

**EXPLANATORY MEMORANDUM TO  
THE STAMP DUTY LAND TAX (ADMINISTRATION) (AMENDMENT)  
REGULATIONS 2011  
2011 No.455**

**1.** 1.1 This explanatory memorandum has been prepared by Her Majesty's Revenue and Customs (HMRC) and is laid before the House of Commons by Command of Her Majesty.

**2. Purpose of the instrument**

2.1 The instrument makes amendments to the land transaction return for stamp duty land tax (SDLT). These amendments are required to provide extra information for the purposes of the proposed changes to the information technology platform used to administer SDLT.

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

3.1 None.

**4. Legislative Context**

4.1 For most transactions involving interests in UK land, a land transaction return must be submitted to HMRC in compliance with SDLT legislation in Part 4 Finance Act 2003. Where this is required, the transfer of title to the land cannot be registered at the Land Registry in the absence of an HMRC certificate confirming that the requirements of the SDLT legislation have been complied with.

4.2 The form and content of the land transaction return are set out in The Stamp Duty Land Tax (Administration) Regulations 2003 (S.I. 2003/ 2837), as amended. This instrument substitutes revised versions of three of the four forms comprising the land transaction return.

4.3 These changes are being made in connection with a programme to move HMRC's information technology (I.T.) systems for tax administration to a common I.T. platform.

**5. Territorial Extent and Application**

5.1 This instrument applies to all of the United Kingdom.

**6. European Convention on Human Rights**

As the instrument is subject to negative resolution procedure and does not amend primary legislation, no statement is required.

## **7. Policy background**

7.1 This is an administrative measure which makes minor changes to the land transaction return to accommodate changes to the underlying HMRC I.T. system.

7.2 The land transaction return (which may be delivered on paper or online (which now accounts for the majority of cases)) provides data concerning a land transaction, which is then input into an I.T. system, which handles administration of SDLT. The return also provides information for use in compliance work (for SDLT and other HMRC taxes) and property valuation.

7.3 SDLT is a transaction tax payable by the purchaser of an interest in UK land. Most purchasers will encounter the tax infrequently and returns are therefore identified by the land transaction they are reporting, rather than the purchaser.

7.4 HMRC has embarked on a programme to reduce the running costs of the Department's I.T. estate. This includes decommissioning the existing SDLT system (which is becoming obsolete) and replacing it with a new system running on an I.T. platform common across HMRC. The changeover will take place in July 2011.

7.5 The structure of the new I.T. platform is based on customer accounts. This will allow Stamp Taxes and other areas of HMRC to get a better overall picture of customers' tax affairs. As a result HMRC now needs to obtain a unique identifier for purchasers from the land transaction return.

7.6 This is not straightforward as there is no single identifier which can be used in every case. The identifier has to include purchasers who are not UK resident. The nature of SDLT, which most taxpayers will encounter only irregularly, means that allocating a customer reference number is impractical. This instrument therefore amends the land transaction return so that use can be made of a range of identifiers for this purpose.

7.7 The way in which this is being done is as follows. First, there is the addition in the main return of a field requiring individuals to give a date of birth. Secondly, the fields for the purchaser's VAT reference number, Company Tax reference, other reference and name of country base, are moved from a supplementary return (which is completed only for certain transactions) to the main return. There are some consequential layout alterations and other minor changes in response to customer feedback.

7.8 The form and content of the land transaction return are statutory and amendments to the return can be made by statutory instrument.

7.9 The instrument provides for the new version of the return to be used for transactions on or after 1<sup>st</sup> April 2011. The new I.T. platform will come into use on 4<sup>th</sup> July 2011. Between the two dates, either paper version may be used: this is to allow agents time to use up existing stocks. The intention is for the online return to be changed overnight on 3<sup>rd</sup>/4<sup>th</sup> July 2011.

## **8. Consultation outcome**

8.1 In practice, most land transaction returns are completed on clients' behalf by solicitors and conveyancers acting for the purchaser. The proposed changes have been put to professional representatives attending HMRC's regular SDLT consultative forum, who are satisfied that the changes are reasonable and proportionate.

## **9. Guidance**

9.1 HMRC publishes guidance on completion of both the paper and online versions of the return. This will be amended in due course.

## **10. Impact**

10.1 The impact on business, charities or voluntary bodies is negligible.

10.2 The impact on the public sector is negligible.

10.3 An Impact Assessment has not been prepared for this instrument.

## **11. Regulating small business**

11.1 The legislation applies to small business.

11.2 There is no disproportionate impact on firms employing up to 20 people. SDLT is a transaction tax and the measure applies to all purchasers of land in the UK including individuals, large and small companies, partnerships and trustees.

11.3 The impact of the requirements is minimised because in practice land transaction returns are mainly completed by solicitors acting for the purchaser, on their clients' behalf. HMRC will publish guidance on the changes. The proposed changes have been put to professional representatives attending HMRC's regular SDLT consultative forum, who agree that the changes are reasonable and proportionate.

## **12. Monitoring & review**

12.1 The instrument will achieve its intended outcome if the changes made to the land transaction return are effective in allowing purchasers to be identified in the course of cross-tax compliance work. This will be subject to ongoing review and the legislation will be amended if necessary to better achieve this outcome.

## **13. Contact**

Keith Brown at Her Majesty's Revenue and Customs, tel: 020-7147 2790 or email: [keith.brown@hmrc.gsi.gov.uk](mailto:keith.brown@hmrc.gsi.gov.uk) can answer any queries regarding the instrument.