



STAMP DUTY LAND TAX – REFORM OF STRUCTURE RATES AND THRESHOLDS

ICAEW welcomes the opportunity to comment on the draft legislation on [Stamp Duty Land Tax – Reform of structure rates and thresholds](#) published by HM Revenue & Customs on 3 December 2014.

This response of 4 February 2015 has been prepared on behalf of ICAEW by the Tax Faculty. Internationally recognised as a source of expertise, the Faculty is a leading authority on taxation. It is responsible for making submissions to tax authorities on behalf of ICAEW and does this with support from over 130 volunteers, many of whom are well-known names in the tax world. Appendix 1 sets out the ICAEW Tax Faculty's Ten Tenets for a Better Tax System, by which we benchmark proposals for changes to the tax system.

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For more information, please contact ICAEW Tax Faculty: taxfac@icaew.com

icaew.com

MAJOR POINTS

Introduction

1. We welcome the opportunity to comment on the draft clauses of the Finance Bill 2015 on Stamp Duty Land Tax (SDLT) – Reform of structure, rates and thresholds published by HM Revenue & Customs (HMRC) on 3 December 2014.
2. We should be happy to discuss any aspect of our comments and to take part in all further consultations on this area.

Key point summary

3. We are pleased to note that the “slab system” for calculating SDLT on residential property has been dropped in favour of the “slice system”. This will give a much fairer charge and avoid the “cliff edge” when pricing property.
4. However, we are concerned that there is now additional complexity in the SDLT legislation as there are different rules depending on;
 - i) the type of property, residential or commercial,
 - ii) the location, Scotland will adopt the new charging structure until 31 March 2015 (the Scottish Land and Buildings Transaction Tax commences on 1 April 2015) and SDLT will be devolved to Wales in due course and could adopt a different charging regime,
 - iii) the nature of the buyer, companies paying a higher rate of SDLT on properties over £500,000 under the ATED (annual tax on enveloped dwellings) rules.
5. The draft legislation appears to achieve the stated aims.

APPENDIX 1

ICAEW TAX FACULTY'S TEN TENETS FOR A BETTER TAX SYSTEM

The tax system should be:

1. **Statutory:** tax legislation should be enacted by statute and subject to proper democratic scrutiny by Parliament.
2. **Certain:** in virtually all circumstances the application of the tax rules should be certain. It should not normally be necessary for anyone to resort to the courts in order to resolve how the rules operate in relation to his or her tax affairs.
3. **Simple:** the tax rules should aim to be simple, understandable and clear in their objectives.
4. **Easy to collect and to calculate:** a person's tax liability should be easy to calculate and straightforward and cheap to collect.
5. **Properly targeted:** when anti-avoidance legislation is passed, due regard should be had to maintaining the simplicity and certainty of the tax system by targeting it to close specific loopholes.
6. **Constant:** Changes to the underlying rules should be kept to a minimum. There should be a justifiable economic and/or social basis for any change to the tax rules and this justification should be made public and the underlying policy made clear.
7. **Subject to proper consultation:** other than in exceptional circumstances, the Government should allow adequate time for both the drafting of tax legislation and full consultation on it.
8. **Regularly reviewed:** the tax rules should be subject to a regular public review to determine their continuing relevance and whether their original justification has been realised. If a tax rule is no longer relevant, then it should be repealed.
9. **Fair and reasonable:** the revenue authorities have a duty to exercise their powers reasonably. There should be a right of appeal to an independent tribunal against all their decisions.
10. **Competitive:** tax rules and rates should be framed so as to encourage investment, capital and trade in and with the UK.

These are explained in more detail in our discussion document published in October 1999 as TAXGUIDE 4/99 (see via <http://www.icaew.com/en/about-icaew/what-we-do/technical-releases/tax>).