

# [Press release: OTS says it is high time to digitise paper stamp duty on shares](#)

The Office of Tax Simplification (OTS) is the independent adviser to government on tax simplification. In this [report on paper stamp duty](#) published today, the OTS takes a wide-ranging look at the potential for paper stamp duty to be reformed, digitised and simplified.

Stamp Duty Land Tax (on land transactions) and Stamp Duty Reserve tax (on most share-trading) have been digitised for some years. But stamp duty itself, which is charged on certificated share transactions taking place outside the CREST settlement system, is still administered by impressing paper stock transfer forms with physical stamps. This is an outdated and cumbersome approach.

Angela Knight CBE, Chair of the OTS Board, said:

In this digital age it is anachronistic to still be stamping paper documents as we did on the 17th century. This results in delays and can cause commercial difficulties, particularly when there is a commercial requirement to register a transfer on the same day as the transaction takes place. This report points the way to both modernise and speed up the process.

Paul Morton, OTS Tax Director, said:

It is clear from our work that there is a significantly greater demand for the facility to register documents on the same day as the transaction than is possible with the current arrangements. Digitisation is the norm across business and commerce of all types. Digitising paper stamp duty, and taking some related simplification steps, will improve the whole process for those currently needing to have documents stamped.

## **Core recommendations**

The core set of recommendations, propose:

- replacing the process that requires sending a paper document to the Birmingham Stamp Office to be stamped, with a digital process
- updating the rules governing company registrars' so that they are able

to register transactions on the same day as and when required

- limiting the scope of stamp duty to the transactions it applies to in practice

## **Further recommendations**

In addition, the report makes some more technical simplification proposals including:

- addressing the present archaic way in which stamp duty is calculated in relation to consideration that is difficult to value at the time of the transaction concerned
- bringing stamp duty legislation into one place and within the umbrella of the already digitised Stamp Duty Reserve Tax and then repealing the present stamp duty legislation which is spread across many Acts of Parliament
- ensuring that the digital process is developed in a way which secures the fullest benefits for both those who pay the tax and those who collect it

## **Notes for editors**

Stamp duty was the predecessor tax to Stamp Duty Land Tax (for land transactions since 2003) and Stamp Duty Reserve Tax (on electronic share transactions since 1986). Stamp duty now mainly applies to share transactions undertaken using paper forms.

The OTS advises the Chancellor on tax simplification, challenging tax complexity to help all users of the tax system; it does not implement changes – these are a matter for government and for Parliament.

The OTS team is led by Chairman Angela Knight CBE and Tax Director Paul Morton and has a small staff drawn from HM Treasury, HM Revenue and Customs and the private sector.

The OTS works to improve the experience of all who interact with the tax system. It aims to reduce the administrative burden – which is what people actually encounter in practice – as well as simplifying the rules. Simplification of the technical and administrative aspects of tax are each important, both to taxpayers and HMRC.

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