

Practitioners' Newsletter

Common errors found on completing SDLT1 returns

Issue 1

On 1 December 2003 Stamp Duty Land Tax (SDLT) was introduced replacing the previous system of Stamp Duty for all UK land and property transactions. Since the introduction of SDLT we have been operating a 'Light Touch' approach to smooth the transition into SDLT for conveyancing practitioners.

From the returns we are now receiving, this 'Light Touch' period has been successful in giving you the opportunity to understand the new tax requirements better. This has ensured that we are in a position to provide you with SDLT certificates with increasingly fewer forms being rejected by us. We want to improve this position further with your help and, with this in mind, we have analysed the reasons for forms being returned to practitioners and been able to identify common themes.

This Help Sheet gives details of those common errors found during the completion of the main SDLT1 return during the 'Light Touch' period. It is intended as a practical guide for those actually completing the returns.

Basic Errors

Misinterpretation of the SDLT Guidance (SDLT6)

If there are areas in our Guidance that are not clear, please contact our national Enquiry Line on 0845 6030135 to seek advice or visit our website at: www.inlandrevenue.gov.uk/so.

We are actively seeking feedback on our Guidance, so please let us know if you think there are areas that are missing or where you think we could make things clearer. We are keen to address any potential deficiencies.

Not writing clearly or with black ink

It is essential for the correct automatic processing of the form that it is completed in black ink, whether written or typed and is as clear as possible. Failure to do this can result in the form being rejected or incorrect data being copied onto the certificate.



***You should not send any documents with the SDLT forms
i.e. TR1***

All the information needed to process the details should already be on the form. If you are still unsure please check our website at: www.inlandrevenue.gov.uk/so/sdlt

Additional information may be included in a supplementary schedule only if specifically requested.

Local Authority Number

Box 29 requires the local authority number to be entered, a list of which is included in the Guidance notes. Guidance notes are available from the IR Orderline by telephoning 0845 302 1472 or from our website at:

www.inlandrevenue.gov.uk/so/sdlt_website.htm

Importance of NLPG UPRN (Box 31) [National Land & Property Gazetteer – Unique Property Reference Number]

As we move towards e-conveyancing in the longer term, it will become particularly important that this information is included on the form. This reference is increasingly used as a common property address reference by many public authorities. If you do not know the number it can be obtained from the three licensed channels that can provide UPRN information. These are, Searchflow 0870 755 9940 (www.searchflow.co.uk), TM Property services 0800 068 1272 (www.tmproperty.co.uk) and Transaction On-Line 0800 0845 951 (www.transaction-online.co.uk). Local authority planning departments may also be able to provide this information. This does not presently apply to Scotland or Northern Ireland.

A cheque or payment should be included with the return if appropriate

Please ensure that the amount of the payment tallies with the amount of tax due at box 14 and that you complete the payslip on page 7 of the return. The exception to this is when

payment has been made by BACS/CHAPS or exceptionally, when you have made arrangements with us to pay the tax in instalments. Any deferred payments need to be entered on SDLT4. This must match field 14 unless you are including a penalty payment or an estimated interest payment shown in field 15 with an X.

The barcode reference number on the SDLT1 should also be entered on the back of the cheque.

Substitute Forms

If you use a substitute form, for example those generated by case management software packages, please remember to enter the unique reference number shown on payslip PS1 SDLT on the return form before dispatching it to us in the normal way.

Transactions completed prior to 1 December 2003

In order to ensure these are handled as quickly as possible, all such property transactions should be sent to London or Edinburgh Stamp Offices and not to our Data Capture centre at Netherton. London and Edinburgh are the only Stamp Offices which still have the capacity to process these applications. An SDLT1 is inappropriate in these circumstances.

The addresses of these offices are as follows:

London Stamp Office

Ground Floor
South West Wing
Bush House
Strand
London WC2B 4QN
Tel 0207 438 7252/7452
Fax 0207 438 7302

DX 146766 London (Somerset House)

Edinburgh Stamp Office

Grayfield House
Spur X
4 Bankhead Avenue
Edinburgh EH11 4AE

Tel 0131 442 3161

DX ED 543303 Edinburgh 33

Written Queries

If you require an answer to a Stamp Duty Land Tax query you should either write to Worthing Stamp Office or contact the Enquiry Line on 0845 6030135.

The address of the Worthing Stamp Office is:

Room 35
East Block
Barrington Road
Worthing
BN12 4XJ

Fax 01903 508953

DX 3799 Worthing 1

Complex queries need to be sent to the Stamp Taxes Complex Transaction Unit in Manchester under a COP10 application.

The address of this unit is:

Upper Fifth Floor
Royal Exchange
Exchange Street
Manchester
M2 7EB

Fax 0161 834 3350/9503

DX 719821 Manchester 2

If you receive a form SDLT63 back from Netherton advising you that, although a certificate has been issued there were items that were incomplete, please note the information for future transactions, but do not respond to this form.

Power Of Attorney

If the purchaser or the agent have power of attorney, they must sign the SDLT1 and any other supplementary forms.

Leases

We will be issuing a separate note concerning leases shortly. There are some specific technical issues to bring to your attention, which have arisen on the completion of lease information on the SDLT returns sent to us.

General /Residential

Box 4

Date of Transaction: You must enter the '*effective date*'. The '*effective date*' is either the date of completion or the date of substantial performance of the contract, whichever comes first.

Substantial performance is when the purchaser takes possession of the whole or substantially the whole of the subject matter of the transaction. Substantial performance also occurs when the first payment of rent is made or when the whole or substantially the whole of the consideration is paid, for instance, in normal circumstances an amount equal to or greater than 90% of the total consideration due.

Boxes 5 & 7

Boxes that have a 'Yes/No' question require further details to be completed if the answer is 'Yes' or the form will be rejected. If the answer 'No' is ticked and where subsequent information has then been entered, the form will also be rejected.

Box 9 The question must be answered 'Yes' or 'No' but where the answer is 'No' the subsequent boxes in that section need to be blank. Put an 'x' in the 'Yes' box if you are claiming any of the reliefs (listed in the guidance notes on page 9), and insert the appropriate code.

Example: If part-exchange (house-building company) relief is being claimed on a transaction, which qualifies under Schedule, 6A of Statutory Instrument 2816 dated November 2003, **Code 08** should be entered.

The CIS (Construction Industry Scheme) reference number should be entered.

Box 10 The '*Total Consideration*' figure must be filled in except for the grant of a new lease.

Box 12 The code(s) included (as shown in the guidance notes) must accurately reflect all forms of consideration shown in money's worth at box 10.

Box 13 If the transaction is not a linked transaction do not enter a value in the box at this section, as this will cause the form to be rejected. If you are unsure whether your transaction is a linked one, please contact our enquiry line for further guidance.

Boxes 26, 34,49 When completing these boxes you should only use figures not words.

Box 38 The vendor's address should be entered here. If you cannot obtain the Vendor's address then the address of the property being sold by the vendor can be entered, as this is a mandatory box.

Box 69 This box should only be completed if there is a second purchasers and details have been given in boxes 65–68.

Box 70 In this box are shown how many additional supplementary returns have been used. If none, then '0' needs to be shown.

Box 71 The Purchaser is the liable person for the transaction and must sign the return unless:

The practitioner or agent is acting as a power of attorney under a deed of attorney in which case the agent can sign on the purchaser's behalf. The deed does **not** have to be submitted with the return. **The agent should write 'power of attorney' under the signature.**

If this is a **Partnership transaction** then the return must be signed by all partners unless the partners have nominated a representative partner to sign on their behalf, when that representative should sign (proof should be kept on your files).

If you have any further queries please contact our enquiry line on 0845 6030135.

