

Stamp Duty Avoidance Ruling

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HMRC has challenged and defeated another tax avoidance scheme it deemed as artificial and complex.

A tax tribunal has ruled against a Stamp Duty Land Tax (SDLT) avoidance scheme used by Crest Nicholson, one of the UK's largest house builders to avoid paying SDLT on three purchases of development land near Rochester in Kent. The avoidance scheme tried to use the transfer of property between two sub-companies to avoid SDLT. The First-tier Tribunal decision is expected to have an impact on more than 700 other cases.

HMRC's Director General, Customer Compliance, Jennie Granger, said: "This decision makes it clear that setting up artificial and complex arrangements involving sub-companies to avoid paying tax doesn't work."

Crest Nicholson argued that HMRC didn't have a legal right to make assessments of the tax due because it was out of time to do so, and that it had not carried out its assessments properly. The judge disagreed with these arguments and found HMRC had acted correctly throughout. The judgment reflects HMRC's tribunal victory in the Vardy case (2012), when it challenged a similar SDLT avoidance scheme based on complex sub-sale arrangements.

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