

CORNERSTONE

Agenda

- Intro to me and Cornerstone
- Whose responsibility is SDLT?
- Exemptions / Reliefs
- Some worked examples

DISCLAIMER

- *This material has been prepared for informational purposes only, and is not intended to provide, and should not be relied on for, tax, legal or accounting advice. You should consult your own tax, legal and accounting advisors before engaging in any transaction.*

Intro to me and Cornerstone

- 20 years military service
- Property for 10 years
- Not a CTA or IFA
- Cornerstone - Formed in 2006 by David Hannah ACA CTA
- Specialising in property Tax Matters, specifically SDLT
- Nearly a Century's worth of experience between our senior adviser team
- Providing advice and training to law firms across the UK

Stamp Duty Land Tax (SDLT)

- One of the most complex and misunderstood Taxes in the United Kingdom
- <http://www.hmrc.gov.uk/manuals/sdltmanual/>
- Few solicitors and conveyancers fully understand SDLT
- Are they 'advising' or giving an 'estimate'?

Stamp Duty Land Tax (SDLT)

- Solicitors and Conveyancers

- Small print will state no responsibility

- *“Work in relation to this transaction does not include detailed advice on tax issues”*

CLC – Council for Licensed Conveyancers

www.lawsociety.org.uk

- BUT – undertaking to arrange payment and issue of SDTL1

- *“Undertake that they will arrange for the issue of a SDLT certificate as appropriate”*

SRA – Solicitors Regulation Authority

www.SRA.org.uk

Stamp Duty Land Tax (SDLT)

residential or non-residential

- Primary variable is the intended function of the land or property.

Worked Examples - SDLT



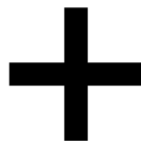
- Mr Bloggs buying large property with 100 acres
- Should be classed as 'MIXED USE'

| | |
|--------------|-------------------|
| Price | £1,200,000 |
| SDLT Resi | £63,750 |
| SDLT Mixed | £49,500 |



| | |
|-----------------------------|----------------|
| SDLT Resi (Holiday) | £48,750 |
| SDLT Mixed (Holiday) | £49,500 |

Worked Examples – Options



| Price | SDLT (additional) |
|------------|----------------------|
| £1,500,000 | £138,750 |

| Price | SDLT |
|------------|---------|
| £1,200,000 | £99,750 |

| Price | SDLT |
|----------|--------|
| £300,000 | £4,500 |

| TOTAL SDLT |
|------------|
| £104,250 |

| SDLT Mixed |
|------------|
| £64,500 |

Worked Examples – Options



+



Worked Examples – Mixed



Worked Examples – Mixed



+



Worked Examples – Mixed



+



Other Examples

- Land over ½ hectare (1.24 acres)
- Any commercial or non-residential buildings, i.e. Stables, workshops.
- Bare land with planning permission / permitted development
- Commercial Buildings into flats / Building Control Order

Exemptions / Reliefs

- Numerous and complex
- Property Trader purchases property from representative of a deceased

Ref: FA03/SCH6A/PARA3

- Property Trader purchases property from individual who subsequently purchases new dwelling from House Builder Company

Ref: FA03/SCH6A/PARA1

- Property Trader purchases property from British Army soldier who has to move due to relocation

Ref: FA03/SCH6A/PARA6

KEY POINT...

...Are you claiming ALL your reliefs?

Forensic Review of Overpaid Stamp Taxes (F.R.O.S.T)

- Available for up to four years after completion of purchase
- Suitable for clients who have bought residential property with land, outbuildings or separate annexe
- Also suitable for clients who have sold property (for example BTL) to a limited company for incorporation purposes
- No upfront fee and no fee at all if no refund obtained
- Set fee of 25% of successful refund amount
- Refund direct from HMRC – no risk, no hassle and no fuss

F.R.O.S.T Case Study – Mr H

- After being told that he may have overpaid the Stamp Duty Land Tax (SDLT) on his transaction, Mr H requested our help.
- Cornerstone reviewed the details of the transaction
- Mr H had been incorrectly “advised” by his solicitors to pay £72,000 SDLT.
- Cornerstone wrote to HMRC laying out technical case requesting full repayment
- After correspondence between Cornerstone and HMRC lasting several months, HMRC agreed with our analysis
- Cheque for £72,000 sent to Mr H within a few days.

Cornerstone Case – Jun 2020

Case Study – Partnership to Ltd Co

- Mr & Mrs Smith own a number of BTL property in joint names.
- They intend to transfer the properties out of their personal names into a Limited Company ('Ltd Co') which they are the shareholders of.
- They were advised by their solicitor that SDLT would be payable by the Ltd Co and the consideration would be based on the market value of the total dwellings transferred.
- This resulted in Mr & Mrs Smith having to make a payment of £120,000 in SDLT and before doing so, they contacted Cornerstone to see if this was correct.
- Cornerstone reviewed the facts and quickly established that they were incorrectly advised and relief was available to Mr & Mrs Smith.
- Cornerstone then wrote a letter to HMRC, on Mr & Mrs Smith's behalf, to confirm why relief was available and why no SDLT was payable on the transfer.
- HMRC then wrote back to Cornerstone to confirm that their analysis was correct and as a result, they managed to save Mr & Mrs Smith from paying any SDLT at all.

Cornerstone Case – Feb 2020

Cornerstone Services

- Advise on the appropriate rate and payable amount of tax
- Identify any pertinent reliefs and/or exemptions based on a complete assessment of the client and their purchase
- Forensic review of existing portfolios, personal and corporate, to assess and reclaim erroneous historical overpayments of SDLT
- Proactive advice and assistance in establishing appropriate commercial structures to maximise returns

Cornerstone in the News

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