

The non-resident stamp duty land tax surcharge

General Features

29 October 2020

The CIOT has raised concerns about how the draft legislation for the non-resident stamp duty land tax surcharge of 2% will be applied by non-tax specialists.

Draft legislation for the introduction of a 2% stamp duty land tax surcharge for non-UK resident purchasers of residential property in England and Northern Ireland was published on 21 July 2020. The measure will be included in Finance Bill 2020-21.

The non-resident surcharge also applies to a UK resident close company purchasing residential property that meets the non-UK control test.

We have raised strong concerns that the non-UK control test (based on the close company legislation in Corporation Tax Act 2010 Part 10 Chapter 2) is disproportionately complex. Given that it is conveyancers, most of whom are not tax specialists, who will need to apply the tests, there is a significant risk that the rules will not be understood or followed. For this reason, we recommend a simplified test based on the ultimate beneficial ownership.

The full submission is at www.tax.org.uk/ref711.