EXPLANATORY MEMORANDUM TO

THE STAMP DUTY LAND TAX (SERVICE OF DOCUMENTS) REGULATIONS) 2022

2022 No. 1185

1. Introduction

1.1 This explanatory memorandum has been prepared by His Majesty's Revenue and Customs (HMRC) and is laid before the House of Commons by Command of His Majesty.

2. Purpose of the instrument

2.1 The Stamp Duty Land Tax (SDLT) legislation provides that documents or notices sent by HMRC to a company may be served by post at the company's usual address. In some cases, this may differ from the registered address of the company or the address provided when completing a land transaction return.

2.2 This instrument will prescribe the company's registered office and the purchaser's address provided to HMRC on the company's land transaction return as places to which HMRC may deliver and serve documents or notices under the deemed service provisions contained in the Interpretation Act 1978.

3. Matters of special interest to Parliament

Matters of special interest to the Select Committee on Statutory Instruments

3.1 None.

4. Extent and Territorial Application

4.1 The extent of this instrument (that is, the jurisdiction(s) which the instrument forms part of the law of) is the United Kingdom.

4.2 The territorial application of this instrument (that is, where the instrument produces a practical effect) is the United Kingdom.

5. European Convention on Human Rights

5.1 As the instrument is subject to negative resolution procedure and does not amend primary legislation, no statement is required.

6. Legislative Context

6.1 In the context of SDLT, section 7 Interpretation Act 1978 allows HMRC to rely on deemed service where a document or notice is served on or delivered to a company at the company's principal place of business. Deemed service is where a document or notice is legally treated as having been served on a person, unless it is proved otherwise.

6.2 This instrument introduces the registered address and the purchaser's address contained within the land transaction return as places of service of documents and notices in addition to the principal place of business which is already prescribed in legislation.

7. Policy background

What is being done and why?

7.1 Where a company has undertaken a land transaction and completed an SDLT return, in some cases, the address contained within the return may differ from the company's principal place of business or the registered address.

7.2 The current provisions allow HMRC to legitimately serve or deliver notices to a company at those locations. However, as the deemed service provisions under section 7 Interpretation Act 1978 specifically apply to a company's principal place of business, where a document or notice is sent to a different address, such as the registered address or the address a company provides within the land transaction return, HMRC may be unable to rely on deemed service in relation to those places. This has created a gap in the legislation.

7.3 In order to address this gap, specifying the delivery of documents or notices to those locations not currently specified would provide HMRC with additional operational flexibility.

7.4 This instrument prescribes the registered office and the purchaser's address provided to HMRC on the SDLT return as additional places to which deemed service may apply, in addition to the principal place of business.

8. European Union Withdrawal and Future Relationship

8.1 This instrument does not relate to withdrawal from the European Union.

9. Consolidation

9.1 This instrument prescribes the registered office and the purchaser's address provided to HMRC on the SDLT return as additional places to which deemed service may apply, in addition to the principal place of business.

10. Consultation outcome

10.1 HMRC ran a consultation from 24 June 2022 to 22 July 2022. There were five responses to the consultation, including those from professional bodies. Most of the respondents supported the proposed changes and made comments. There were suggestions to make it a statutory requirement for notices to be copied to agents and for guidance to be updated to state that notices may be sent to the registered office and the purchaser's address on the SDLT return in addition to the principal place of business. HMRC do not propose to make any changes to the instrument or HMRC guidance in relation to notices to agents as it is already HMRC's practice to send copies of notices to agents even if there is no statutory requirement to do so. HMRC guidance will be updated in any relevant areas.

10.2 Some respondents suggested that the definition of the address for a non-resident company did not adequately provide for the overseas equivalent of the United Kingdom address. The draft instrument has been updated to reflect this suggestion.

11. Guidance

11.1 No new guidance is required as companies will not be expected to do anything differently compared to what they do now.

12. Impact

12.1 There is no impact on business, charities or voluntary bodies.

12.2 There is no impact on the public sector.

12.3 A Tax Information and Impact Note (TIIN) covering this instrument was published on 24 June 2022 alongside the consultation draft of this instrument. The TIIN is available at https://www.gov.uk/government/collections/tax-information-and-impact-notes-tiins. It remains an accurate summary of the impacts that apply to this instrument.

13. Regulating small business

13.1 The legislation does not apply to activities that are undertaken by small businesses.

14. Monitoring & review

14.1 HMRC will monitor this measure on a continual basis through the information collected on land transaction returns.

14.2 The instrument does not include a statutory review clause under the Small Business, Enterprise and Employment Act 2015.

15. Contact

15.1 Dupe Ogunmuyiwa at HMRC, email: stamptaxes.budgetfinancebill@hmrc.gov.uk can be contacted with any queries regarding the instrument.

15.2 Morris Graham, Deputy Director for Stamp Taxes, at HMRC can confirm that this Explanatory Memorandum meets the required standard.

15.3 Victoria Atkins MP, the Financial Secretary to the Treasury, can confirm that this Explanatory Memorandum meets the required standard.