

Stamp Duty Exemption

Stamp Duty and Stamp Duty Reserve Tax exemption on eligible AIM and High Growth Segment securities

Since 28 April 2014, Stamp Duty and the Stamp Duty Reserve Tax (SDRT) have no longer been chargeable on transactions in securities admitted to trading on a recognised growth market provided they are **not** also listed on a recognised stock exchange.

In the context of London Stock Exchange's markets, eligible securities on AIM and the High Growth Segment of the Main Market benefit from the exemption.

1. When did the exemption come into effect?

The measure became effective from 28 April 2014.

2. Who is affected?

Any market participant purchasing securities traded on a 'recognised growth market' is likely to be affected.

3. Which securities are eligible for exemption?

A list of exempt securities, as a result of this legislation change, is available on Euroclear UK and Ireland's website (using login as guest) at:

<https://my.euroclear.com/eui/en/reference/public/growth-market-stamp-exemption.html>

According to the legislation mentioned in Question 6, Stamp Duty and SDRT are not chargeable on transactions in securities admitted to trading on a recognised growth market provided they are **not** also listed on a recognised stock exchange.

The meaning of 'listed' is defined in Section 1005(3) to (5) Income Tax Act 2007. A list of recognised stock exchanges is maintained by HMRC and can be found in Tables 1 and 2 at: <http://www.hmrc.gov.uk/fid/rse.htm>

4. What is a recognised growth market?

To qualify as a 'recognised growth market', the market must meet one of the following conditions:

- a) a majority of companies on the market have a market capitalisation of less than £170 million; or,
- b) the admission rules require companies to demonstrate at least 20 per cent compounded annual growth (in revenue or employment) over the last three financial years of submissions.

London Stock Exchange's AIM and the High Growth Segment (HGS) have individually been granted the status of a 'recognised growth market' by HMRC. Therefore, transactions in eligible securities trading on



Fact sheet

either AIM or the HGS will be exempt from the tax.

5. Where can I find a list of recognised growth markets?

HMRC will maintain a list of markets that have been granted 'recognised growth market' status (please refer to the link in question 3). The latest information on stamp duty on shares is available on:

<https://www.gov.uk/topic/business-tax/stamp-duty-on-shares/latest>

6. Which piece of legislation enacted this change?

The abolition of Stamp Duty and SDRT on growth markets is detailed in Section 108 and Schedule 20 of the [Finance Bill 2014](#).

7. As an AIM or HGS company what do I and my Nomad need to do?

Since not all AIM or HGS companies automatically qualify for the exemption, companies are required to confirm their eligibility to Euroclear.

The form is available from:

<https://my.euroclear.com/eui/en/reference/public/growth-market-stamp-exemption.html>

You may also wish to discuss this with your Nomad or Key Adviser.

8. Are there any primary market rule changes for AIM companies?

No changes were made to the AIM Rules in association with the change. However, we will continue to assess whether any clarification is required over the longer term to ensure a company's stamp duty and SDRT status is clearly understood by market participants.

9. What additional procedures are in place?

An AIM or HGS company are required to provide self-certification that its securities admitted to the recognised growth market are not listed on a recognised stock exchange.

Issuers whose securities have a change in eligibility under this legislation must complete the self-certification declaration (for example, should an issuer's eligible securities be removed from the recognised growth market).

We do not envisage that this will create significant administrative burdens for issuers and their advisers.

10. What is the benefit of the tax exemption?

London Stock Exchange, together with market participants and stakeholders, called for removal of the stamp duty tax on growth markets as a measure to help reduce the cost of capital for issuers over the medium to long term.

Removal of the tax reduces transaction costs for investors and has had a significant signalling impact to the investor community, helping to widen the pool of investors and improving liquidity in these companies.

11. If the tax is incorrectly applied, how do I receive a refund?

If you purchased eligible securities and tax was charged incorrectly, you can apply to the Birmingham Stamp Office for a refund.

Further guidance from HMRC on how to do this is available from:

<http://www.hmrc.gov.uk/sdrt/reliefs/refunds.htm>