

# STPG

## Stamp Taxes Practitioners Group

Please reply to:

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31 October 2016

### Stamp duty land tax: reduction in the filing period and non-tax information

Dear Financial Secretary

We would like to draw your attention to a potential policy conflict between the streamlining of the SDLT collection process and information requirements for statutory valuations.

The Stamp Taxes Practitioners Group (STPG) is the leading professional forum for stamp taxes practitioners consisting of 183 members. Members are drawn from the legal, accountancy and surveying professions and include practitioners in the fields of tax, real estate and conveyancing.

### The Consultation and the potential policy conflict

The consultation document "Stamp duty land tax: changes to the filing and payment process" was published on 10 August 2016 for comments by 7 October 2016. It relates to the implementation of the Government's decision to compress the timetable for filing SDLT returns from 30 to 14 days. The STPG and other representative bodies, including the Law Society, responded in detail to the consultation and these responses are with HMRC officials.

The purpose of this letter is to draw your attention to a potential policy conflict between the need to streamline tax collection and the separate requirement for the Valuation Office Agency to have information to inform its statutory valuation functions. HMRC officials may find it difficult to resolve this conflict internally – since the VOA is an HMRC agency. We therefore suggest that you might wish to indicate to HMRC what should be the relative balance of tax and valuation objectives so that the tax measure can proceed smoothly on its intended timetable.

### Information required on an SDLT return

Clearly the information on the SDLT return must include whatever is required to calculate the amount of tax due and who is liable to pay it. That information identifies the land interest, the vendor, the purchaser and price paid as well as other details for tax purposes. The tax-related information is useful to the VOA which has a statutory right to access and use it. This is not controversial.

What concerns us is the additional information ('non-tax information') required on the return which relates to the land but is not relevant to the tax calculation. In particular, details about sub-leases must be provided for many transactions. This is not a problem for ordinary house and flat purchases. But it *is* an onerous additional requirement for many commercial transactions and where land is purchased as an investment. The burden is not restricted to large transactions. This additional information is for VOA purposes only. It has been required since SDLT was introduced in 2003 and while the VOA has been pressed to review and justify its blanket need for this information, nothing material has emerged from any such review.

<b>Council</b> Gordon Keenay (Chairman) Kate Willis (Secretary) Andrew Campbell Isobel d'Inverno Craig Leslie	Gerald Moran Toby Price Sean Randall Nigel Popplewell David Saleh Marc Selby	The STPG's constitution and objects can be viewed at : <a href="https://www.tax.org.uk/policy-technical/stpg/public">https://www.tax.org.uk/policy-technical/stpg/public</a>
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## Impact of the reduced filing period

The reduction in the filing period from 30 to 14 days will turn what is an unwelcome and onerous burden for the purchasers concerned from something which is normally possible into something which often cannot reasonably be met before the tax filing date. Taxpayers will be unable to file on time simply due to delays in the availability of non-tax information. They will feel that they are being treated unfairly when they have to pay the ensuing penalties for non-compliance with the new deadline, as well as suffer the legal consequences for the delay in registration.

We feel that the reduction to a 14 day filing period should not be implemented until the non-tax information is de-coupled from the tax payment and filing timetable. The VOA may, if it completes an appropriate review, find that it can use other data sources or information collection powers to obtain what it needs over and above what is collected for tax purposes. But time is short if the tax streamlining objective of introducing the 14 day period is to be achieved by early 2018 which we understand to be the current plan.

## Recommendation

On the basis that the measure to streamline tax collection is important, we suggest that the non-tax information requirement be dropped from the tax return. This will allow the reduction of the filing period to be seen as fair. If that decision can be made now, there will be enough time for the VOA to complete its review of the need for the information and, to the extent that it is needed, how it can most effectively be collected without disrupting the tax collection process. We note that the VOA no longer collects the non-tax information for land transactions in Scotland following the devolution of SDLT. We are not aware of any negative impact of the decision to omit the non-tax information in the return required for land transactions in Scotland.

The Law Society strongly supports the contents of the letter and will send a letter to the VOA's Chief Executive.

We are copying this letter to the Chief Executive of the VOA.

Yours sincerely,



**Gordon Keenay**

**Chairman, Stamp Taxes Practitioners Group**

Head of Stamp Taxes, European Tax Services

**FTI Consulting**

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