
Fact Sheet for Private Investors

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 not been chargeable on transactions in eligible securities on London Stock Exchange's AIM and High Growth Segment.

1. When did the abolition come into effect?

These measures became effective from 28 April 2014.

2. What are Stamp Duty and Stamp Duty Reserve Tax?

Stamp Duty is a duty levied when the purchase of a share is recorded on a stock transfer form. Whereas SDRT is a tax for shares bought electronically (online) or without a stock transfer form.

SDRT is automatically collected, where due, on the purchase of shares electronically settled in CREST. Alternatively, Stamp Duty is due on non-electronic settlements where the transaction is over £1000. Stamp Duty and SDRT apply primarily to transactions when you buy:

- Shares in a UK company
- Shares in a foreign company with a share register in the UK

3. What is the current system?

SDRT on paperless transactions is usually collected automatically through CREST, an electronic reporting and settlement system administered by Euroclear UK and Ireland.

Stamp Duty and SDRT is currently levied at 0.5% on all purchases, rounded up to the nearest £0.01.

Private investors are usually charged an upfront fee which reflects the appropriate amount of tax on the transaction. This amount is normally displayed in the documentation you receive from your stockbroker, following trade completion.

The tax is collected at the point of settlement of your transaction. Standard settlement occurs on trade date plus two days (T+2).

4. What was the effect of the change?

From 28 April, Stamp Duty and SDRT were no longer levied on purchases in eligible AIM and High Growth Segment securities. Purchases made by private investors in an eligible security are therefore Stamp Duty / SDRT exempt.



London

Stock Exchange Group

Fact Sheet for Private Investors

5. Why was it abolished?

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 growth businesses over the medium to long term.

For an end investor, removal of the tax reduces the cost of investing in the security, providing an incentive to a wider set of investors to back high growth SMEs in the UK.

6. As a private investor, what do I need to do?

As mentioned above SDRT is collected automatically, which means there is little administrative impact on private investors.

Private investors should benefit from not paying Stamp Duty / SDRT on transactions in eligible securities.

There is no change to the trading service that stockbrokers provide to private investors for the eligible securities

7. What securities are eligible and where can I find a list of exempt securities?

Stamp Duty and SDRT are no longer chargeable on transactions in shares that are traded on a recognised growth market such as AIM, and are not also listed on another recognised stock exchange.

To help private investors understand which securities are exempt from the tax, Euroclear UK and Ireland maintain a list of exempt securities on their website (investors can log on as a guest).

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

In addition, private investors can contact their brokers for more information.

8. If Stamp Duty 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>