

## HM REVENUE AND CUSTOMS ERRONEOUSLY CHARGING INTEREST ON SDLT

1. It has come to our attention that HM Customs and Revenue have admitted that they have been erroneously charging interest on late payment of SDLT.
2. The new SDLT regime came into force in December 2003. Part of this new regime was a stated intent to “toughen up” the penalties for late payment of SDLT. Although there have always been penalties payable for late payment of stamp duty the Inland Revenue announced that the penalties for late payment would be more akin to those paid in other taxation areas. The net result was a proposal for both fixed penalties to be charged automatically on late presentation together with late payment interest on top.
3. It has now become apparent that the statutory provisions for charging interest on late payment of SDLT were incomplete. The rates of interest were not properly set by regulation and thus cannot be charged.
4. It has been admitted by HMRC therefore that any interest collected since the introduction of SDLT has been collected in error.
5. Any interest paid therefore is due to be repaid to the payer. We understand that HMRC will be contacting those who have paid interest in due course.
6. However, it is not all good news, new regulations will come into force on 26th September to rectify this omission. These regulations make provision for the setting of a rate of interest on SDLT and the rate of interest on SDLT penalties.