

CHAPTER 3

STAMP DUTY LAND TAX - ADMINISTRATION

3.1 Administration

The administration system for SDLT is carried out using a **self-assessment form**. The details are contained in Finance Act 2003.

3.2 Returns

Returns are required for a **notifiable** transaction. **The purchaser must deliver a land transaction return to HMRC within 30 days of the effective date.** In most cases the effective date will be the date of completion. [FA 2003, s.76](#)

The land transaction return must **include a self-assessment of the tax chargeable** and be **accompanied by payment** of the amount chargeable.

Notifiable transactions include:

- (a) the acquisition of a freehold;
 - (b) the acquisition of a lease;
 - (c) the grant of a lease for a term of seven years or more; and
 - (d) the grant of a lease for a term less than seven years if either the premium or rent is chargeable at 1% or more.
- [FA 2003, s.77](#)

No return is required if the transaction is **exempt** under Sch 3 (e.g. gifts) **or, in general, if the chargeable consideration is less than £40,000 (AW ONLY).**

If a self assessment is not made, **HMRC** has the power to make a **determination** to the best of their information and belief **of the amount of tax chargeable in respect of the transaction.** This has the same effect as a self-assessment. [FA 2003, Sch 10 part 4](#)

The purchaser may **amend the return within 12 months** after the statutory filing date. **HMRC may correct obvious errors in the return within nine months** after the date of delivery (or the date of amendment by the purchaser). [FA 2003, Sch 10 Paras 6,7](#)

3.3 Payment of tax

The purchaser is liable for payment of the tax, which must be paid not later than the due date for filing the return. If a determination of tax is made by HMRC, that tax is payable within **30 days after the determination.** [FA 2003, s.85](#)
[FA 2003, s.86](#)

3.4 Interest

Interest is payable on the amount of any unpaid tax from the end of 30 days from the effective date. Interest can also be charged on unpaid penalties.

[FA 2003, s.87](#)

[FA 2003, s.88](#)

If tax becomes repayable, interest is payable by HMRC between the actual date of payment and the date the order for repayment is issued.

[FA 2003, s.89](#)

3.5 Penalties

There is an extensive penalty regime similar to that in the Taxes Management Act, including:

[FA 2003, Sch 10](#)

- (a) flat rate penalty for failure to deliver return. This is **£100** increasing to **£200** if the return is more than **3 months** late.
- (b) tax-related penalty for failure to deliver return. If the return is not delivered within **12 months**, a penalty of up to **100%** of the SDLT chargeable can be levied. This is in **addition** to the flat-rate penalty.
- (c) daily penalty (**£60 per day**) after formal notice to deliver return;
- (d) tax-related penalty for incorrect or uncorrected return. The penalty is calculated using the rules in Sch 24 FA 2007;
- (e) penalty of up to **£3,000** for failure to keep and preserve records.

[FA 2003, Sch 10 Para 3](#)

[FA 2003, Sch 10 Para 4](#)

[FA 2003, Sch 10 Para 5](#)

[FA 2003, Sch 10 Para 8](#)

[FA 2003, Sch 10 Para 11](#)

3.6 Enquiries and discovery assessments

HMRC can make **enquiries into a return** and make **discovery assessments** of tax. The procedure is similar to that in the TMA 1970.

[FA 2003, Sch 10](#)

[Parts 3 and 5](#)

Example 1

Jane buys a property on 11 August 2010.

- a) **When is she required to deliver the land transaction return by?**
- b) **If she sent her return on 18 January 2011, what penalty could apply?**

Answer 1

- a) The return must be made by 9 September 2010.
- b) The return is over 3 months late. A £200 penalty will be imposed.