating to the matters described in subsection (4)(a) and (b) were imposed jointly and severally on the clearance service provider and the tax representative.

(7) An election—
   (a) must be made in the manner and form specified by HMRC, and
   (b) must contain information or evidence of a description specified by HMRC.

(8) An election in respect of a clearance service may be terminated by notice given by the clearance service provider to HMRC or vice versa, and ceases to have effect at the time specified in the notice.

(9) The time specified in a notice under subsection (8) may not be before the end of the period of 30 days beginning with the day on which the notice is given, unless the notice is given by HMRC in consequence of a breach of a condition imposed by virtue of subsection (4).

(10) Where an election in respect of a clearance service is terminated, this Part has effect as though—
(a) a higher-rate transfer were made to the clearance service provider immediately after the termination, and
(b) the amounts and kinds of the chargeable securities concerned were the same as the amounts and kinds of the chargeable securities held by the clearance service provider in connection with the clearance service in question immediately before the termination.

70 Avoidance involving partnerships

(1) If—
(a) a person agrees to transfer an interest in a partnership to another person for consideration in money or money's worth,
(b) the property held as partnership property when the agreement is entered into includes chargeable securities ("the underlying securities"), and
(c) it is reasonable to conclude that the underlying securities came to be held as partnership property as a result of arrangements whose main purpose, or one of whose main purposes, was the avoidance of securities transfer tax,

this Part has effect in relation to the agreement as though the interest that is the subject of the agreement were a chargeable security.

(2) Despite section 6, the amount of securities transfer tax charged by reference to a transfer agreement concerning such an interest is not to exceed the amount that would be charged if the consideration for the transfer were equal to the appropriate proportion of the net market value of the underlying securities.

(3) For that purpose—
"the appropriate proportion" means—
(a) if the person acquiring the interest in the partnership is not a partner before the transfer, that person's partnership share immediately after the transfer;
(b) if the person acquiring the interest in the partnership is a partner before the transfer, the difference between that person's partnership share before and after the transfer;

"the net market value" of the underlying securities means their value as at the charging time, reduced (but not below nil) by the amount outstanding as at the charging time on any loan secured solely on the underlying securities.

Abolition of predecessor taxes

71 Abolition of stamp duty and stamp duty reserve tax

Stamp duty and stamp duty reserve tax are abolished.

72 Consequential provision

(1) Schedule 2 contains amendments and repeals that are consequential on the abolition of stamp duty and stamp duty reserve tax and the charging of securities transfer tax.

(2) The Treasury may by regulations make other provision that is consequential on provision made by this Part.

(3) Regulations under subsection (2) may amend or repeal provision made by an Act passed—
   (a) before this Act, or
   (b) later in the same session of Parliament as this Act

(as well as provision made under such an Act).

73 Transitional provision

(1) Schedule 3 makes transitional provision in connection with the abolition of stamp duty and stamp duty reserve tax and the charging of securities transfer tax.

(2) The Treasury may by regulations make other transitional provision in connection with the coming into force of any provision of this Part.

(3) Regulations under subsection (2) may amend Schedule 3.

74 No saving for subordinate legislation made under repealed legislation

Nothing in this Part relating to securities transfer tax is to be regarded for the purposes of section 17 of the Interpretation Act 1978 as a re-enactment of a previous enactment relating to stamp duty or stamp duty reserve tax.

Powers to make subordinate legislation or to specify administratively

75 Regulations

(1) Regulations under this Part may make—
   (a) consequential, supplementary, incidental, transitional or saving provision;
   (b) different provision for different purposes.

(2) A power to make regulations under this Part is exercisable by statutory instrument subject to annulment in pursuance of a resolution of the House of Commons.

76 Powers to specify administratively

(1) References in this Part to anything being "specified by HMRC" are to its being specified by them in a published document.

(2) A power of HMRC to specify anything for the purposes of this Part includes the power to make different specifications for different purposes.

Crown application

77 Crown application

This Part binds the Crown.

Extent and commencement

78 Extent

(1) This Part extends to England and Wales, Scotland and Northern Ireland, subject to subsection (2).

(2) An amendment or repeal made by this Part has the same extent as the provision amended or repealed.

79 Commencement and application

(1) This Part comes into force on [...] 2027 and has effect as follows.

(2) So far as provision made by this Part relates to the charging of securities transfer tax, it has effect in relation to a transfer agreement or higher-rate transfer in relation to which the charging time is on or after [...] 2027.

(3) So far as provision made by this Part relates to the abolition of stamp duty, it has effect in relation to an instrument executed on or after [...] 2027.

(4) So far as provision made by this Part relates to the abolition of stamp duty reserve tax, it has effect—
  (a) in relation to the charge to tax under section 87 of FA 1986—
    (i) where the agreement to transfer securities is conditional and the condition is satisfied on or after [...] 2027;
    (ii) where the agreement to transfer securities is not conditional and the agreement is made on or after that date;
  (b) in relation to the charge to tax under section 93 or 96 of FA 1986, where the transfer or appropriation is made on or after [...] 2027 (whenever the arrangement was made).

(5) This section is subject to any provision to the contrary made by Schedule 3 (transitional provision).

Interpretation

80 General interpretation

(1) For the purposes of this Part—

"arrangement" includes any agreement, understanding or scheme (whether or not legally enforceable);

"the buyer", in relation to a transfer agreement, has the meaning given in section 2(7);

"capital market arrangement" has the same meaning as in section 72B of the Insolvency Act 1986 (see paragraph 1 of Schedule 2A to that Act);

"capital market investment" has the same meaning as in section 72B of the Insolvency Act 1986 (see paragraphs 2 and 3 of Schedule 2A to that Act);

"chargeable securities" has the meaning given in section 4;

"the charging time" means—

(a) in relation to a transfer agreement, the time when the main charge would arise, and

(b) in relation to a higher-rate transfer, the time when the higher-rate charge would arise,

assuming that no exemption applies and that this Part already has effect;

"clearance service" has the meaning given in section 3(5);

"clearance service provider" has the meaning given in section 3(5);

"co-ownership scheme" has the same meaning as in Part 17 of the Financial Services and Markets Act 2000 (see section 235A(2) of that Act);

"collective investment scheme" has the same meaning as in Part 17 of the Financial Services and Markets Act 2000 (see section 235(1) of that Act);

"debt interest" has the meaning given in section 66;

"depositary interest" means a security—

(a) that consists in the rights of a person in relation to securities of a particular kind ("the underlying securities"), which securities, or entitlements to which securities, are held on trust for the benefit of that person by another person, and

(b) that under the terms of its issue can only be transferred—

(i) by means of an electronic transfer system, or

(ii) to a person permitted by the operator of an electronic transfer system to transfer, by means of the system, title to securities held by the person in uncertificated form;

"depositary receipt" has the meaning indicated in paragraph (b) of the definition of "depositary receipt arrangements" in section 3(5);

"depositary receipt arrangements" has the meaning given in section 3(5);

"depositary receipt issuer" has the meaning given in section 3(5);

"the due date for payment", in relation to an amount of securities transfer tax, means the last day of the period within which the amount must be paid (see sections 58 and 59);

"electronic transaction" has the meaning given in section 5(3);

"electronic transfer system" has the meaning given in section 5(7);

"equity-like" has the meaning given in section 66;

"excluded open-ended investment company" has the meaning given in section 49;

"excluded unit trust scheme" has the meaning given in section 48;

"the filing date" has the meaning given in section 56(3);

"the higher-rate charge" has the meaning given in section 3(3);

"higher-rate transfer" has the meaning given in section 3(4);

"HMRC" means His Majesty's Revenue and Customs;

"the interested party" has the meaning given in section 3(5);

"the main charge" has the meaning given in section 2(5);

"MiFID II" means Directive 2004/39/EC of the European Parliament and of the Council of 21 April 2004 on markets in financial instruments amending Council Directives 85/611/EEC and 93/6/EEC and Directive 2000/12/EC of the European Parliament and of the Council and repealing Council Directive 93/22/EEC;

"multilateral trading facility" means—

(a) a UK multilateral trading facility,

(b) an EU multilateral trading facility within the meaning of Regulation (EU) No. 600/2014 of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments, or

(c) a Gibraltar multilateral trading facility within the meaning given by Article 26(11)(b)(ii) of that Regulation;

"the official list" means the list maintained under section 74 of the Financial Services and Markets Act 2000, as that list has effect for the time being;

"open-ended investment company" has the same meaning as in Part 17 of the Financial Services and Markets Act 2000 (see section 236 of that Act);

"recognised foreign exchange" means a market—

(a) that is not in the United Kingdom, Gibraltar or an EEA State, and

(b) that is specified by HMRC;

"recognised foreign options exchange" means a market—

(a) that is not in the United Kingdom, Gibraltar or an EEA State, and

(b) that is specified by HMRC;

"recognised stock exchange" has the meaning given by section 1005(1) of ITA 2007;

"regulated market" means—

(a) a UK regulated market within the meaning of Regulation (EU) No. 600/2014 of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments,

(b) an EU regulated market within the meaning of that Regulation, or

(c) a Gibraltar regulated market within the meaning of Article 26(11)(b)(i) of that Regulation;

"relevant transaction" has the meaning given in section 5(2);

"specified by HMRC" is to be read in accordance with section 76;

"the system operator" has the meaning given in section 5(6);

"the transfer", in relation to a transfer agreement, has the meaning given in section 2(7);

"transfer agreement" has the meaning given in section 2(6);

"the transferee" has the meaning given in section 2(7) (in relation to a transfer agreement) and section 3(5) (in relation to a higher-rate transfer);

"the transferor" has the meaning given in section 2(7) (in relation to a transfer agreement) and section 3(5) (in relation to a higher-rate transfer);

"UK multilateral trading facility" means a UK multilateral trading facility within the meaning of Regulation (EU) No. 600/2014 of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments;

"the underlying securities", in relation to depositary interests, has the meaning indicated in paragraph (a) of the definition of "depositary interests" above;

"unit trust scheme" has the same meaning as in Part 17 of the Financial Services and Markets Act 2000 (see section 237(1) of that Act);

"units", in relation to a collective investment scheme, has the same meaning as in Part 17 of the Financial Services and Markets Act 2000 (see section 237(2) of that Act);

"value" is to be read in accordance with section 6(4).

(2) For the purposes of this Part chargeable securities that are transferred by or to, or that are held by, a person acting as agent or nominee of another person are regarded as (respectively) transferred by or to, or held by, that other person.

SCHEDULE 1

SECURITIES TRANSFER TAX: COMPLIANCE AND ADMINISTRATION

PART 1

INTRODUCTORY

Overview of Schedule

1 In this Schedule—

(a) Part 2 is about enquiries by HMRC into returns;

(b) Part 3 is about determinations made by HMRC where no return is made;

(c) Part 4 is about discovery assessments made by HMRC;

(d) Part 5 is about appeals by taxpayers against assessments or other decisions made by HMRC.

Interpretation

2 In this Schedule—

"return" means a return under section 56;

"the tribunal" means the First-tier Tribunal, or where determined by or under Tribunal Procedure Rules, the Upper Tribunal.

PART 2

ENQUIRIES INTO RETURNS

Introductory

3 This Part of this Schedule applies if a person has made a return in respect of a relevant transaction.

Notice of enquiry

4 (1) An officer of Revenue and Customs may enquire into the return if, within the time allowed, the officer gives notice to the responsible person of the officer's intention to do so.

(2) The "time allowed" is—

(a) if the return was made on or before the filing date, up to the end of the period of 12 months beginning with the day after the filing date;

(b) if the return was made after the filing date, up to and including the quarter day next following the first anniversary of the day on which the return was made;

(c) if the return is amended, up to and including the quarter day next following the first anniversary of the day on which the return was amended.

(3) The "quarter days" are 31 January, 30 April, 31 July and 31 October.

(4) A notice under this paragraph is referred to in this Part of this Schedule as a "notice of enquiry".

(5) A return that has been the subject of one notice of enquiry may not be the subject of another, except one given in consequence of an amendment of the return.

Scope of enquiry

5 (1) An enquiry may extend to anything contained in the return or required to be contained in the return, including anything that relates—

(a) to the question of whether securities transfer tax is charged in respect of the relevant transaction, or

(b) to the amount of tax so charged.

(2) But where the notice of enquiry is given in consequence of an amendment of a return—

(a) at a time when it is no longer possible to give a notice of enquiry under paragraph 4(2)(a) or (b), or

(b) after an enquiry into a return has been completed,

the enquiry into the return is limited to matters to which the amendment relates or that are affected by the amendment.

Special rules where consideration was unknown at charging time

6 (1) Paragraphs 4 and 5 are supplemented as follows in a case where—

(a) tax in respect of an element of the consideration for a transfer has been charged on the basis described in section 8(1)(a) (reasonable estimate to be used where consideration is unknown at time of charge), or

(b) the time for paying tax in respect of an element of the consideration for a transfer has been deferred under section 59 (deferral of due date for payment where consideration is uncertain).

(2) A notice of enquiry is treated for the purposes of paragraph 4, so far as would not otherwise be the case, as being within the time allowed if the return in relation to the relevant transaction has not yet been amended under section 57(3) (obligation to amend return when value of unclear element of consideration becomes clear).

(3) Where a notice of enquiry is within the time allowed by virtue only of sub-paragraph (2), the enquiry into the return is limited to matters relating to the element of consideration referred to in sub-paragraph (1)(a) or (b) (including, in a case within sub-paragraph (1)(b), any matters relevant to

the validity or otherwise of a claim for deferral of tax in respect of that element).

Amendment of assessment during enquiry to prevent loss of tax

7 (1) If at a time when an enquiry is in progress into a return an officer of Revenue and Customs forms the opinion—

(a) that an amount stated in an assessment contained in the return as the amount of securities transfer tax payable is insufficient, and

(b) that unless the assessment is immediately amended there is likely to be a loss of tax to the Crown,

the officer may by notice in writing to the responsible person amend the assessment to make good the deficiency.

(2) In the case of an enquiry that under paragraph 5(2) is limited to matters arising from an amendment of the return, sub-paragraph (1) applies only so far as the deficiency is attributable to the amendment.

Amendment of return by responsible person during enquiry

8 (1) This paragraph applies if a return is amended at a time when an enquiry is in progress into the return.

(2) The amendment does not restrict the scope of the enquiry but may be taken into account (together with any matters arising) in the enquiry (whether or not the amendment takes effect under sub-paragraph (4)).

(3) Sub-paragraph (4) applies where the amendment is made otherwise than under paragraph 7.

(4) So far as the amendment affects the amount stated in the return as the amount of tax payable, the amendment does not take effect, in relation to any matter to which it relates or which is affected by it, while the enquiry is in progress.

(5) The final closure notice—

(a) must state whether and to what extent an amendment whose effect is deferred under sub-paragraph (4) is to take effect;

(b) may state that an amendment made under paragraph 7 is to cease to have effect or is to be amended as specified in the notice.

Referrals to tribunal

9 (1) At any time when an enquiry is in progress into a return any question arising in connection with the subject-matter of the enquiry may be referred to the tribunal for determination.

(2) Notice of the referral must be given to the tribunal jointly by the responsible person and an officer of Revenue and Customs.

(3) More than one notice of referral may be given in relation to an enquiry.

(4) An officer of Revenue and Customs or the responsible person may withdraw a notice of referral.

(5) The effect of the notice being withdrawn is that the questions referred are not (unless they have already been finally determined) to be finally determined by the tribunal.

(6) While proceedings on a referral are in progress in relation to an enquiry—
(a) no closure notice may be given in relation to the enquiry, and
(b) no application may be made for a direction to give such a notice.

(7) Proceedings are "in progress" where—
(a) notice of referral has been given,
(b) the notice has not been withdrawn, and
(c) the questions referred have not been finally determined.

(8) For the purposes of this paragraph a question referred is "finally determined" when—
(a) it has been determined by the tribunal, and
(b) there is no further possibility of the determination being varied or set aside (disregarding any power to grant permission to appeal out of time).

(9) The determination of a question referred to the tribunal is binding on the parties to the referral in the same way, and to the same extent, as a decision on a preliminary issue in an appeal.

(10) The determination must be taken into account by an officer of Revenue and Customs—
(a) in reaching the officer's conclusions on the enquiry, and
(b) in formulating any amendments of the return required to give effect to those conclusions.

(11) The question determined may not be reopened on an appeal, except to the extent that it could be reopened if it had been determined as a preliminary issue in that appeal.

Completion of enquiry

10 (1) An enquiry is completed when an officer of Revenue and Customs by notice (a "closure notice") informs the responsible person that the enquiry is complete and states the conclusions reached in the enquiry.

(2) A closure notice must either—
(a) state that in the opinion of an officer of Revenue and Customs no amendment of the return is required, or
(b) make the amendments of the return required to give effect to the conclusions stated in the notice.

(3) A closure notice takes effect when it is issued.

Direction to complete enquiry

11 (1) The responsible person may apply to the tribunal for a direction that an officer of Revenue and Customs give a closure notice within a specified period.

(2) The tribunal hearing the application must give a direction unless satisfied that the officer has reasonable grounds for not giving a closure notice within a specified period.

(3) An application under this paragraph is to be treated as an appeal under Part 5 of this Schedule.

Interpretation

12 (1) In this Part of this Schedule "the responsible person", in relation to a return, means the person that made the return.

(2) For the purposes of this Part of this Schedule the period during which an enquiry is in progress is the whole of the period—

(a) beginning with the day on which notice of enquiry is given, and

(b) ending with the day on which the enquiry is completed.

PART 3

DETERMINATION BY HMRC WHERE NO RETURN MADE

Determination of tax chargeable if no return delivered

13 (1) An officer of Revenue and Customs may make a determination if—

(a) the officer has reasonable grounds to believe that a relevant transaction has taken place in respect of which securities transfer tax is charged, but

(b) no return has been made in respect of the relevant transaction.

(2) A "determination" is a determination by the officer to the best of the officer's knowledge and belief as to the amount of tax charged.

(3) The officer must give notice of the determination to at least one of the following—

(a) a person who the officer has reasonable grounds to believe is liable for the tax charged;

(b) a person who the officer has reasonable grounds to believe is an accountable person in relation to the relevant transaction.

(4) The notice must state the date on which it was issued.

(5) No determination may be made in respect of a relevant transaction—

(a) on or before the filing date, or

(b) more than 4 years after the filing date.

Determination to have effect as assessment in return

14 (1) A determination has effect for enforcement purposes as if it were an assessment included in a return made in respect of the relevant transaction.

(2) In sub-paragraph (1) "for enforcement purposes" means for the purposes of any legislation providing for—

(a) tax-related penalties,

(b) collection and recovery of tax, and

(c) interest on overdue tax.

(3) Nothing in this paragraph affects the liability of any person to a penalty for failure to deliver a return.

Determination superseded by assessment in return

15 (1) If, after a determination has been made, a return is made in respect of the relevant transaction, the assessment in the return supersedes the assessment in the determination.

(2) Sub-paragraph (1) does not apply to a return made after the later of—

(a) the day 3 years after the day on which the power to make the determination first became exercisable, and

(b) the day 12 months after the date of the determination.

(3) Where—

(a) proceedings have begun for the recovery of any tax assessed in a determination, and

(b) before the proceedings are concluded the determination is superseded under sub-paragraph (1),

the proceedings may be continued as if they were proceedings for the recovery of so much of the tax assessed in the return as is due and payable and has not been paid.

(4) Where—

(a) action is being taken under Part 1 of Schedule 8 to F(No.2)A 2015 (enforcement of deduction from accounts) for the recovery of an amount of tax assessed in a determination ("the original amount"), and

(b) before that action is concluded the determination is superseded under sub-paragraph (1),

that action may be continued as if it were an action for the recovery of so much of the tax assessed in the return as is due and payable, has not been paid, and does not exceed the original amount.

PART 4

DISCOVERY ASSESSMENTS

Assessments where loss of tax discovered

16 (1) If, in respect of a relevant transaction, an officer of Revenue and Customs discovers that—

(a) an amount of tax that ought to have been assessed has not been assessed, or

(b) an assessment to tax is or has become insufficient,

the officer may make an assessment (a "discovery assessment") in the amount or further amount which ought in the officer's opinion to be charged in order to make good to the Crown the loss of tax.

(2) This is subject to the restrictions in paragraph 17.

Restrictions on assessments

17 (1) If a return has been delivered in respect of the relevant transaction, a discovery assessment—

(a) may only be made in a case specified in sub-paragraph (2) or (3), and

(b) may not be made in the circumstances specified in sub-paragraph (5).

(2) The first case is where the situation mentioned in paragraph 16(1) was brought about carelessly or deliberately by or on behalf of any person.

(3) The second case is where an officer of Revenue and Customs, at the time the officer—

(a) ceased to be entitled to give a notice of enquiry into the return, or

(b) completed an enquiry into the return,

could not have been reasonably expected, on the basis of the information made available to the officer before that time, to be aware of the situation mentioned in paragraph 16(1).

(4) For this purpose information is regarded as made available to the officer of Revenue and Customs if—

(a) it is contained in a return made in respect of the relevant transaction,

(b) it is contained in any documents produced or information provided for the purposes of an enquiry into any such return, or

(c) it is information the existence of which, and the relevance of which as regards the situation mentioned in paragraph 16(1)—

(i) could reasonably be expected to be inferred by the officer of Revenue and Customs from information falling within paragraph (a) or (b), or

(ii) are notified in writing to an officer of Revenue and Customs.

(5) No discovery assessment may be made if—

(a) the situation mentioned in paragraph 16(1) is attributable to a mistake in the return as to the basis on which the tax liability ought to have been calculated, and
(b) the return was in fact made on the basis or in accordance with the practice generally prevailing at the time it was made.

Time limits for discovery assessments

18 (1) The general rule is that no discovery assessment in respect of a relevant transaction may be made more than 4 years after the day on which the charging time falls.

(2) An assessment in a case involving a loss of tax brought about carelessly by or on behalf of any person may be made at any time not more than 6 years after the day on which the charging time falls.

(3) An assessment in a case involving a loss of tax brought about deliberately by or on behalf of any person may be made at any time not more than 20 years after the day on which the charging time falls.

Special rules where consideration was unknown at charging time

19 (1) This paragraph applies where—
(a) tax in relation to an element of the consideration for a transfer has been charged on the basis described in section 8(1)(a) (reasonable estimate to be used where consideration is unknown at time of charge), or
(b) the time for paying tax in relation to an element of the consideration for a transfer has been deferred under section 59 (deferral of due date for payment where consideration is uncertain).

(2) In the case of an assessment involving a loss of tax in relation to the element in question, paragraph 18 has effect as though references to the day on which the charging time falls were to the day on which the amount or value of the element in question becomes clear.

Assessment procedure etc

20 (1) Notice of a discovery assessment must be served on at least one of the following—
(a) the person liable for the tax to which it relates;
(b) an accountable person in relation to the relevant transaction.

(2) The notice must state—
(a) the tax due,
(b) the date on which the notice is issued, and
(c) the time within which any appeal against the assessment must be made.

(3) After notice of the assessment has been served under this paragraph, the assessment may not be altered except as provided for by or under this Schedule.

(4) Where an officer of Revenue and Customs has—

(a) decided to make an assessment to tax, and

(b) taken all other decisions needed for arriving at the amount of the assessment,

the officer may entrust to some other officer of Revenue and Customs the responsibility for completing the assessing procedure, whether by means involving the use of a computer or otherwise, including responsibility for serving notice of the assessment.

PART 5

APPEALS

Right of appeal

21 (1) An appeal may be brought against any of the following—

(a) an amendment of a return under paragraph 7(1) (amendment during enquiry to prevent loss of tax);

(b) an amendment made by a closure notice under paragraph 10;

(c) a determination under paragraph 13;

(d) a discovery assessment under paragraph 16;

(e) the refusal of a claim under section 60 (claim for repayment of overpaid tax).

(2) An appeal is to be brought by—

(a) in the case of an appeal under sub-paragraph (1)(a) or (b), the person that made the return;

(b) in the case of an appeal under sub-paragraph (1)(c), the person on whom notice of the determination was served in accordance with paragraph 13(3);

(c) in the case of an appeal under sub-paragraph (1)(d), the person on whom notice of the discovery assessment was served in accordance with paragraph 20(1);

(d) in the case of an appeal under sub-paragraph (1)(e), the person by whom the claim was made.

(3) If an appeal under sub-paragraph (1)(a) against an amendment of a return is made while an enquiry into the return is in progress none of the steps mentioned in paragraph 24(2)(a) to (c) may be taken in relation to the appeal until the enquiry is completed.

Notice of appeal

22 (1) Notice of appeal under paragraph 21 must be given to HMRC—

(a) in writing, and

(b) within the period of 30 days beginning with the day after the date on which notice of the amendment, assessment or refusal (as the case may be) was issued.

(2) The notice of appeal must specify the grounds of appeal.

Late notice of appeal

23 (1) This paragraph applies in a case where—
(a) notice of appeal may be given to HMRC under this Schedule, but
(b) no notice is given before the relevant time limit.

(2) Notice may be given after the relevant time limit if—
(a) HMRC agree, or
(b) where HMRC do not agree, the tribunal gives permission.

(3) HMRC must agree to notice being given after the relevant time limit if the appellant has requested in writing that HMRC do so and HMRC are satisfied—
(a) that there was a reasonable excuse for not giving the notice before the relevant time limit, and
(b) that the request has been made without unreasonable delay.

(4) If a request of the kind mentioned in sub-paragraph (3) is made, HMRC must notify the appellant of whether or not HMRC agree to the request.

(5) In this paragraph "the relevant time limit", in relation to notice of appeal, means the time before which the notice must be given (disregarding this paragraph).

Steps that may be taken following notice of appeal

24 (1) This paragraph applies if notice of appeal has been given to HMRC.

(2) In such a case—
(a) the appellant may notify HMRC that the appellant requires HMRC to review the matter in question (see paragraph 25),
(b) HMRC may notify the appellant of an offer to review the matter in question (see paragraph 26), or
(c) the appellant may notify the appeal to the tribunal.

(3) This paragraph does not prevent the matter in question from being dealt with in accordance with paragraph 32(1) and (2) (settling of appeals by agreement).

Right of appellant to require review

25 (1) If the appellant notifies HMRC that it requires them to review the matter in question, HMRC must—
(a) notify the appellant of HMRC's view of the matter in question within the relevant period, and

(b) review the matter in question in accordance with paragraph 27.

(2) Sub-paragraph (1) does not apply if—

(a) the appellant has already given a notification under this paragraph in relation to the matter in question,

(b) HMRC have given a notification under paragraph 27(6) in relation to the matter in question, or

(c) the appellant has notified the appeal to the tribunal.

(3) In this paragraph "the relevant period" means—

(a) the period of 30 days beginning with the day on which HMRC receive the notification from the appellant, or

(b) such longer period as is reasonable.

Offer of review by HMRC

26 (1) Sub-paragraphs (2) to (5) apply if HMRC notify the appellant of an offer to review the matter in question.

(2) The notification must include a statement of HMRC's view of the matter in question.

(3) If the appellant notifies HMRC within the acceptance period that it accepts the offer, HMRC must review the matter in question in accordance with paragraph 27.

(4) If the appellant does not accept the offer in accordance with sub-paragraph (3)—

(a) HMRC's view of the matter in question is treated as if it were contained in a settlement agreement (see paragraph 32(1)), but

(b) paragraph 32(3) (right to withdraw from agreement) does not apply in relation to that notional agreement.

(5) Sub-paragraph (4) does not apply to the matter in question if, or to the extent that, the appellant notifies the appeal to the tribunal under paragraph 30.

(6) HMRC may not notify the appellant of an offer to review the matter in question at any time if before that time—

(a) HMRC have given a notification under this paragraph in relation to the matter in question,

(b) the appellant has given a notification under paragraph 25 in relation to the matter in question, or

(c) the appellant has notified the appeal to the tribunal.

(7) In this paragraph "the acceptance period" means the period of 30 days beginning with the date of the document by which HMRC notify the appellant of the offer to review the matter in question.

Nature of review

27 (1) This paragraph applies if HMRC are required by paragraph 25 or 26 to review the matter in question.

(2) The nature and extent of the review are to be such as appear appropriate to HMRC in the circumstances.

(3) For the purpose of sub-paragraph (2), HMRC must, in particular, have regard to steps taken before the beginning of the review—

(a) by HMRC in deciding the matter in question, and

(b) by any person in seeking to resolve disagreement about the matter in question.

(4) The review must take account of any representations made by the appellant at a stage which gives HMRC a reasonable opportunity to consider them.

(5) The review may conclude that HMRC’s view of the matter in question is to be—

(a) upheld,

(b) varied, or

(c) cancelled.

(6) HMRC must notify the appellant of the conclusions of the review and their reasoning within—

(a) the period of 45 days beginning with the relevant day, or

(b) such other period as may be agreed.

(7) In sub-paragraph (6) “the relevant day” means—

(a) in a case where the appellant required the review, the day when HMRC notified the appellant of HMRC’s view of the matter in question;

(b) in a case where HMRC offered the review, the day when HMRC received notification of the appellant's acceptance of the offer.

(8) If HMRC do not give notice of the conclusions of the review within the period specified in sub-paragraph (6), the review is treated as having concluded that HMRC's view of the matter in question is upheld.

(9) If sub-paragraph (8) applies, HMRC must notify the appellant of the conclusion which the review is treated as having reached.

Effect of conclusions of review

28 (1) If HMRC give notice of the conclusions of a review (see paragraph 27)—

(a) the conclusions are to be treated as if they were contained in a settlement agreement (see paragraph 32(1)), but

(b) paragraph 32(3) (withdrawal from agreement) does not apply in relation to that notional agreement.

(2) Sub-paragraph (1) does not apply to the matter in question if, or to the extent that, the appellant notifies the appeal to the tribunal (see paragraphs 29 and 30).

Notifying appeal to tribunal after appellant has required review

29 (1) Where HMRC have notified an appellant under paragraph 25(1)(a) of their view of a matter to which an appeal under paragraph 21 relates, the appellant—

(a) may not notify the appeal to the tribunal before the beginning of the post-review period;

(b) may notify the appeal to the tribunal after the end of that period only if the tribunal gives permission.

(2) Except where sub-paragraph (3) applies, the post-review period is the period of 30 days beginning with the date of the document by which HMRC give notice of the conclusions of the review in accordance with paragraph 27(6).

(3) If the period specified in paragraph 27(6) ends without HMRC having given notice of the conclusions of the review, the post-review period is the period that—

(a) begins with the day following the last day of the period specified in paragraph 27(6), and

(b) ends 30 days after the date of the document by which HMRC give notice of the conclusions of the review in accordance with paragraph 27(9).

Notifying appeal to tribunal after HMRC have offered review

30 (1) Where HMRC have offered to review the matter to which a notice of an appeal under paragraph 21 relates, the right of the appellant at any time to notify the appeal to the tribunal depends on whether or not the appellant has accepted the offer at that time.

(2) If the appellant has accepted the offer, the appellant—

(a) may not notify the appeal to the tribunal before the beginning of the post-review period;

(b) may notify the appeal to the tribunal after the end of that period only if the tribunal gives permission.

(3) If the appellant has not accepted the offer, the appellant—

(a) may notify the appeal to the tribunal within the acceptance period;

(b) may notify the appeal to the tribunal after the end of that period only if the tribunal gives permission.

(4) In this paragraph—

(a) "the acceptance period" has the same meaning as in paragraph 26;

(b) "the post-review period" has the same meaning as in paragraph 29.

Interpretation of paragraphs 24 to 30

31 (1) In paragraphs 24 to 30—
(a) "the matter in question" means the matter to which an appeal relates;
(b) a reference to a notification is to a notification in writing.

(2) In paragraphs 24 to 30, a reference to the appellant includes a person acting on behalf of the appellant except in relation to—
(a) notification of HMRC's view under paragraph 25(1)(a);
(b) notification by HMRC of an offer of review (and of their view of the matter) under paragraph 26;
(c) notification of the conclusions of a review under paragraph 27(6) or (9).

(3) But if a notification falling within any of paragraphs (a) to (c) of sub-paragraph (2) is given to the appellant, a copy of the notification may also be given to a person acting on behalf of the appellant.

Settling of appeals by agreement

32 (1) In relation to an appeal of which notice has been given under paragraph 22, "settlement agreement" means an agreement in writing between the appellant and an officer of Revenue and Customs that is—
(a) entered into before the appeal is determined, and
(b) to the effect that the decision appealed against should be upheld without variation, varied in a particular manner or discharged or cancelled.

(2) Where a settlement agreement is entered into in relation to an appeal, the consequences are to be the same (for all purposes) as if, at the time the agreement was entered into, the tribunal had decided the appeal and had upheld the decision without variation, varied it in that manner or discharged or cancelled it, as the case may be.

(3) Sub-paragraph (2) does not apply if, within the period of 30 days beginning with the date on which the settlement agreement was entered into, the appellant gives notice in writing to HMRC that it wishes to withdraw from the agreement.

(4) Sub-paragraph (5) applies where notice of an appeal has been given under paragraph 22 and—
(a) the appellant notifies HMRC, orally or in writing, that the appellant does not wish to proceed with the appeal, and
(b) HMRC do not, within the period of 30 days beginning with the day on which that notification is made, give the appellant notice in writing indicating that they are unwilling that the appeal should be withdrawn.

(5) Sub-paragraphs (1) to (3) have effect as if, at the date of the appellant's notification, the appellant and an officer of Revenue and Customs had agreed that the decision under appeal should be upheld without variation.

Appeal does not postpone recovery of tax

33 (1) Where there is an appeal under paragraph 21, the tax in question remains due and payable as if there had been no appeal.

(2) That is subject to paragraphs 34 and 35.

Application for payment of tax to be postponed

34 (1) If the subject of the appeal is an amendment or assessment and the appellant has grounds for believing that the amendment or assessment overcharges a person to tax, the appellant may—

(a) first apply by notice in writing to HMRC within the period of 30 days beginning with the day after the date referred to in paragraph 22(1)(b) for a determination by them of the amount of tax the payment of which should be postponed pending the determination of the appeal, and

(b) if the appellant does not agree with a determination made by HMRC under paragraph (a), refer the application for postponement to the tribunal within the period of 30 days beginning with the date of the document notifying HMRC's determination.

An application under paragraph (a) must state the amount believed to be overcharged to tax and the grounds for that belief.

(2) An application under sub-paragraph (1) may be made after the end of the period of 30 days referred to in paragraph 22(1)(b) if there is a change in the circumstances of the case as a result of which the appellant has grounds for believing that the person is overcharged to tax by the amendment or assessment that is the subject of the appeal.

(3) If, after an application under sub-paragraph (1) has been determined, there is a change in the circumstances of the case as a result of which either party has grounds for believing that the amount determined has become either excessive or insufficient, that party may (if the parties cannot agree on a revised determination) apply to the tribunal for a revised determination of that amount.

(4) An application under sub-paragraph (3) may be made at any time before the determination of the appeal.

(5) Paragraphs 23 (late notice of appeal) and 32 (settling of appeals by agreement) apply to an application under this paragraph as they apply to an appeal under paragraph 21, subject to any necessary modifications.

(6) The amount of tax of which payment is to be postponed pending the determination of the appeal is the amount (if any) by which it appears that there are reasonable grounds for believing that the person is overcharged.

(7) A decision of the tribunal under this paragraph is final and conclusive (despite the provisions of sections 11 and 13 of the Tribunals, Courts and Enforcement Act 2007).

Agreement to postpone payment of tax

35 (1) If the appellant and HMRC agree that payment of an amount of tax should be postponed pending the determination of the appeal, the consequences are to be the same (for all purposes) as if the tribunal had, at the time when the agreement was entered into, made a direction to the same effect as the agreement.
This is without prejudice to the making of a further agreement or further direction.

(2) Where the agreement is not in writing—
(a) sub-paragraph (1) does not apply unless the fact that an agreement was entered into, and the terms agreed, are confirmed by notice in writing given by HMRC to the appellant or by the appellant to HMRC, and
(b) the reference in sub-paragraph (1) to the time when the agreement was entered into is to be read as a reference to the time when notice of confirmation was given.

(3) References in this paragraph to an agreement being entered into with an appellant, and to the giving of notice to or by the appellant, include references to an agreement being entered into, or notice being given to or by, a person acting on behalf of the appellant in relation to the appeal.

Assessments and self-assessments

36 (1) This paragraph applies where an appeal under paragraph 21 has been notified to the tribunal.

(2) If the tribunal decides that a person is overcharged by a self-assessment or any other assessment, the assessment must be reduced accordingly.

(3) If the tribunal decides that a person is undercharged to tax by a self-assessment or any other assessment, the assessment must be increased accordingly.

(4) In a case where neither of sub-paragraphs (2) and (3) applies, the assessment is to stand good.

Tribunal determinations

37 The determination of the tribunal in relation to any proceedings under this Part of this Schedule is final and conclusive except as otherwise provided in sections 9 to 14 of the Tribunals, Courts and Enforcement Act 2007.

SCHEDULE 2

Section 72

SECURITIES TRANSFER TAX: CONSEQUENTIAL PROVISION

PART 1

AMENDMENTS AND REPEALS OF ACTS

Stamp Duties Management Act 1891

1 The Stamp Duties Management Act 1891 is repealed.

Stamp Act 1891

2 The Stamp Act 1891 is repealed.

FA 1895

3 FA 1895 is repealed.

FA 1898

4 FA 1898 is repealed.

FA 1899

5 FA 1899 is repealed.

FA 1900

6 FA 1900 is repealed.

FA 1907

7 FA 1907 is repealed.

Revenue Act 1909

8 The Revenue Act 1909 is repealed.

Chequers Estate Act 1917

9 In section 3 of the Chequers Estate Act 1917 (provisions as to taxes and duties), omit subsection (3).

FA 1928

10 FA 1928 is repealed.

FA 1930

11 In FA 1930, omit the following—

(a) Part 4 (stamp duty group relief);
(b) section 53(4) (which relates to the construction of Part 4).

FA 1931

12 FA 1931 is repealed.

FA 1938

13 FA 1938 is repealed.

FA 1946

14 In FA 1946, omit Part 7 (stamp duty).

FA 1947

15 FA 1947 is repealed.

FA 1949

16 In FA 1949, omit the following—
(a) Part 4 (stamp duties);
(b) section 52(5) (which relates to the construction of Part 4).

FA 1951

17 FA 1951 is repealed.

FA 1952

18 FA 1952 is repealed.

FA 1953

19 FA 1953 is repealed.

Chevening Estate Act 1959

20 (1) Section 2 of the Chevening Estate Act 1959 (provisions as to income tax, estate duty and stamp duty) is amended as follows.

(2) In the heading, for "stamp duty" substitute "securities transfer tax".

(3) For subsection (8) substitute—

"(8) No charge to securities transfer tax applies to a relevant transaction—
(a) to which the Board are a party, and
(b) in respect of which, but for this subsection, securities transfer tax would be payable out of moneys held upon the trusts of the trust instrument.

"Relevant transaction" here has the same meaning as in Part 1 of the Finance Act 2027."

FA 1959

21 FA 1959 is repealed.

Transport Act 1962

22 In the Transport Act 1962, for section 41 (exemptions from stamp duty) substitute—

"41 Exemption from securities transfer tax

(1) No charge to securities transfer tax applies to a relevant transaction effected in pursuance of paragraph 1 of Schedule 6 (agreements as to distribution of property among the Boards).

(2) "Relevant transaction" here has the same meaning as in Part 1 of the Finance Act 2027."

FA 1963

23 FA 1963 is repealed.

Stock Transfer Act 1963

24 In section 2 of the Stock Transfer Act 1963 (simplified transfers), omit subsection (3)(c) (which relates to stamp duty legislation).

FA 1965

25 FA 1965 is repealed.

FA 1967

26 In FA 1967, omit the following—
(a) Part 5 (stamp duties);
(b) section 45(3)(g) (which relates to the construction of Part 5).

Provisional Collection of Taxes Act 1968

27 In the Provisional Collection of Taxes Act 1968, in section (1) (temporary statutory effect of House of Commons resolutions), in subsection (1), for "stamp duty reserve tax" substitute "securities transfer tax".

FA 1970

28 In FA 1970, omit the following—
(a) section 33 (composition by stock exchanges in respect of transfer duty);

(b) section 36(5) (which relates to the construction of section 33).

Atomic Energy Authority Act 1971

29 In the Atomic Energy Authority Act 1971, omit section 22 (stamp duty).

Atomic Energy Authority (Weapons Group) Act 1973

30 In the Atomic Energy Authority (Weapons Group) Act 1973, omit section 7 (stamp duty).

Transport Act 1968

31 (1) Section 160 of the Transport Act 1968 (stamp duty) is amended as follows.

(2) For the heading substitute "Securities transfer tax".

(3) Omit subsection (1).

(4) In subsection (5)—

(a) for "Stamp duty shall not be chargeable on any instrument" substitute "No charge to securities transfer tax applies to any agreement";

(b) omit "or executed";

(c) omit the words from "but no" to the end.

FA 1973

32 In FA 1973, omit the following—

(a) section 50 (temporary statutory effect of House of Commons resolution affecting stamp duties);

(b) section 54 (amendments relating to stamp duty);

(c) section 59(3)(e) (which relates to the construction of provisions relating to stamp duty).

Friendly Societies Act 1974

33 In the Friendly Societies Act 1974, for section 105 (stamp duty exemption) substitute—

"105 Exemption from securities transfer tax

No charge to securities transfer tax applies to a relevant transaction effected in pursuance of—

(a) an amalgamation together of two or more registered societies under section 82, or

(b) a transfer of engagements under that section.

"Relevant transaction" here has the same meaning as in Part 1 of the Finance Act 2027."

F(No.2)A 1975

34 In F(No.2)A 1975, omit section 72 (extension of section 50 of FA 1973 to Northern Ireland).

FA 1976

35 In FA 1976, omit the following—
(a) section 127 (stamp duty: stock exchange transfers);
(b) section 131(3) (stamp duty on bearer instruments).

Highways Act 1980

36 In the Highways Act 1980, for section 281 (stamp duty exemption) substitute—

“281 Exemption from securities transfer tax

No charge to securities transfer tax applies to a relevant transaction if—
(a) the Minister is a party to the relevant transaction,
(b) the transaction relates to a highway or proposed highway which is, or is to become, a trunk road, and
(c) but for this section securities transfer tax would be payable in respect of the transaction as an expense incurred by the Minister under this Act.

“Relevant transaction” here has the same meaning as in Part 1 of the Finance Act 2027.”

FA 1980

37 In FA 1980, omit Part 5 (stamp duty).

National Heritage Act 1980

38 In the National Heritage Act 1980, for section 11 (stamp duty exemption) substitute—

“11 Exemption from securities transfer tax

No charge to securities transfer tax applies to a relevant transaction if it is effected in pursuance of section 9(2) or (4).
“Relevant transaction” here has the same meaning as in Part 1 of the Finance Act 2027.”

FA 1981

39 In FA 1981, omit section 107 (stamp duty: sale of houses at discount by local authorities etc).

New Towns Act 1981

40 In section 72 of the New Towns Act 1981 (application and exclusion of certain enactments)—
(a) for the heading substitute "Application of Acquisition of Land Act 1981";
(b) omit subsection (1).

FA 1982

41 In FA 1982, omit section 129 (exemption from stamp duty on grants, transfers to charities, etc).

FA 1983

42 In FA 1983, omit section 46 (which relates to the exemption from stamp duty on transfers to charities).

F(No.2)A 1983

43 F(No.2)A 1983 is repealed.

FA 1984

44 (1) FA 1984 is amended as follows.
(2) Omit Part 4 (stamp duty).
(3) In section 126 (tax exemptions in relation to designated international organisations)—
(a) in subsection (3), omit paragraph (c);
(b) omit subsection (5).

FA 1985

45 (1) FA 1985 is amended as follows.
(2) Omit Part 3 (stamp duty).
(3) In section 96 (European Union and Investment Bank: exemptions), omit subsection (2) (power to amend stamp duties order).
(4) In section 98, omit subsection (4) (which relates to the construction of Part 3).

Transport Act 1985

46 In the Transport Act 1985 (stamp duty), for section 131 substitute—

"131 Securities transfer tax

No charge to securities transfer tax applies to a relevant transaction effected in pursuance of—

(a) Part 4 of this Act,
(b) Schedule 4 to the 1968 Act as it applies by virtue of any provision of this Act, or
(c) section 59(8) of this Act.

"Relevant transaction" here has the same meaning as in Part 1 of the Finance Act 2027."

Airports Act 1986

47 In the Airports Act 1986, for section 76 substitute—

"76 Securities transfer tax

No charge to securities transfer tax applies to a relevant transaction effected in pursuance of—
(a) a scheme under section 15, or
(b) Schedule 4 to the Transport Act 1968 as it applies in relation to any such scheme by virtue of section 75(3).

"Relevant transaction" here has the same meaning as in Part 1 of the Finance Act 2027."

Building Societies Act 1986

48 In the Building Societies Act 1986, for section 109 substitute—

"109 Exemption from securities transfer tax

No charge to securities transfer tax applies to a relevant transaction effected in pursuance of—
(a) an amalgamation of two or more building societies under section 93,
(b) a transfer of engagements between building societies under section 94, or
(c) section 97 (transfer of business to commercial company).

"Relevant transaction" here has the same meaning as in Part 1 of the Finance Act 2027."

FA 1986

49 In FA 1986, omit the following—
(a) Part 3 (stamp duty);
(b) Part 4 (stamp duty reserve tax);
(c) section 114(4) (which relates to the construction of Part 3).

Insolvency Act 1986

50 In the Insolvency Act 1986, omit sections 190 and 378 (exemptions from stamp duty).

FA 1987

51 In FA 1987, omit the following—
(a) Part 3 (stamp duty and stamp duty reserve tax) (including Schedule 7);
(b) section 72(4) (which relates to the interpretation of Part 3).

Education Reform Act 1988

52 (1) In the Education Reform Act 1988, section 230 (stamp duty) is amended as follows.
(2) For the heading substitute "Securities transfer tax".
(3) In subsection (1), for "stamp duty shall not be chargeable" substitute "no charge to securities transfer tax applies".
(4) Omit subsections (2) to (4).

FA 1988

53 In FA 1988, omit sections 142 to 144 (stamp duty and stamp duty reserve tax).

FA 1989

54 (1) FA 1989 is amended as follows.
(2) Omit sections 173 to 177 (stamp duty etc).
(3) In section 178 (setting of rates of interest), in subsection (2) (list of enactments), omit paragraphs (aa), (l) and (q) (which relate to stamp duty and stamp duty reserve tax).

Electricity Act 1989

55 (1) Schedule 11 to the Electricity Act 1989 (taxation provisions in relation to transfer schemes etc effected under the Act) is amended as follows.
(2) Omit paragraph 11 (stamp duty) and the italic heading that precedes it.
(3) For the italic heading that precedes paragraph 12 substitute "Securities transfer tax".
(4) In paragraph 12, for "stamp duty reserve tax", in each place it occurs, substitute "securities transfer tax".

FA 1990

56 In FA 1990, omit Part 3 (stamp duty and stamp duty reserve tax).

FA 1991

57 In FA 1991, omit Part 4 (stamp duty and stamp duty reserve tax).

Water Resources Act 1991

58 In Schedule 2 to the Water Resources Act 1991 (transfer orders and agreements), in paragraph 8 (effect of order and agreement), for sub-paragraph (2) substitute—

"(2) No charge to securities transfer tax applies to an agreement that relates to the vesting of property in the appropriate agency by virtue of an order or agreement under this Schedule."

F(No.2)A 1992

59 In Schedule 17 to F(No.2)A 1992 (Northern Ireland electricity: transfer schemes etc)—

(a) for the italic heading that precedes paragraph 10, substitute "Securities transfer tax";

(b) in paragraph 10, for "stamp duty reserve tax", in each place it occurs, substitute "securities transfer tax".

Friendly Societies Act 1992

60 In the Friendly Societies Act 1992, for section 105 (exemptions from stamp duty) substitute—

"105 Securities transfer tax

No charge to securities transfer tax applies to a relevant transaction effected in pursuance of—

(a) an amalgamation of two or more friendly societies under section 85,

(b) a transfer of the engagements of a friendly society under section 86, or

(c) a transfer of the engagements of a friendly society pursuant to a direction given by the appropriate authority under section 90.

"Relevant transaction" here has the same meaning as in Part 1 of the Finance Act 2027."

Social Security Administration Act 1992

61 (1) In the Social Security Administration Act 1992, section 188 (exemption from stamp duty) is amended as follows.

(2) In the heading, for "stamp duty" substitute "securities transfer tax".

(3) In subsection (1), for "Stamp duty shall not be chargeable on any document" substitute "No charge to securities transfer tax applies to any relevant transaction".

(4) In subsection (2), for "document authorised by virtue" substitute "relevant transaction effected in pursuance".

(5) Omit subsection (3).

(6) At the end insert—

"(4) In this section "relevant transaction" has the same meaning as in Part 1 of the Finance Act 2027."

FA 1993

62 In FA 1993, omit Part 5 (stamp duty).

Railways Act 1993

63 (1) The Railways Act 1993 is amended as follows.

(2) In the italic heading that precedes section 112, for "Stamp duty and stamp duty reserve tax" substitute "Securities transfer tax".

(3) In section 112—

(a) for the heading substitute "Securities transfer tax";

(b) for "stamp duty and stamp duty reserve tax" substitute "securities transfer tax".

(4) Schedule 9 is amended in accordance with sub-paragraphs (5) to (10).

(5) For the heading substitute "Securities transfer tax".

(6) In paragraph 1(2)—

(a) for "a transfer, instrument or agreement" substitute "an agreement";

(b) omit "transfer, instrument or" (in the second place it occurs).

(7) Omit paragraph 2 (stamp duty) and the italic heading that precedes it.

(8) For the italic heading before paragraph 3 substitute "Securities transfer tax".

(9) In paragraph 3(1)—

(a) for "section 99 of the Finance Act 1986" substitute "section 4 of the Finance Act 2027";

(b) for "stamp duty reserve tax" substitute "securities transfer tax".

(10) In paragraph 3(2), for "stamp duty reserve tax" substitute "securities transfer tax".

Coal Industry Act 1994

64 (1) Schedule 4 to the Coal Industry Act 1994 (taxation provision in connection with restructuring schemes under the Act) is amended as follows.

(2) For the heading of Part 2 substitute "Securities transfer tax".

(3) Omit paragraph 27 (stamp duty) and the italic heading that precedes it.

(4) For the italic heading that precedes paragraph 28 substitute "Securities transfer tax".

(5) In paragraph 28, for "stamp duty reserve tax", in both places it occurs, substitute "securities transfer tax".

FA 1994

65 In FA 1994, omit the following—
(a) Part 6 (stamp duty);
(b) section 257(3) (which relates to the construction of Part 6).

FA 1995

66 (1) FA 1995 is amended as follows.
(2) In section 152 (open-ended investment companies), in subsection (2), omit paragraph (b).
(3) Omit—
(a) Part 5 (stamp duty);
(b) section 161(3) (which relates to the construction of Part 5).

Merchant Shipping Act 1995

67 In the Merchant Shipping Act 1995, in section 221 (exemption from taxes, duties, rates etc), omit subsections (2), (3), (4) and (5) (stamp duty exemptions).

FA 1996

68 (1) FA 1996 is amended as follows.
(2) Omit Part 6 (stamp duty and stamp duty reserve tax).
(3) In section 201 (enactment of Revenue concessions), for "capital gains tax, and stamp duty" substitute "and capital gains tax".
(4) In Schedule 39 (enactment of Revenue concessions), omit Part 3 (stamp duty).

FA 1997

69 In FA 1997, omit Part 7 (stamp duty and stamp duty reserve tax).

FA 1998

70 In FA 1998, omit sections 149 to 151 (stamp duty and stamp duty reserve tax).

FA 1999

71 In FA 1999, omit Part 6 (stamp duty and stamp duty reserve tax) (including Schedules 12 to 19).

Greater London Authority Act 1999

72 In the Greater London Authority Act 1999, in section 333DC (tax consequences of transfers under section 333DA), in subsection (4), in the definition of "relevant tax"—

(a) omit "stamp duty,";

(b) for "stamp duty reserve tax" substitute "securities transfer tax".

FA 2000

73 In FA 2000, omit Part 4 (stamp duty and stamp duty reserve tax) (including Schedules 32 to 34).

Limited Liability Partnerships Act 2000

74 (1) In the Limited Liability Partnerships Act 2000, section 12 (stamp duty) is amended as follows.

(2) In the heading, for "Stamp duty" substitute "Securities transfer tax".

(3) In subsection (1), for the words from the beginning to "by a person" substitute "No charge to securities transfer tax applies to an agreement by a person to transfer property".

(4) In subsection (2)(b), omit "conveyed or".

(5) In subsection (3)(a), omit "conveyed or" and "conveyance or".

(6) In subsection (5)(a), omit "conveyed or".

(7) Omit subsection (6).

Transport Act 2000

75 (1) Schedule 7 to the Transport Act 2000 (tax provision in relation to transfer schemes under the Act) is amended as follows.

(2) Omit paragraph 18 (stamp duty) and the italic heading that precedes it.

(3) For the italic heading that precedes paragraph 19 substitute "Securities transfer tax".

(4) In paragraph 19, for "stamp duty reserve tax" substitute "securities transfer tax".

FA 2001

76 In FA 2001, omit section 95 (exemptions from stamp duty and SDRT in relation to share incentive plans).

FA 2002

77 In FA 2002, omit Part 4 (stamp duty and stamp duty reserve tax) (including Schedules 34 to 37).

FA 2003

78 (1) FA 2003 is amended as follows.

(2) Omit Part 5 (stamp duty) (including Schedule 20).

(3) In Schedule 15 (stamp duty land tax: partnerships), omit paragraphs 31 to 33 (which relate to stamp duty on transfers of partnership interests).

(4) In Schedule 19 (transitional provision in connection with SDLT), omit the following—

(a) paragraph 6 (effect for stamp duty purposes of stamp duty land tax being paid or chargeable);

(b) paragraph 7A (stamping of contract where transaction on completion subject to stamp duty land tax);

(c) paragraph 8 (stamping of agreement for lease where grant of lease subject to stamp duty land tax).

ITEPA 2003

79 In Part 7 of ITEPA 2003 (employment income: income and exemptions relating to securities), in Chapter 6 (share incentive plans), in section 515 (tax advantages and charges under other Acts), in subsection (2), for paragraph (b) substitute—

"(b) section 34 of the Finance Act 2027 (which contains an exemption from securities transfer tax for transfers of partnership or dividend shares),".

Local Government Act 2003

80 For paragraph 12, including the italic heading that precedes it, substitute—

"Securities transfer tax

12 No charge to securities transfer tax applies to a relevant transaction effected in pursuance of a transfer scheme.
"Relevant transaction" here has the same meaning as in Part 1 of the Finance Act 2027."

Energy Act 2004

81 (1) In the Energy Act 2004, Schedule 9 (taxation provisions relating to nuclear transfer schemes) is amended as follows.

(2) For the heading of Part 5 substitute "Securities transfer tax".

(3) In paragraph 34—

(a) omit sub-paragraphs (1) and (2);

(b) in sub-paragraph (3), for "stamp duty reserve tax" substitute "securities transfer tax";

(c) in sub-paragraph (4), omit the definition of "instrument".

FA 2004

82 (1) FA 2004 is amended as follows.

(2) In the italic heading that precedes section 296, omit "and stamp duty".

(3) In section 296 (miscellaneous amendments), omit "and Part 5 (stamp duty)".

(4) In Schedule 39 (stamp duty land tax and stamp duty)—

(a) in the heading, omit "and stamp duty";

(b) in paragraph 14(1), for "Parts 4 and 5 of the Finance Act 2003 (c. 14) (stamp duty land tax and stamp duty)" substitute "Part 4 of the Finance Act 2003 (stamp duty land tax)";

(c) omit paragraphs 23 and 25.

FA 2005

83 In FA 2005, omit section 97 (demutualisation of insurance companies).

F(No.2)A 2005

84 In F(No.2)A 2005, omit sections 57 and 58 (amendments relating to stamp duty and stamp duty reserve tax).

Companies Act 2006

85 In the Companies Act 2006, in section 133 (transactions in shares registered in overseas branch register), omit subsection (3).

FA 2006

86 In FA 2006, omit section 169 (stamp duty: reliefs for certain company acquisitions).

National Health Service Act 2006

87 In the National Health Service Act 2006, in section 7E (transfer schemes under section 7D: taxation), in subsection (5), in the definition of "relevant tax", for ", or stamp duty or stamp duty reserve tax" substitute " or securities transfer tax".

FA 2007

88 FA 2007 is amended in accordance with paragraphs 89 and 90.

89 Omit sections 73 and 74 and Schedule 21 (stamp duty reliefs).

90 (1) Schedule 24 (penalties for errors) is amended as follows.

(2) In paragraph 1 (error in taxpayer's document), in the table after sub-paragraph (4), for the entry for stamp duty reserve tax substitute—

"Securities transfer tax	Return under section 56 of FA 2027"

(3) In paragraph 13 (assessment), in sub-paragraph (7), omit "and stamp duty reserve tax".

Crossrail Act 2008

91 (1) In the Crossrail Act 2008, Schedule 13 (transfer schemes: tax provisions) is amended as follows.

(2) For paragraph 32, including the italic heading that precedes it, substitute—

"Securities transfer tax

32 No charge to securities transfer tax applies to a relevant transaction effected for the purposes of, or for purposes connected with, a transfer scheme in the case of which the transferor and each transferee is a public body."

(3) In paragraph 45(9), in the definition of "relevant tax"—
- (a) omit "stamp duty,";
- (b) for "stamp duty reserve tax" substitute "securities transfer tax".

Housing and Regeneration Act 2008

92 In the Housing and Regeneration Act 2008, in section 53B (tax consequences of transfers under section 53A), in subsection (4), in the definition of "relevant tax"—
- (a) omit "stamp duty,";
- (b) for "stamp duty reserve tax" substitute "securities transfer tax".

FA 2008

93 FA 2008 is amended in accordance with paragraphs 94 and 95.

94 Omit the following—
- (a) sections 98 to 101 and Schedule 32 (stamp duty);
- (b) section 154 (stamp duty and stamp duty reserve tax: alternative finance investment bonds).

95 (1) Schedule 36 (information and inspection powers) is amended as follows.

(2) In paragraph 12A (powers to inspect property for valuation etc), in sub-paragraph (3), for paragraph (e) (not including the "or" after it) substitute—

"(e) securities transfer tax,".

(3) In paragraph 61A (definition of "involved third party"), in the table in sub-paragraph (2), omit row 8.

(4) In paragraph 63 (definition of tax), in sub-paragraph (1), for paragraph (h) substitute—

"(h) securities transfer tax,".

(5) In paragraph 64 (meaning of “tax position”), after sub-paragraph (2A) insert—

“(2B) References in this Schedule to a person’s tax position also include, where appropriate, a reference to the person’s position as regards securities transfer tax which the person is required to pay by virtue of section 9(4)(a) of FA 2027 (accountable person required to pay tax as though liable for it).”

FA 2009

96 FA 2009 is amended in accordance with paragraphs 97 to 101.

97 (1) In section 73 (financial assistance scheme), in subsection (4)—

(a) after paragraph (f) insert “and”;

(b) for paragraphs (g) and (h) substitute—

“(g) securities transfer tax.”

(2) In section 74 (FSCS intervention in relation to insurance in connection with pensions), in subsection (5)—

(a) after paragraph (e) insert “and”;

(b) for paragraphs (f) and (g) substitute—

“(f) securities transfer tax.”

98 Omit section 83 and Schedule 37 (stock lending arrangements: stamp taxes in event of insolvency).

99 (1) Section 124 (mutual societies: tax consequences of transfers of business etc) is amended as follows.

(2) In subsection (3)(g), for “stamp duty, stamp duty reserve tax” substitute “securities transfer tax”.

(3) In subsection (8), omit the definition of “tax”.

100 (1) Schedule 55 (penalty for failure to make returns etc) is amended as follows.

(2) In paragraph 1 (penalty for failure to make returns etc), in the table after sub-paragraph (5), for item 11 substitute—

“11	Securities transfer tax	Return under section 56 of FA 2027 or an amendment of such a return under section 57(3) of that Act”.

(3) In paragraph 2 (amount of penalty), in sub-paragraph (1)(a), for “and 8 to 13” substitute “, 8 to 10, and 11A to 13”.

(4) After paragraph 13J insert—

“Amount of penalty: securities transfer tax

13K Paragraphs 13L to 13P apply in the case of a return falling within item 11 in the Table.

13L P is liable to a penalty under this paragraph of 5% of the liability to tax which would have been shown in the return in question.

13M (1) P is liable to a penalty under this paragraph if (and only if) P's failure continues after the end of the period of 6 months beginning with the penalty date.

(2) The penalty under this paragraph is 10% of the liability to tax which would have been shown in the return in question.

13N (1) P is liable to a penalty under this paragraph if (and only if) P's failure continues after the end of the period of 12 months beginning with the penalty date.

(2) Where, by failing to make the return, P deliberately withholds information which would enable or assist HMRC to assess a person's liability to tax, the penalty under this paragraph is determined in accordance with sub-paragraphs (3) and (4).

(3) If the withholding of the information is deliberate and concealed, the penalty is 100% of the liability to tax which would have been shown in the return in question.

(4) If the withholding of the information is deliberate but not concealed, the penalty is 70% the liability to tax which would have been shown in the return in question.

(5) In a case not falling within sub-paragraph (2), the penalty under this paragraph is 10% of the liability to tax which would have been shown in the return in question.

13P For the purposes of paragraphs 13K to 13N, references to the liability to tax which would have been shown in the return in question are to be read—

(a) in the case of an amendment of a return under section 57(3) of FA 2027, as references to the amount (if any) by which the liability to tax shown in the return would be increased by reason of the amendment, and

(b) in a case where no liability to tax would have been shown in the return because an exemption applies, as references to the liability to tax which would have been shown in the return had the exemption not applied."

(5) In paragraph 27 (interpretation)—

(a) in sub-paragraph (5), omit "and stamp duty reserve tax";

(b) at the end insert—

"(6) The amendment of a return under section 57(3) of FA 2027 (securities transfer tax: cases where consideration becomes clear at later date) is regarded as a document in its own right, and is regarded as delivered at the time when it is made."

101 (1) Schedule 56 (penalty for failure to make payments on time) is amended as follows.

(2) In paragraph 1 (penalty for failure to pay tax), in the table after sub-paragraph (5)—

(a) for item 10 (stamp duty reserve tax) substitute—

"10	Securities transfer tax	Amount payable under section 2 or 3 of FA 2027 (except an amount falling within item 23 or 24)	The date falling 30 days after the due date for payment within the meaning of Part 1 of FA 2027"

(b) in item 17, in the second column, omit "10".

(3) In paragraph 18 (interpretation), in sub-paragraph (5), omit "and stamp duty reserve tax".

FA 2010

102 In FA 2010, omit the following—

(a) section 54 (SDRT: depositary receipt systems and clearance services systems);

(b) section 65 (stamp duty and SDRT: clearing houses).

FA 2011

103 FA 2011 is amended in accordance with paragraphs 104 and 105.

104 In section 71 (tax provision consequential on Part 1 of Pensions Act 2008 etc), in subsection (3)—

(a) after paragraph (e) insert "and";

(b) omit paragraphs (g) and (h).

105 (1) Schedule 23 (data-gathering powers) is amended as follows.

(2) In paragraph 19 (dealing etc in securities), in sub-paragraph (1), for paragraph (e) substitute—

"(e) a person who is an accountable person in relation to a relevant transaction within the meaning of Part 1 of FA 2027 (securities transfer tax)."

(3) In paragraph 45 (definition of "tax"), for paragraph (h) substitute—

"(h) securities transfer tax,".

Postal Services Act 2011

106 In section 23 of the Postal Services Act 2011 (taxation), in subsection (9), in the definition of "relevant tax", for paragraph (e) (not including the "and" after it) substitute—

"(e) securities transfer tax,".

Public Bodies Act 2011

107 In section 25 of the Public Bodies Act 2011 (transfer schemes: taxation), in subsection (5), in the definition of "relevant tax"—
(a) omit "stamp duty,";
(b) for "stamp duty reserve tax" substitute "securities transfer tax".

Localism Act 2011

108 In the Localism Act 2011, in Schedule 24 (transfers and transfer schemes: tax provisions), in paragraph 9(5), in the definition of "relevant tax"—
(a) omit "stamp duty,";
(b) for "stamp duty reserve tax" substitute "securities transfer tax".

FA 2012

109 (1) FA 2012 is amended as follows.

(2) In the italic heading that precedes section 212, omit ", stamp duty reserve tax and stamp duty".

(3) Omit section 217.

(4) In Schedule 38 (tax advisers: sanctionable conduct), in paragraph 37 ("tax"), in sub-paragraph (1)(i), for "stamp duty reserve tax" substitute "securities transfer tax".

Protection of Freedoms Act 2012

110 In section 91 of the Protection of Freedoms Act 2012 (tax in connection with transfer schemes), in subsection (6), in the definition of "relevant tax", for "stamp duty, stamp duty reserve tax" substitute "securities transfer tax".

FA 2014

111 (1) FA 2014 is amended as follows.

(2) Omit sections 114 to 116 and Schedule 24 (stamp duty and stamp duty reserve tax).

(3) In section 283 (interpretation of POTAS provisions), in subsection (1), in the definition of "tax", for "stamp duty reserve tax" substitute "securities transfer tax".

Infrastructure Act 2015

112 In the Infrastructure Act 2015, in section 16 (tax consequences of transfers), in subsection (5), in the definition of "relevant tax", for "stamp duty" substitute "securities transfer tax".

FA 2016

113 In FA 2016, omit sections 137 to 139 (stamp duty and stamp duty reserve tax).

High Speed Rail (London – West Midlands) Act 2017

114 In the High Speed Rail (London – West Midlands) Act 2017, in Schedule 31 (transfer schemes: further provision), in paragraph 17(5)(a)—
(a) omit "stamp duty,";
(b) for "stamp duty reserve tax" substitute "securities transfer tax".

FA 2019

115 In FA 2019, omit the following—
(a) sections 47 to 50 (stamp duty and stamp duty reserve tax);
(b) Part 3 of Schedule 20 (stamp duty and SDRT treatment of hybrid capital instruments).

FA 2020

116 In FA 2020, omit sections 77 to 79 (stamp duty and stamp duty reserve tax).

FA 2022

117 FA 2022 is amended in accordance with paragraphs 118 and 119.

118 Omit section 68 (powers to confer stamp duty and SDRT exemptions for securitisation companies and qualifying transformer vehicles).

119 (1) Schedule 2 (qualifying asset holding companies) is amended as follows.

(2) In paragraph 1 (introduction), in sub-paragraph (9)—
(a) for "stamp duty and stamp duty reserve tax" substitute "securities transfer tax";
(b) for "loan capital" substitute "debt interests".

(3) For the heading of Part 10 substitute "Securities transfer tax".

(4) For the italic heading that precedes paragraph 54—
(a) for "Stamp duty and SDRT" substitute "Securities transfer tax";
(b) for "loan capital" substitute "debt interests".

(5) Paragraph 54 is amended in accordance with sub-paragraphs (6) to (11).

(6) In sub-paragraph (1), for the words before paragraph (a) substitute "No charge to securities transfer tax applies to an agreement that relates to a transfer to a QAHC of its own shares or own debt interests if—".

(7) Omit sub-paragraph (2).

(8) In sub-paragraphs (3) to (6), for "loan capital" (in each place it occurs) substitute "debt interests".

(9) In sub-paragraph (5)(b), for "that capital" substitute "interests".

(10) For sub-paragraph (7) substitute—

"(7) In this paragraph—

(a) "debt interests", in relation to a company, has the same meaning as in Part 1 of FA 2027 (securities transfer tax) (see section 66 of that Act),

(b) references to a company's own debt interests are to debt interests in the company, and

(c) references to a company issuing debt interests include any arrangements by which the company grants or creates a debt interest in itself or rights in connection with such an interest."

(11) At the end insert—

"(8) The exemption under this paragraph must be claimed in a return under section 56 of FA 2027 in respect of the agreement."

Health and Care Act 2022

120 In the Health and Care Act 2022, in section 39 (transfer schemes under section 38: taxation), in subsection (5), for ", stamp duty or stamp duty reserve tax" substitute "or securities transfer tax".

Energy Act 2023

121 In the Energy Act 2023, in section 326 (Great British Nuclear: transfer schemes and taxation), in subsection (4)(a), for "stamp duty, stamp duty reserve tax" substitute "securities transfer tax".

FA 2024

122 In FA 2024, omit sections 19 and 20 and Schedule 11 (stamp duty and stamp duty reserve tax).

FA 2025

123 (1) Section 56 of FA 2025 (testing of FMI technologies or practices) is amended as follows.

(2) In subsection (1), for "stamp duty or stamp duty reserve tax" substitute "securities transfer tax".

(3) In subsection (4), omit "duty or".

FA 2026

124 In FA 2026, omit the following—

(a) section 85 (stamp duty reserve tax: UK listing relief);

(b) section 277 (stamp duty: piloting of digital service etc).

PART 2

AMENDMENTS OF SUBORDINATE LEGISLATION

Saving where subordinate legislation would be affected by amendment or repeal made by Part 1 of Schedule

125 Where an instrument amended by this Part of this Schedule would otherwise be affected by an amendment or repeal made by Part 1 of this Schedule, the instrument is not affected by that amendment or repeal.

Mutual Societies (Transfers of Business) (Tax) Regulations 2009 (S.I. 2009/2971)

126 In the Mutual Societies (Transfers of Business) (Tax) Regulations 2009 (S.I. 2009/2971), for regulation 32 substitute—

"Exemption from securities transfer tax

32. No charge to securities transfer tax applies to a relevant transaction that relates to the making of a relevant transfer by a registered society.

"Relevant transaction" here has the same meaning as in Part 1 of the Finance Act 2027."

Postal Services Act 2011 (Taxation) Regulations (S.I. 2012/764)

127 (1) The Postal Services Act 2011 (Taxation) Regulations (S.I. 2012/764) are amended as follows.

(2) Omit regulation 25 (stamp duty).

(3) For the heading before regulation 28 substitute "Securities transfer tax".

(4) In regulation 28, for "Stamp duty reserve tax" substitute "Securities transfer tax".

British Waterways Board (Tax Consequences) Order 2012 (S.I. 2012/1709)

128 In the British Waterways Board (Tax Consequences) Order 2012 (S.I. 2012/1709), for regulation 8 substitute—

"Securities transfer tax

8. No charge to securities transfer tax applies to a relevant transaction that relates to the making of a relevant transfer.

"Relevant transaction" here has the same meaning as in Part 1 of the Finance Act 2027."

Private Intermittent Securities and Capital Exchange System (Exemption from Stamp Duties) Regulations 2025 (S.I. 2025/666)

129 (1) The Private Intermittent Securities and Capital Exchange System (Exemption from Stamp Duties) Regulations 2025 (S.I. 2025/666) are amended as follows.

(2) In regulation 1, for "Stamp Duties" substitute "Securities Transfer Tax".

(3) In regulation 2—

(a) in the heading, for "stamp duties" substitute "securities transfer tax";

(b) in paragraph (1)—

(i) at the beginning insert "No charge to securities transfer tax applies to a relevant transaction that relates to";

(ii) omit "is exempt from all stamp duties";

(c) after paragraph (1) insert—

"(1A) The exemption under this regulation must be claimed in a return made under section 56 of FA 2027 in respect of the agreement.";

(d) in paragraph (2), at the end insert—

""relevant transaction" has the same meaning as in Part 1 of the Finance Act 2027."

PART 3

REPEALS OF NORTHERN IRELAND LEGISLATION

Finance Act (Northern Ireland) 1954 (c. 23 (N.I.))

130 The Finance Act (Northern Ireland) 1954 (c. 23 (N.I.)) is repealed.

Double Taxation Relief Act (Northern Ireland) 1923 (c. 14 (N.I.))

131 The Double Taxation Relief Act (Northern Ireland) 1923 (c. 14 (N.I.)) is repealed.

SCHEDULE 3

Section 36A(3)

SECURITIES TRANSFER TAX: TRANSITIONAL PROVISION

Cases which would otherwise incur a double charge

1 The main charge does not apply to a transfer agreement if—

(a) stamp duty reserve tax has been charged by reference to the agreement, or

(b) stamp duty has been charged by reference to the transfer.

2 The higher-rate charge does not apply to a higher-rate transfer if stamp duty or stamp duty reserve tax has been charged by reference to the transfer.

Existing approvals, recognitions and elections

3 An approval or recognition for the purposes of section 80A or 88A of FA 1986 (intermediaries relief for stamp duty and SDRT) that is in place immediately before [...] 2027 counts as the corresponding approval or recognition under section 17 of this Act (intermediaries relief for securities transfer tax).

4 A recognition under section 99A of FA 1986 (SDRT: recognised growth markets) that is in place immediately before [...] 2027 counts as the corresponding recognition under section 21 of this Act (securities transfer tax: recognised growth markets).

5 An election under section 97A of FA 1986 (stamp duty and SDRT: clearance services election) that is in force immediately before [...] 2027 counts as a corresponding election under section 69 of this Act (securities transfer tax: clearance service elections).

Replacement securities

6 For the purposes of section 30(d) (exemption for replacement securities: cases where charge or exemption previously applied)—

(a) the higher-rate charge is taken to have applied in respect of a transfer if the charge to tax under section 93 or 96 of FA 1986 (old SDRT charges) applied in respect of it, and

(b) the reference in that provision to a previous application of section 30 includes a previous application of section 95A or 97ZA of that Act (which contained exemptions from SDRT corresponding to section 30).

Pre-2003 land transactions: process for regularising old instruments

7 (1) FA 2003 is amended as follows.

(2) In section 124 (commencement and transitional provision), at the end insert—

“(2) Schedule 19A makes provision about the process for regularising unstamped instruments on which stamp duty was charged.”

(3) After Schedule 19 insert—

“SCHEDULE 19A — Section 124(2)

STAMP DUTY: PROCESS FOR REGULARISING OLD INSTRUMENTS

1 (1) This Schedule applies to an instrument—

(a) that effected a land transaction,

(b) that is chargeable with stamp duty, and
(c) on which the stamp duty chargeable is not denoted before [...] 2027.

(2) An instrument to which this Schedule applies is regarded as duly stamped for the purposes of the old enforcement provisions if—
(a) a return is made to HM Revenue and Customs in respect of the instrument, and
(b) HM Revenue and Customs issue a certificate confirming that all the stamp duty with which the instrument is chargeable, and any associated interest and penalties, have been paid,

and is not otherwise to be regarded as duly stamped, despite anything to the contrary in any legislation.

(3) "The old enforcement provisions" means—
(a) section 14(4) of the Stamp Act 1891 (unstamped instruments not to be given in evidence), and
(b) section 17 of that Act (penalty for registering unstamped instruments).

(4) An appeal may be brought against a decision by HM Revenue and Customs not to issue a certificate under sub-paragraph (2)(b); and Part 7 of Schedule 10 applies to such an appeal, with the necessary modifications, as it applies to an appeal within paragraph 35(1) of that Schedule.

(5) A return under sub-paragraph (2)(a)—
(a) must be made by a person of a description specified by HM Revenue and Customs,
(b) must be made in the manner and form specified by HM Revenue and Customs, and
(c) must contain information or evidence of a description specified by HM Revenue and Customs.

(6) A specification under sub-paragraph (5)—
(a) must be made in a document published by HM Revenue and Customs, and
(b) may, in particular, provide for the making of returns in the same or a similar manner or form to that in which land transaction returns are to be made.

(7) The following do not apply in relation to an instrument to which this Schedule applies—
(a) sections 12 to 13B of the Stamp Act 1891 (adjudication);
(b) any legislation requiring or allowing for anything related to stamp duty to be denoted on the instrument."

Pre-2031 share transactions: process for regularising old instruments

8 (1) This paragraph applies to an instrument—
(a) that effected a transfer of stock or marketable securities,
(b) that is chargeable with stamp duty, and
(c) on which the stamp duty chargeable is not denoted before [...] 2031.

"Stock" and "marketable securities" here have the same meaning as in the Stamp Act 1891 as that Act had effect when the instrument was executed.

(2) An instrument to which this paragraph applies is regarded as duly stamped for the purposes of the old enforcement provisions if—
(a) a return is made to HMRC in respect of the instrument, and
(b) HMRC issue a certificate confirming that all the stamp duty with which the instrument is chargeable, and any associated interest and penalties, have been paid,

and is not otherwise to be regarded as duly stamped, despite anything to the contrary in any legislation.

(3) "The old enforcement provisions" means—
(a) section 14(4) of the Stamp Act 1891 (unstamped instruments not to be given in evidence), and
(b) section 17 of that Act (penalty for registering unstamped instruments).

(4) An appeal may be brought against a decision by HMRC not to issue a certificate under sub-paragraph (2)(b); and Part 5 of Schedule 1 applies to such an appeal, with the necessary modifications, as it applies to an appeal within paragraph 21(1) of that Schedule.

(5) A return under sub-paragraph (2)(a)—
(a) must be made by a person of a description specified by HMRC,
(b) must be made in the manner and form specified by HMRC, and
(c) must contain information or evidence of a description specified by HMRC.

(6) A specification under sub-paragraph (5) may, in particular, provide for the making of returns in the same or a similar manner or form to that in which returns under section 56 are to be made.

(7) The following do not apply in relation to an instrument to which this paragraph applies—
(a) sections 12 to 13B of the Stamp Act 1891 (adjudication);
(b) any legislation requiring or allowing for anything related to stamp duty to be denoted on the instrument.

(8) This paragraph of this Schedule comes into force on [...] 2031.