

The 4 Benefits of Taking Independent Tax Advice from Bell Howley Perrotton When Purchasing A Property

Clients' Guide

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Thanks for downloading...

Welcome to the latest edition of our downloadable guides where we share technical and informative advice related to tax and legal services.

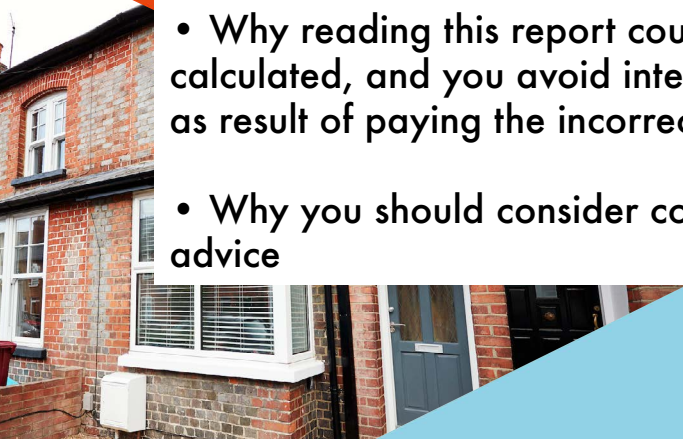
Why Should You Read This?

I have written this report for you if:

- You are purchasing a property, whether residential or commercial on your own, with a partner, family member or business associate.
- You have considered that you may be entitled to claim a relief from paying the full Stamp Duty Land Tax that would otherwise be payable in respect of the purchase.
- You have received conflicting advice regarding claiming a reduction in your Stamp Duty Land Tax
- You have friends or relatives who have been approached by a 'Stamp Duty refund Claim Company' and received a substantial refund.
- You are looking for expert advice, provided by professionals who are fully regulated by professional bodies and hold professional indemnity insurance for any advice they provide.

By reading this report you will discover:

- We partner with your conveyancing lawyers to bring you the highest levels of service for both property and tax advice
- The four things you need to consider before completion
- Why you will benefit from receiving separate tax advice
- Why you shouldn't be trying to educate yourself in the complex vagaries of the SDLT legislation
- Why reading this report could ensure that your SDLT is correctly calculated, and you avoid interest and any penalties that HMRC can levy as result of paying the incorrect amount of Stamp Duty.
- Why you should consider coming to Bell Howley Perrotton for your tax advice



Benefit #1

Listening To Tax Experts

Death and Taxes are said to be the only two guarantees in life, about which many people know very little. The former for obvious reasons and the latter because the UK has some of the most complicated tax rules and legislation on the statute books.

And yet...you have an expectation that your Solicitor will be an expert in the law to assess the suitability of the property you are purchasing, in plumbing and electrical safety, whether or not the survey is reliable, environmental pollution, whether the nearby river is likely to flood its banks, and if you are paying the right amount tax on your purchase.

With a multitude of SDLT rates and formulas for collecting SDLT, getting the right amount of tax paid on a complex transaction requires a level of expertise reserved for specialist. We will ensure you pay the correct amount of tax the first time around. This avoids the fear of an under or over payment, or HMRC levying interest and penalties which can be onerous.

Why would you think that John down the pub, with his expertise in life is a suitable substitute for a professional with years of training and expertise, and is covered by professional indemnity insurance to the value of £5 million?

At Bell Howley Perrotton we will independently assess the whole of the transaction, confirm the correct amounts of tax to pay the first time around, ensuring that you avoid the headache and worry of getting it wrong, because getting it wrong is expensive, there are penalties and interest to consider, and getting it right is your responsibility.

Benefit #2

We are Qualified Chartered Tax Advisers and Your Solicitor is an Expert in Property Law

Solicitors do not hold themselves out as Chartered Tax Advisers unless they are qualified to do so. It is highly likely that your Solicitors terms of engagement will quite clearly state that they are not insured or qualified to provide tax advice and that should you need such advice then this should be sought independently.

We partner with your conveyancing lawyer to specifically enhance the service you receive when purchasing a property so that when the SDLT 1 is submitted following completion we can advise the correct stamp duty that should be paid.

It is far easier to get it right first time than to have the calculation called into question by HMRC. It is a fact that some matters are more complex than others and as a result additional expert advice will be required.

Why give yourself unnecessary stress and sleepless nights, when we are qualified and insured to provide this advice and have the expertise to deal with even the most unusual transactions.

Matters we cover are varied and include where there are more than one property on the title, where shares are being distributed following an estate distribution, where an offshore company is purchasing an uninhabitable property, a company is undergoing restructuring or a landlord is incorporating a property portfolio, we will quickly, accurately and efficiently provide the calculation that is required.

Benefit #3

We Are Not Using Free Information but Expertise to Assess Your Liability to Tax

If you are relying on checking online it would suggest the following:

1. You are familiar with the intricacies of SDLT tax legislation;
2. You know the correct information to input into an online calculator;
3. You accept are wholly responsible for the accuracy of the calculation; and...
4. You accept that if you get it wrong, HMRC can impose interest on any underpayment, at the current rate of 7.75%. They also have the option to charge penalties of between 10% and 30% of the total SDLT due.

How are you verifying that you are getting the calculation right, any calculation on the Government website or other site, is only as good as the information you are inputting. If, you are unaware of the possibility about claiming a relief then the calculation will not be tailored to your needs, but a generic calculation.

With the high cost of living and people being conscious of every penny they spend, be mindful that you could come unstuck thinking a quick google search and a few clicks can be a substitute for the years of education, training and experience that an expert has under their belt. The value of taking proper advice will always be infinitely greater than the saving of a fee, which is a very high-risk strategy for a complex calculation.

We have recently advised a client where the SDLT had initially been calculated upon the transfer of three properties. Originally in the husband's sole name, the title to a property was split into three new leases, and lending obtained for each new flat. The properties were, upon the granting of the leases, transferred into the husband and the wife's names and they obtained joint financing from a high street lender.

The original SDLT calculated the SDLT on the transaction as £125,000. When we reviewed the history and the facts, we calculated the SDLT owing as £23,427.00 a saving to the client of over £100,000 and for which we are now instructed to apply to HMRC for a refund.

Benefit #4

We are Qualified to Identify Tax Reliefs and Calculate the Correct SDLT

Did you know that there are 15 marginal SDLT rates and 28 different ways to arrive at a calculation?

Properties and Buildings are purchased in all areas of the country and in all states of repair and disrepair. There are additional parcels of land, potential outbuildings that could be considered an annex, the grant of long leases to provide car parking, derelict and uninhabitable properties, additional properties, properties bought by a company either on shore or offshore, all of which carry with them specific expert knowledge in how the SDLT will be calculated.

Expert knowledge is not only obtained through years of accumulated knowledge, but also by keeping a close eye on how the courts are deciding matters which are moving through their halls and the nuances that are being taken into account when decisions are made.

It is very valuable to you if you are in a position to claim one of the available reliefs, which will either remove or reduce a charge to SDLT, but a successful claim for relief is complex and the rules are kept under constant review by HMRC.

- A couple who bought a plot of land with an existing property, then demolished it and built a new home to occupy as their main residence have been granted full private residence relief (PRR) on the gain from selling it, despite HMRC's objections. The Upper Tax Tribunal accepted Gerald and Sarah Lee's argument that the relevant period of ownership for the purposes of apportionment was that of the new dwelling and not that of the land (HMRC v Lee, 2023 UKUT 242 TCC).

Benefit #4 (Continued)

The matter turned on whether or not the 'occupation was of the house or the land', which is the key factor for a successful claim for PPR. The Tribunal accepted that the relevant period was that of the new dwelling, and HMRC announced it will not appeal against its defeat.

The decision now sets a precedent and some tax experts consider it could prompt thousands of claims for refunds from developers who have been refused the same PRR, because HMRC's guidance has now been proved wrong.

So rather than letting the claims companies take a slice of the saving, by taking advice from an experienced and qualified tax adviser, we will charge for the work to make the refund claim, rather than a percentage of the saving.

- Where your purchase completes prior to the sale of your existing family home then a surcharge will be payable, but that a claim for a refund must also be made as soon as their old main residence is sold. It is imperative that time limits for these claims are strictly adhered otherwise the window will close and the claim will be lost.

By instructing us to give you tax advice you can ensure that the transaction and all component parts are considered carefully by an expert who will then calculate the correct SDLT for the transaction. We will provide detailed analysis so that it is clear why a relief can or cannot be claimed.

Our Solution

How Can You Make Good Use of the Benefits we are Offering

It is often the case that if any kind of relief is claimed or an additional rate charged, this is the point at which an SDLT calculation can become complex, and you should consider independent 'tax advice'.

As a firm, we specialise in providing complex tax advice and as our Chartered Tax Adviser is a member of the Stamp Taxes Practitioners Group, is the sole author of the SDLT section of the RICS website and writes regularly for numerous tax publications we are in the unique position of being able to understand the position of Solicitors and providing the tax advice that is needed for you.

Our advice will be covered by our insurance and will ensure that in terms of SDLT you are obtaining the best possible service standard.

How Can We Help?

- We engage directly with you, so that the advice we give is covered by our PI insurance.
- In addition we work with your property lawyer to ensure a seamless process.
- We are here to apply the right reliefs in the right circumstances, to ensure the calculation is accurate first time around, thereby protecting you against late interest and penalties.
- It is important to choose someone you can work well with and has the experience and knowledge to understand both the legal nature of the transaction and the manner in which the tax will be applied. At Bell Howley Perrotton LLP we can do both.
- We will provide a fixed fee quote prior to instruction.
- For general advice on SDLT matters our minimum charge is £425.00 plus VAT, with an average fee of around £550.00 plus VAT. Complex cases will be separately quoted for.
- We will turn around the advice in 3 working days; quicker where necessary.

What's Next?

Now you have downloaded this guide you will feel better informed about the risks and therefore the benefits of getting in touch with us.

For a quote, please contact either Becky Sanders at becky@bhptax.law or Freya at freya@bhptax.law and they will help you with your enquiry.

You may also choose to give us a call on 020 7129 1432.

For general information and enquiries, we direct you to visit our website which you can find at www.bhptax.law.

The Author:

Amanda Perrotton



I am a solicitor of 25 years and have owned both my own High Street practice and been a former Managing Partner of a three-partner firm. I have knowledge and experience of not only Residential and Commercial Property transactions but also the regulatory and compliance aspects of running a Law practice.

I am a Trusts and Estate Practitioner (TEP) and a member of The Society of Trust and Estate Practitioners, the premier qualification for private client, trust, tax and wealth advisory matters.

I hold the office of Trustee of an ecclesiastical trust to advise on property held within that trust, and I am a Business Mentor for the Princes Trust. I am a published author writing for HMRC Tax Investigations Enquiries and Powers professional journal.

After many years working as a solicitor in private practice, I understand the landscape and life of a busy Solicitor so that I can ensure your experience in receiving tax advice is seamless.

Tax Advisor: Simon Howley



Simon is a Chartered Tax Adviser, the gold standard for tax practitioners, and a recognised expert in advising on property tax matters, with a particular interest in Stamp Duty Land Tax (SDLT).

He is a member of the Stamp Taxes Practitioners Group, the leading professional group for stamp tax practitioners, with less than 200 members in the UK taken from the tax, legal and accountancy industry.

He sits on the Property Taxes Sub Committee of the Chartered Institute of Taxation, Technical Policy and Oversight Committee.

He is also the sole author of the Stamp Duty Land Tax section of the *isurv* website of The Royal Institution of Chartered Surveyors. *isurv* has been developed to provide practical information and guidance for professionals and students in the industry.

Testimonials

"Instructing Bell Howley Perrotton has been one of the best decisions I could have made. Simon, Amanda and the rest of the team are an absolute pleasure to work with. The advice that they give, the speed at which they work and the professionalism they have displayed is second to none. I cannot recommend them highly enough."

Adam Vickers
VX Property Holdings Limited

"We were recommended to BHP, as we had a complex development deal, where the stamp duty liability was very unclear. BHP offered us a comprehensive summary of this liability in a matter of a few days, which offered our client the comfort to purchase the development. The service was very professional, quick and excellent value. I would highly recommend the, to anyone who needs clarity on their tax liabilities, when purchasing a property."

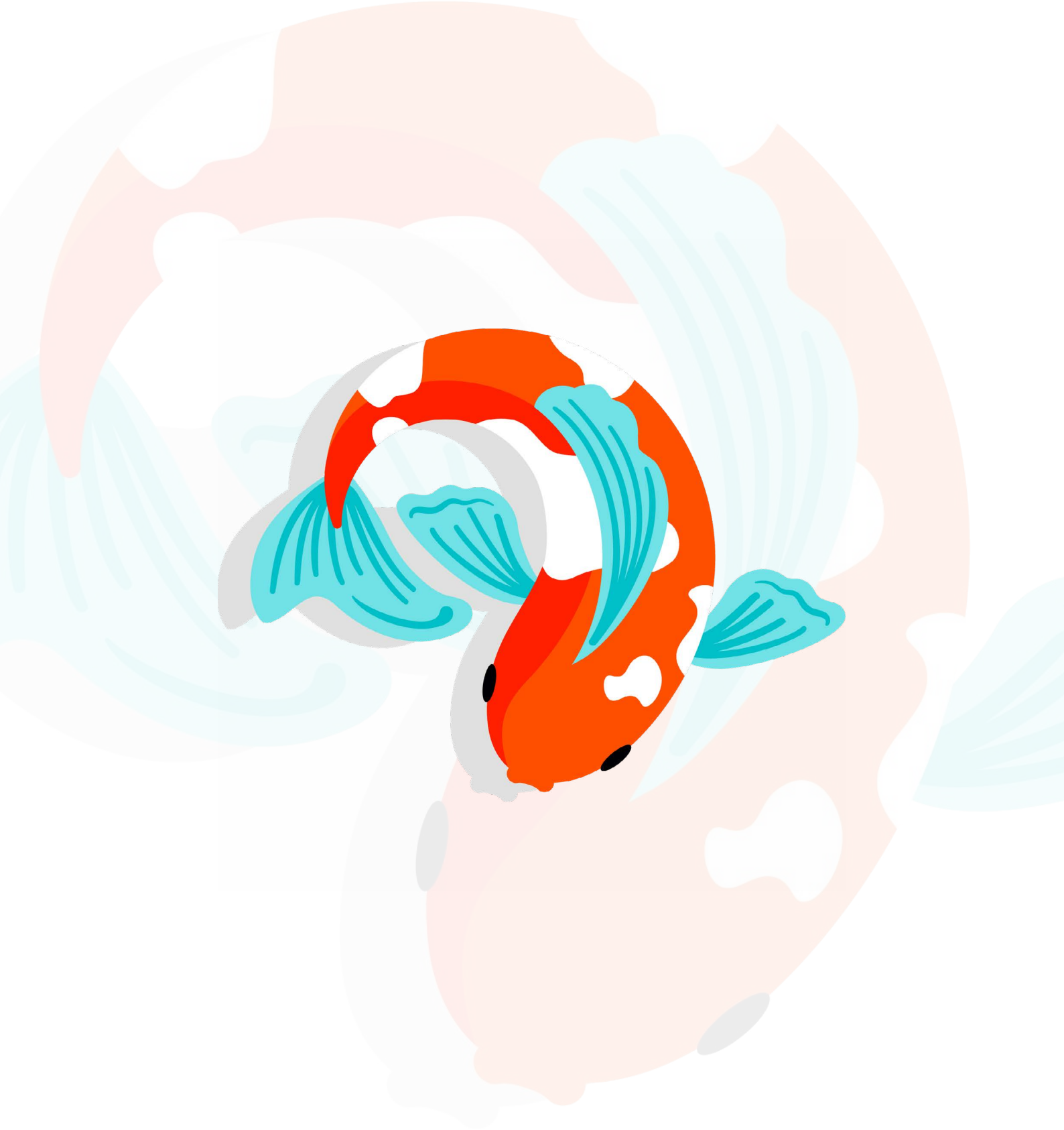
Nick Goble
MD Winkworth Battersea-Clapham, Kennington Lettings and Pimlico/Westminster

"Simon and his team have provided first class complex tax advice to my clients often at short notice and with clear, involved explanations. Highly recommended."

Darren Philpot
Partner and Head of Residential Property - Furley Page Solicitors

"I can't thank you enough for the SDLT advice you offered me, chiefly outlining the options available to me in respect of my purchase of a new home; more particularly the expeditious was you proffered your advice to assuage my concerns I had ahead of exchange of contracts."

K Mellor



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This guide is accurate as at April 2024