

STAMP DUTY LAND TAX INFORMATION SHEET FACT SHEET

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What is Stamp Duty Land Tax?

Stamp Duty Land Tax is a tax which was introduced by the Finance Act in 2003. The Stamp Duty Land Tax (SDLT) was introduced to replace the old Stamp Duty regime. SDLT is a compulsory tax in the same way as Income Tax and VAT is.

How do I pay the Stamp Duty Land Tax that I owe?

When we complete your transaction, we will be required to send a Land Transaction Return form to the Inland Revenue and at the same time, pay the SDLT on your transaction.

We will be able to complete and submit the Land Transaction Return form but you should be advised that it is your obligation to notify the Inland Revenue of your liability to tax within 30 days from the date of completion. In effect, this means that the Land Transaction Return form must be signed by you and returned to us as soon as possible after completion if we have not received it beforehand so that we can ensure the form arrives with the Inland Revenue within a 30 day time limit. In the event that the Land Transaction Return is returned late, then a penalty of £100 will be imposed and you will also be required to pay interest on the outstanding tax. This penalty will increase to £200 if either the penalty is not paid or the Land Transaction Return form has still not been received within two months of the date of completion.

What information do we need to complete the return?

Whilst we are prepared to complete the Land Transaction return form on your behalf, we will only be able to complete the form in reliance on the information that you provide us with and you have the ultimate responsibility for the accuracy of this information. In the event that the Land Transaction Return form is not completed properly, this may lead to delays in acceptance of the Land Transaction Return form and the incurrance of the late return penalty. It is therefore essential that you read the Land Transaction Return form carefully before signing it and returning it to us. If you have any queries in relation to any of the replies given then please let us know.

What happens if the information is incorrect?

The new SDLT system relies on a “process now, check later” system. This means that you may be liable to pay any shortfall from the self-assessed amount after any enquiries made by the Inland Revenue. This may not take place until months or even years after the completion of the transaction. In addition, there may be occasions when the SDLT has been overpaid. You will be notified directly by the Inland Revenue where relevant. The Inland Revenue will contact you at the correspondence address given on the Land Transaction Return form.

You should be aware that the Inland Revenue may make an enquiry into the transaction within the enquiry window which is usually nine months after the filing date. Whilst such enquiries would usually be dealt with by us as your solicitors/tax agent, you should be aware that there is a possibility that such enquiries will result in further costs being incurred in our responding to the enquiry which will be over and above those incurred in dealing with the transaction. We would of course be happy to deal with the enquiry on your behalf subject to payment of our additional costs in this respect. In the event that you choose to handle such enquiry personally then you will need

to have access to the relevant documents/records from us and we shall assist you where we can in this respect.

Do I need to keep the SDLT Return?

There is an obligation on you as purchasers to keep all relevant documents relating to this tax for a minimum period of six years.