

Stanley Davis

An update from Stanley Davis Group Limited

Issue 13: Company formations, company searches, property searches, Home Information Packs, offshore companies, company support services

Stamp office cracks down on late presenters

There has always been a 30 day time limit for getting documents stamped but the Stamp Office are now observing the limit more closely than they used to. If you do not present your document to the Stamp Office with the correct amount of duty in the time limit allowed, you can expect to pay a penalty and interest charges.

Penalties apply when you do not present your document on time and interest is charged on duty that is paid late.

The Stamp Office claim that it is their aim to make stamp duty fairer for everyone by encouraging people to pay the right amount of duty on time. It could be argued that they are now maximizing their income in these troubled times.

What's the difference between penalties and interest?

Penalties will still apply when documents are presented late. Interest is now charged when there is a delay in paying some or all of the money.

Interest charges arise when the correct amount of duty has not been paid at the appropriate time. An interest charge is made because the Stamp Office has lost out on duty for this period when the money was outstanding. If you do not pay the Stamp Office on time you will be charged interest automatically, regardless of where the document was executed. Penalties will apply to all documents sent for stamping more than 30 days after the document was executed.

Penalties will be charged on documents executed abroad if they are not presented within 30 days of first being brought into the U.K.

How much penalty and interest will I have to pay?

If you do not pay the full duty which is owing within 30 days you will be asked to pay interest.

The amount of interest you pay depends on the duty and the lateness of the payment and a standard rate of interest is applied in working out the charge. The interest is rounded down where necessary to a multiple of £5.

A minimum limit of £25 applies to interest payments and if the stamp office works out the amount of interest as being less than £25 it will not have to be paid.

If documents are submitted late it should be expected that a penalty will be charged:-

If your document is less than 1 year late the maximum penalty will be an amount equivalent to the duty or £300 whichever is less.

If your document is more than 1 year late the maximum penalty you will pay will be an amount equivalent to the duty or £300 whichever is more.

Is the maximum penalty always payable?

The Stamp Office has the authority to reduce penalties if appropriate, taking account of any special mitigating circumstances. It is important therefore that you advise them about any factors you consider relevant to the delay when you send your documents to them for stamping. The table below gives you details of the way we mitigate penalties.

NB There is no mitigation of interest charges and the full amount will always be payable.

What happens if the interest and penalties are not paid?

If you present your document late without offering the stamp office the penalty and interest payments you will be asked to send these further amounts before the documents will be stamped.

If you do not pay the penalty and interest being charged, your document will be returned unstamped with any duty you might have paid. You will be unable to produce your unstamped document as evidence neither will it be accepted for registration.

If you later send the document back to the stamp office they will re-calculate the penalty and interest sums from the date the duty originally became due.

Table of mitigated penalties on late stamping

Ad valorem duty cases under one year late

Months late	Up to £300	£305 - £700	£705 - £1,350	£1,355 - £2,500	£2,505 - £5,000	Over £5000
Under 3	NIL	£20	£40	£60	£80	£100
Under 6	*£20	£40	£60	£80	£100	£150
Under 9	*£40	£60	£80	£100	£150	£200
Under 12	*£60	£80	£100	£150	£200	£300

* or duty if less

Ad valorem duty cases over one year late

Months late	under £5,000	Over £5,000
under 15	15% of the duty or £100 if greater	20% of the duty
under 18	25% of the duty or £150 if greater	40% of the duty
under 21	35% of the duty or £200 if greater	60% of the duty
under 24	45% of the duty or £250 if greater	80% of the duty

Ad valorem duty cases over two years late

£300 or an amount equal to the duty, whichever is the greater.

Fixed duty cases

under one year late no penalty
over one year late £10
over two years late £25

Fixed duties on documents transferring stock and marketable securities were abolished for documents executed on or after 13 March 2008.

The figures in the tables above will apply in most cases. But in a few instances the circumstances may warrant strict application of the penalty legislation.

For more information please visit: <http://www.hmrc.gov.uk/so/sd/sdinterest-penalties.htm>

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