Sergeant and Sims on Stamp Taxes

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STAMP DUTY LAND TAX MEASURES—DIVISION AA

Stamp duty land tax (SDLT) – Local Government Pension Scheme (LGPS) reform – Overview of tax legislation and rates (OOTLAR), para 2.43

The government will introduce legislation in Finance Bill 2026–27 to give a stamp duty land tax relief for transfers of land from member funds of the local government pension scheme to collective investment vehicles established by the funds via local government pension scheme asset pooling companies. The relief is intended to complement wider forms to the local government pension scheme.

STAMP DUTY AND STAMP DUTY RESERVE TAX MEASURES—DIVISION A

Stamp duty reserve tax (SDRT) – UK listing relief – Overview of tax legislation and rates (OOTLAR), para 1.42 and Budget Resolution 60

The government will introduce legislation in Finance Bill 2025–26 to provide a relief from the 0.5% stamp duty reserve tax principal charge on agreements to transfer shares that are newly listed on a UK regulated market – in effect an SDRT holiday. The relief will apply for three years beginning on the listing of the company's shares. The relief will apply from 27 November 2025.

Stamp Taxes on shares – modernisation of the stamp taxes on shares framework – Overview of tax legislation and rates (OOTLAR), para 1.43 and Budget Resolution 98

The government will introduce legislation in Finance Bill 2025–26 to introduce a power from Royal Assent allowing regulations that enable the testing of the new digital service for the stamp tax on securities to replace stamp duty and stamp duty reserve tax from 2027, now named 'securities transfer charge'.

ANNUAL TAX ON ENVELOPED DWELLINGS MEASURES—DIVISION AB

Annual tax on enveloped dwellings (ATED): Out of time claims to relief – Overview of tax legislation and rates (OOTLAR), para 1.72 and Budget Resolution 83

The government will introduce legislation in Finance Bill 2025–26 to remove the time limit to claim relief from the annual tax on enveloped dwellings from Royal Assent and will have effect as if it had always been in force.

Annual tax on enveloped dwellings (ATED): Annual chargeable amounts – Overview of tax legislation and rates (OOTLAR), para 1.73

The government announced that the annual chargeable amounts for ATED will be increased by the September 2025 CPI figure of 3.8 per cent for the 2026–27 chargeable period. The 2026–27 annual chargeable amounts are shown below.

Taxable value of dwelling	**Annual chargeable amount for 1 April 2025–31 March 2026**
£0.5m–£1m	£4,600
£1m–£2m	£9,450

£2m–£5m	£32,200
£5m–£10m	£75,450
£10m–£20m	£151,450
£20m+	£303,450

OVERVIEW OF TAX LEGISLATION AND RATES

Chapter 1 – Finance Bill 2025–26

Corporate Tax

1.42 Stamp Duty Reserve Tax (SDRT) – UK listing relief

As announced at Budget 2025, the government will introduce legislation in Finance Bill 2025–26 to provide a relief from the 0.5% Stamp Duty Reserve Tax (SDRT) charge on agreements to transfer securities of a company whose shares are newly listed on a UK regulated market. The relief will apply to the company's securities for a 3-year period from the listing of the company's shares. The measure will take effect from 27 November 2025.

The tax information and impact note for this measure provides more information: Stamp Duty Reserve Tax: relief changes [reproduced below and available at www.gov.uk/government/publications/stamp-duty-reserve-tax-relief-changes].

1.43 Stamp Taxes on shares — modernisation of the Stamp Taxes on shares framework

As announced at Budget 2025, the government will legislate in Finance Bill 2025–26 to introduce a power allowing regulations that enable the testing of the new digital service for the Securities Transfer Charge. The Securities Transfer Charge will replace Stamp Duty and Stamp Duty Reserve Tax as part of modernisation of the Stamp Taxes on shares framework. The power will take effect from Royal Assent.

The tax information and impact note for this measure provides more information: Stamp Taxes on Shares: modernisation [reproduced below and available at www.gov.uk/government/publications/stamp-taxes-on-shares-modernisation].

Tax Administration and Other Measures

1.72 Annual Tax on Enveloped Dwellings (ATED): Out of time claims to relief

As announced at Budget 2025, the government will introduce legislation in Finance Bill 2025–26 which will ensure that relief from the Annual Tax on Enveloped Dwellings (ATED) is available to companies holding property for qualifying commercial purposes. The time limit to claim relief from ATED will be removed. Late returns remain subject to late filing penalties.

The change will have effect from the date of Royal Assent to Finance Bill 2025–26 and will have effect as if it has always been in force.

The tax information and impact note for this measure provides more information: Annual Tax on Enveloped Dwellings — availability of relief [reproduced below and available at www.gov.uk/government/publications/annual-tax-on-enveloped-dwellings-availability-of-relief].

1.73 Annual Tax on Enveloped Dwellings (ATED) — Annual chargeable amounts

As announced at Budget 2025, the Annual Tax on Enveloped Dwellings (ATED) annual charges will rise by 3.8% from 1 April 2026 in line with the September 2025 Consumer Price Index. The 2026 to 2027 charges are set out in Annex A [of the OOTLAR, not reproduced here].

Chapter 2 – Measures announced at Budget 2025 but not in Finance Bill 2025–26

Tax Administration and Other Measures

2.43 Stamp Duty Land Tax (SDLT) – Local Government Pension Scheme (LGPS) reform

As announced at Budget 2025, the government will legislate in Finance Bill 2026–27 to amend the Stamp Duty Land Tax (SDLT) rules so that acquisitions of land and property made by Local Government Pension Scheme (LGPS) asset pool companies from LGPS member funds are subject to SDLT relief.

TAX INFORMATION AND IMPACT NOTES

Stamp Duty Reserve Tax – UK Listing Relief

Who is likely to be affected

Companies who intend to list their securities on a stock exchange which is a UK regulated market. Taxpayers and businesses involved in the buying and selling of those securities. General description of the measure

General description of the measure

The measure will provide an exemption from the 0.5% Stamp Duty Reserve Tax (SDRT) charge on agreements to transfer securities of a company whose shares are newly listed on a UK regulated market.

The exemption will apply for a 3-year period from the listing of the company's shares. Once in the post-listing period the exemption will apply to all of the company's securities (not just shares).

The exemption will also apply to depositary interests over a company's securities where the depositary interests (over the company's shares) are newly listed.

The exemption will not apply to the 1.5% SDRT charge (in respect of transfers to depositary receipt systems or unelected clearance services), or where the transfer forms part of a merger or takeover where there is a change of control.

Policy objective

UK financial markets play a crucial role in helping to provide companies with access to capital to use for further investment and growth. A key requirement to access capital from UK public markets is that a company lists its shares on a stock exchange (offers them to the public) as part of an Initial Public Offering (IPO) or introduction (for example, direct listing).

The performance of these shares in the first few years following listing are important for a company's long term growth prospects. Providing an exemption from SDRT for the first 3 years following a new listing will therefore support those companies by helping to secure higher initial valuations and liquidity by encouraging the trading of their shares in the secondary market.

The measure will also help provide an incentive for UK and foreign companies to list in the UK, including boosting UK attractiveness as a dual listing destination for global companies

Background to the measure

The measure was announced at Budget 2025.

Detailed proposal

Operative date

The measure will have effect for agreements to transfer made on or after 27 November 2025. It will apply where the shares of the relevant company are newly listed on or after that date.

Current law

Part IV of Finance Act 1986 sections 86 to 99 sets out the main scope and charging provisions for Stamp Duty Reserve Tax.

Proposed revisions

Legislation will be introduced in Finance Bill 2025–26 to insert new section 89C into Finance Act 1986.

Summary of impacts

Exchequer impact (£ million)

2025–26	2026–27	2027–28	2028–29	2029–30	2030–31
–25	–35	–45	–50	–50	–50

These figures are set out in Table 4.1 of Budget 2025 and have been certified by the Office for Budget Responsibility. More details can be found in the policy costings document published alongside Budget 2025.

Microeconomic impact

This measure is not expected to have any significant macroeconomic impacts.

Impact on individuals, households and families

This measure is expected to incentivise individuals to invest in newly listed companies. It is expected to have no impact on individuals' experience of dealing with HMRC as it does not change any processes or tax administration obligations. The measure is not expected to impact on family formation, stability or breakdown.

Equalities impacts

HMRC does not hold data on individuals involved in the buying and selling of securities, so estimates have been produced using the stocks and shares holder population therefore these estimates are uncertain. Where a protected group is overrepresented in the stocks and shares holder population, it will be disproportionately impacted, however impact on these groups will be minimal.

Stocks and shares holders are estimated to be older in age, with those aged 55 to 75+ (61%) overrepresented compared to their prevalence in the overall UK adult population (41%). Males (58%) are also estimated to be overrepresented in this population compared to the UK adult population (50%).

People from a White English, Welsh, Scottish, Northern Irish, or British ethnic background are estimated to be overrepresented (88%) in the stocks and shares holder population compared to their representation in the UK adult population (82%). Those from Asian, Asian-British and Black, African, Caribbean or Black British ethnic backgrounds are estimated to be underrepresented. Those from the Christian faith are also estimated to be overrepresented in this population (57%) compared to the UK adult population (52%). Finally, those who identify as heterosexual are estimated to be overrepresented in the stocks and shares holder population (77%) compared to the UK adult population (66%).

Where data were available no other protected characteristic group was estimated to be overrepresented in the population affected by this measure.

Administrative impact on business including civil society organisations

The measure will have a negligible impact on businesses whose main activity is the buying and selling of securities in relation to administrative burden.

One off costs will include familiarisation with the legislation and implementation of the changes into businesses processes and IT systems including CREST which deal with the transfer and settlement of securities.

Continuing costs to businesses in the normal day-to-day operation of the measure when applying the exemption on related securities trading and settlement within the 0.5% SDRT regime will be negligible.

There will be some additional admin costs for stockbrokers, clearance services and depositary receipt system operators in relation to accounting for 1.5% SDRT charges manually to HMRC outside of the CREST system, but it is expected those additional costs will also be negligible.

This measure is expected to have no impact on businesses' experience of dealing with HMRC as it does not change any processes or tax administration obligations.

This measure is not expected to impact on civil society organisations.

Operational impact (£ million) (HMRC or other)

There are no operational impacts. HMRC will not incur any costs in implementing these changes.

Other impacts

Other impacts have been considered and none have been identified.

Monitoring and evaluation

Consideration will be given to evaluating aspects relating to the main objectives of the policy, which may include monitoring the number of new listings and securities trading activity after 5 years of monitoring data have been analysed and collected.

Further advice

If you have any questions about this change, contact the HMRC Stamp Taxes team at stamptaxes.budgetfinancebill@hmrc.gov.uk.

Modernisation of the Stamp Taxes on Shares Framework

Who is likely to be affected

Individuals, businesses, tax professionals and other organisations involved in the buying and selling of UK securities.

General description of the measure

The measure introduces a power allowing HMRC to make regulations to enable testing of a new digital service for self-assessing and paying Stamp Duty and Stamp Duty Reserve Tax (SDRT) (collectively Stamp Taxes on Shares (STS)) on the transfer of securities.

Policy objective

The STS modernisation project seeks to replace Stamp Duty and SDRT with a single tax on transfers of securities — the Securities Transfer Charge (STC). The government is also developing a digital service to be used by taxpayers for self-assessing and paying the STC on the off-market transfer of securities, which will digitise and simplify reporting and payment processes. Regulations made under the power introduced by this measure will apply amendments to existing STS legislation to facilitate testing of the digital service.

Background to the measure

On 2 March 2017, the Office for Tax Simplification issued a report recommending the modernisation and digitisation of Stamp Duty, and from 7 November 2018 to 30 January 2019, the government ran a consultation on the consideration rules for STS. This led to a Call for Evidence on the guiding design principles and the potential options for modernising the STS framework. The Call for Evidence ran from 21 July 2020 to 13 October 2020.

In November 2021, the government established a stakeholder Working Group to consider the modernisation reforms. The government published two consultations on the potential reform of areas of the STS framework on 27 April 2023 and 28 April 2025. The government response to the 2023 consultation was published on 28 April 2025, and the government response to the 2025 consultation will be published in due course.

Detailed proposal

Operative date

The measure will have effect from the date of Royal Assent to Finance Bill 2025–26. This measure will be used by HM Treasury to make regulations amending Stamp Duty and SDRT. Regulations will be published in due course.

Current law

The current law for Stamp Duty can be found in:

- The Stamp Duties Management Act 1891
- Stamp Duties Act 1891
- Finance Act 1895
- sections 67 to 2A Finance Act 1986
- Schedule 13 of Finance Act 1999

Part IV of Finance Act 1986 sections 86 to 99 set out the main scope and charging provisions for SDRT.

Proposed revisions

Legislation will be introduced in Finance Bill 2025–26, providing a power enabling HM Treasury to make changes to Stamp Duty and SDRT legislation. The power will be used by HM Treasury to introduce secondary legislation which will allow HMRC to change the existing rules to allow taxpayers taking part in testing to self-assess their STS obligations and report transactions electronically via a digital service.

The changes to be introduced will be time limited to the duration of the testing of the digital service with detailed rules to be set out in a statutory instrument to be laid at a later date.

Summary of impacts

Exchequer impact (£ million)

2025–26	2026–27	2027–28	2028–29	2029–30	2030–31
Nil	Nil	Nil	Nil	Nil	Nil

This measure is not expected to have an Exchequer impact.

Macroeconomic impact

This measure is not expected to have any significant macroeconomic impacts.

Impact on individuals, households and families

Taking a power to enable testing of the digital service for the STC is not expected to have any impact on individuals, households, or families. Any future impacts of subsequent policy measures will be fully examined and detailed.

Equalities impacts

It is not anticipated that there will be disproportionate impacts on those in groups sharing protected characteristics from taking a power to enable testing of the digital service for the Securities Transfer Charge. Any future impacts of subsequent policy measures will be fully examined and detailed.

Administrative impact on business including civil society organisations

Taking a power to enable testing of the digital service for the STC is not expected to have any impact on businesses or civil society organisations. Any future impacts of subsequent policy measures will be fully examined and detailed.

Operational impact (£ million) (HMRC or other)

It is not expected that there will be any operational costs in implementing this measure as this is a power to make enabling legislation for testing a new digital service.

Other impacts

Other impacts have been considered and none have been identified.

Monitoring and evaluation

The measure is taking a power and so no monitoring and evaluation will be required.

Further advice

If you have any questions about this change, contact the HMRC Stamp Taxes team by email stamptaxes.budgetfinancebill@hmrc.gov.uk.

Annual Tax on Enveloped Dwellings (ATED): Out of time claims to relief

Who is likely to be affected

Companies, collective investment schemes and partnerships with company members (collectively referred to as non-natural persons (NNPs)) owning UK residential property valued over £500,000.

General description of the measure

Annual Tax on Enveloped Dwellings (ATED) is an annual charge on dwellings owned by companies (known as ‘enveloping’), its aim being to discourage uncommercial enveloping. Relief can be claimed for dwellings used for commercial purposes, for example in a property business.

This measure updates the legislation to ensure that relief is available to NNPs owning residential property for commercial purposes.

Policy objective

In line with the policy intent, this measure ensures that relief from ATED is available to those companies holding property for commercial purposes. Late returns remain subject to robust late filing penalties.

Background to the measure

The measure was announced at Budget 2025.

Operative date

The measure will come into force on the date of Royal Assent to Finance Bill 2025–26 and has effect as if it had always been in force.

The measure applies UK-wide.

Current law

The current law relating to ATED is contained in Part 3 Finance Act (FA) 2013 at Sections 94 to 174 and Schedules 33 to 35.

Section 106 deals with situations where the amount of tax chargeable is either higher or lower than the initial amount of tax chargeable. The initial amount of tax chargeable is the amount due under Section 99. Section 106(1) deals with situations where the adjusted chargeable amount is greater than the initial amount of tax chargeable, meaning more tax is due, and sections 106(3) to (8) deal with situations where the adjusted chargeable amount is less than the initial amount of tax chargeable, meaning less tax is due.

In any case where a claim to relief is made under section 106(3) because the adjusted chargeable amount is less than the initial amount chargeable, section 106(5) provides that the relief must be claimed in an ATED return, or by an amendment to an ATED return. Section 106(6) provides that the claim to relief must be delivered by the end of the chargeable period following the one to which the claim relates (that is within 12 months of the end of the chargeable period which the claim relates to).

Proposed revisions

Legislation will be introduced in Finance Bill 2025–26 to remove the time limit in section 106(6) of Part 3 FA 2013, the effect being that claims to relief made in an ATED return can be made without time limit. The time limit within which to amend an ATED return (a way in which a claim can be made) set out in paragraph 3 of Schedule 33 FA 2013 will still apply. Penalties will continue to apply to ATED returns not delivered by the filing deadline.

Summary of impacts

Exchequer impact (£ million)

2025–26	2026–27	2027–28	2028–29	2029–30	2030–31
Nil	Nil	Nil	Nil	Nil	Nil

This measure is not expected to have an Exchequer impact.

Microeconomic impact

This measure is not expected to have any significant macroeconomic impacts.

Impact on individuals, households and families

The measure is not expected to have any direct impact on individuals as ATED and the availability of ATED relief only applies to companies, collective investment schemes and partnerships with company members.

This measure is not expected to impact on family formation, stability or breakdown.

Equalities impacts

This measure only affects businesses, therefore it is not anticipated that there will be disproportionate impacts on those in groups sharing protected characteristics.

Administrative impact on business including civil society organisations

There are expected to be no impacts for businesses as the amendment ensures that the policy works as originally intended.

The measure is not expected to impact civil society organisations.

Operational impact (£ million) (HMRC or other)

It is not expected that there will be any operational costs in implementing this measure.

The measure will not require any changes to HMRC's systems and processes.

Other impacts

Other impacts have been considered and none have been identified.

Monitoring and evaluation

The measure will be monitored through customer engagement and from information collected in returns.

Further advice

If you have any questions about this change, contact the HMRC Stamp Taxes team by email stamptaxes.budgetfinancebill@hmrc.gov.uk.

BUDGET 2025:
POLICY COSTINGS

UK Listing Relief: Stamp Duty Reserve Tax relief for transfers of a company's securities for a three-year period from the point of listing, effective from 27 November 2025

Measure description

This measure introduces a relief from the 0.5% Stamp Duty Reserve Tax (SDRT) charge for transfers of company's securities for three years from the point the company lists on a UK regulated market.

The measure will be effective from 27 November 2025. The tax base

Tax base

The tax base is the projected value of secondary transfers of shares in newly listed companies, including Initial Public Offerings (IPOs). The estimate identifies historic new listings from London Stock Exchange Group New Issues and IPO Summary data then calculates the value of secondary transfers subject to SDRT in the 3 years following their listing, based on Certificateless Registry for Electronic Share Transfer (CREST) data. This costing assumes that future listing activity is in line with the 9-year average to 2023 to 2024, indicating approximately £14bn to £17bn of capital raised from new listings per year.

The tax base is projected across the forecast using the OBR Equity Price Index forecast. Costing

Costing

The costing is estimated by applying the pre- and post-measure tax regimes to the tax base described above.

The costing accounts for two separate behavioural effects: forestalling by investors who accelerate share purchases just before the exemption ends, and the encouragement of a number of additional UK listings. Exchequer impact (£m)

Exchequer	2025–26	2026–27	2027–28	2028–29	2029–30	2030–31
impact	–25m	–35m	–45m	–50m	–50m	–50m

Areas of uncertainty

The main uncertainties in this costing relate to the size of the tax base, and the number of additional UK listings.

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