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City of London Law Society Land Law Committee response to consultation on Stamp duty land tax: changes to the filing and payment process

Introduction

The City of London Law Society (“CLLS”) represents approximately 17,000 City lawyers through individual and corporate membership including some of the largest international law firms in the world. These law firms advise a variety of clients from multinational companies and financial institutions to Government departments, often in relation to complex, multi-jurisdictional legal issues.

The CLLS responds to a variety of consultations on issues of importance to its members through its 19 specialist committees. This response in respect of Her Majesty’s Revenue and Customs Consultation Document “Stamp duty land tax: changes to the filing and payment process” (“Consultation”) has been prepared by the CLLS Land Law Committee.

The consultation asks for responses to a number of enquiries. The Committee is limiting its response to Question 1:

Question 1: Are you aware of any issues that may arise as a result of the reduction in the filing and payment window to 14 days? If so, do you have any suggestions on how they could be overcome?

In relation to the proposed reduction for SDLT filing and payment from 30 to 14 days, whilst that may be practicable in relation to more straightforward transactions, there are, particularly in the context of commercial transactions, circumstances in which the consideration payable can be contingent or uncertain, or calculation of any future payment relatively complex. This can result in the time needed accurately to complete SDLT returns being greater than in the case of straightforward transactions. It is therefore suggested that there be categories of transactions in relation to which the existing period of 30 days is retained for filing and payment, particularly where the transaction involved the calculation of consideration which is to be paid in the future (that is, post completion, for example, overage), or if all or part of the consideration to be payable is uncertain or contingent. Similarly in such cases the time allowed to apply for deferment of SDLT payment should be retained at 30 rather than 14 days.

In addition, for linked transactions involving a large number of properties and occupational leases requiring completion of an SDLT4, the SDLT returns can often be numerous and complex and the existing period of 30 days for filing and payment of SDLT should be retained. Reducing the time limit to 14 days in these circumstances could well result in increased errors in completion of the forms as well as incorrect payment of SDLT (which HMRC is seeking to avoid).

Whilst it is usual in the context of transactions involving residential accommodation for there to be a period of time between exchange of contracts and completion, it is not uncommon in the context of commercial transactions that there is either simultaneous exchange and completion or a relatively short period of time between exchange and completion, thus making it less practicable for draft filings to be prepared in advance of exchange of contracts.

It is, therefore, requested that categories of transaction be identified for which the 30 day period should be retained as outlined above.

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Hogan Lovells International LLP
Chair, City of London Land Law Committee

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THE CITY OF LONDON LAW SOCIETY

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