

UK STAMP DUTY LAND TAX

Irish Stamp Duty will not generally apply to the purchase of United Kingdom Property. There are exceptional circumstances where an agreement may contain certain elements to be performed in Ireland, e.g. the issue of shares in an Irish company in return for a UK property, which may itself attract Irish stamp duty.

The UK System of Stamp Duty Land Tax is broadly similar to Irish Stamp Duty. Unlike Irish Stamp Duty, most of the techniques for avoiding and delaying Stamp Duty were removed with in 2003, when UK Stamp Duty Land Tax was introduced. Once the transaction is completed, the obligation to pay Stamp Duty Land Tax arises and must be discharged within 30 days.

The rates of tax for residential property are as follows;

<£175,000;	Nil
£175,000-£250,000	1%
£250,000-£500,000	3%
£500,000 +	4%

The rates of tax for commercial property are as follows;

<£150,000;	Nil
£150,000-£250,000	1%
£250,000-£500,000	3%
£500,000 +	4%

As in Ireland, Stamp Duty Land Tax is payable within thirty days of the purchase or lease transaction. It must be factored into any purchase budget. Penalties arise for non-payment although they are less severe than in Ireland. Without a Stamp Duty Land Tax Certificate, it is not possible to register property. Failure to self-account for the tax is an offence which could be prosecuted.

Stamp Duty Land Tax is much simpler in the United Kingdom than in Ireland. There is no distinction between owner/occupiers, first time buyers etc. There are only three rates of tax and there is almost no distinction between treatment of residential and commercial properties.

There are rules in relation to linked transactions which charge tax at the higher rate where a number of transactions are connected. If, for example a person buys two properties in the same development on the same occasion, they are likely to be deemed linked and thereby subject to the tax rate applicable to the sum of the two transactions. For example 3 properties each costing £200,000 will be charged at 4% Stamp Duty on the basis of linked transactions totalling more than £500,000, as opposed to separate transactions at 1% each.

The whole area of linked transactions is subject to different opinion by various bodies and authors. HMRC will contend that any transactions between the same parties or even similar parties, (say a number of apartments in the same development) are linked. Arguments can be made to show that no link in fact exists and that the transactions are in effect coincidental. The transaction will be always linked if there is any question of a discount or better terms on account of purchasing multiple properties.

This Guide is intended as an overview and broad outline of the matters covered in it. Its purpose is to inform and raise awareness. We are happy to offer specific legal advice on particular circumstances.

This Guide should not be relied on as a substitute for comprehensive legal advice with reference to the particular circumstances.

While we have taken due care in the preparation of this publication, we do not accept legal liability as a result of any reliance placed on anything in this Guide. The reader should rely only on specific legal or taxation advice.