

## Duties

### Reduction of stamp duty administrative burden

Legislation will be introduced in Finance Bill 2008 to provide that instruments transferring stocks and shares that were previously chargeable with £5 stamp duty (generally where the consideration is £1,000 or less) will in future be exempt and will not need to be presented to HMRC for stamping. The measure will have effect for instruments executed on or after 13 March 2008.

Stamp duty land tax anti avoidance measures will be introduced affecting transactions by groups of companies on or after 13 March 2008.

### Alcohol and tobacco products duty

Legislation will be introduced in Finance Bill 2008 to provide for the annual setting of duty rates for alcohol. Duty rates will increase by 6% in real terms for all alcoholic drinks. The impact of the changes on retail prices for typical alcoholic drinks and tobacco products is equivalent to:

- 55 pence on a 70cl bottle of spirits @ 37.5% abv
- 4 pence on a pint of beer
- 3 pence on a litre of still cider
- 14 pence on a 75cl bottle of sparkling cider
- 14 pence on a 75cl bottle of wine or made-wine
- 18 pence on a 75cl bottle of sparkling wine
- cigarettes: 11p on a packet of 20
- cigars: 4p on a packet of 5
- hand-rolling tobacco: 11p on 25g
- other smoking tobacco and chewing tobacco: 6p on 25g of pipe tobacco.

### **HMRC review of penalties for incorrect returns and failure to notify a taxable activity**

For return periods ending on or after 1 April 2009, where the filing date is after 1 April 2010, the new penalty regime for incorrect returns introduced in 2007 for income tax, CGT, VAT, PAYE and NICs will be extended across all other taxes and duties. From 1 April 2009, the penalty regime for failure to notify HMRC of a new charge will be aligned across all taxes and duties.

The new provisions for incorrect returns will provide for penalties in line with Schedule 24 to FA 2007, which are based on the amount of tax understated, the nature of the behaviour and the extent of disclosure by the taxpayer. There will be no penalty where a taxpayer makes a mistake but there will be a penalty of up to:

- 30% for failure to take reasonable care
- 70% for a deliberate understatement
- 100% for a deliberate understatement with concealment.

Each penalty will be substantially reduced where the taxpayer makes a disclosure (takes active steps to put right the problem), more so if this is unprompted.

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