

**EXPLANATORY MEMORANDUM TO THE
STAMP DUTY (CONSEQUENTIAL AMENDMENT OF ENACTMENTS)
(NORTHERN IRELAND) REGULATIONS 2005**

2005 No. 1634

1. This explanatory memorandum has been prepared by the Commissioners for Her Majesty's Revenue and Customs and is laid before the House of Commons by Command of Her Majesty.

2. **Description**

The instrument contains regulations that remove from companies in Northern Ireland the obligation to have certain documents stamped when there is an issue of shares. Those provisions are no longer needed following the introduction of Stamp Duty Land Tax. The regulations will have effect for returns made after 7th July 2005.

3. **Matters of special interest to the Select Committee on Statutory Instruments**

None.

4. **Legislative Background**

Finance Act 2003 introduced Stamp Duty Land Tax and limited the scope of stamp duty to instruments relating to stock and marketable securities and certain partnership transactions. Schedule 20 of the Finance Act 2003 enables the Treasury to make regulations amending or repealing stamp duty enactments consequential on the reduction to the scope of stamp duty. Under that provision, regulations were made in November 2003 (S.I. 2003/2868) to remove from section 88 of the Companies Act 1985 the requirement to produce certain stamped documents. These regulations make similar amendments to the Companies Northern Ireland Order 1986.

5. **Extent**

This instrument applies to Northern Ireland.

6. **European Convention on Human Rights**

This instrument is subject to annulment and does not amend primary legislation.

7. **Policy background**

When a company in Northern Ireland allots shares, Paragraph 98 of The Companies (Northern Ireland) Order 1986 requires that it make a return of the allotment to the Registrar of Companies. If the consideration for the allotment is not paid in cash, the contract or particulars showing the consideration given for the shares must accompany the return. The order requires that the contract or particulars be stamped before production to the Registrar. The effect of this rule was to ensure that, where appropriate, stamp duty at the property rate was paid on the consideration. Following

the introduction of Stamp Duty Land Tax that requirement is no longer needed. This change will bring the provisions that apply to companies Northern Ireland into line with those for companies in the rest of the UK. It has been asked for by The Department of Enterprise and Investment in Northern Ireland and is a very minor deregulatory measure.

8. Impact

8.1 A Regulatory Impact Assessment has not been prepared for this instrument as it has no adverse impact on business, charities or voluntary bodies

8.2 The impact on the public sector is none.

9. Contact

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