

Issue: Stamp Duty Land Tax

Background:

A seller of London office blocks held through partnerships entered into a pre-sale re-organisation in order to meet structural requirements imposed by the buyer.

Issue:

The seller's advisors identified stamp duty land tax risks in relation to the complex partnership rules in the SDLT provisions and the advisor could not provide certainty on the rules in section 75A (an anti-avoidance) due to the breadth of drafting of the legislation. The seller was ultimately owned offshore and the buyer wanted to have recourse to UK based insurance in the event a liability crystallised.

Solution:

An insurance policy was issued for the buyer who would have inherited the risk by completing the acquisition of the partnerships. [check] All advisors perceived the risk to be low but both the buyer and seller wanted certainty to prevent an unexpected liability in the future. The seller paid the premium in order to ensure a smooth transaction.

