

Resolving an SDLT dispute with HMRC

Advising on a stamp duty assessment



Our client is a high net worth family.

The challenge

The son within the family had set up a company to purchase his elderly father's London home for £7m, with the intention of developing it for resale. The son had his own property development business through which the development and resale would be managed.

The desired development scheme required planning permission and it was far from certain that planning permission would be given. The son's company spent tens of thousands of pounds on consultancy services to maximise their chances of getting planning permission. After two years, during which time the property was occupied by the father, the company conceded that planning permission was unattainable and they switched to a less controversial development plan.

The company received a stamp duty assessment from HMRC in relation to its purchase of the dwelling. Despite the money spent on the project and the reasonableness of the decision to pursue the initial development plan, HMRC argued that the company had not intended to develop the property for resale. Therefore, HMRC argued, an additional £1.6m of stamp duty was payable because a flat rate of 15% applied to the transaction.

How did Blick Rothenberg help?

We examined the facts and made legal arguments that the conditions of the 15% flat rate did not apply in this instance. HMRC conceded that the father's occupation was incidental and there was no time period specified in the legislation within which the property must be developed and resold.

The outcome

We resolved the dispute in our client's favour without needing to notify the appeal to the tribunal.



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