

Finance Act 2007

Stamp Duty on Transfers of Irish Securities

Operational Changes in CREST

-Intermediary Relief - New Automated System

-Central Counterparty Relief

Crest Unit
Office of the Revenue Commissioners
Dublin Region Stamping District
Stamping Building
Dublin Castle
Dublin 2
Ireland
Telephone + 353 1 6748621
Email crest@revenue.ie

February 2008 (this replaces the notice of January 2008)



Irish Stamp Duty Reliefs

1. Intermediary Relief

On 1 October 2007 a new stamp duty relief was made available to a recognised intermediary in accordance with section 75 of the Stamp Duties Consolidation Act, 1999 (inserted by section 109(1)(d) of the Finance Act, 2007).

This relief replaced exemption for market makers (Section 74 of the Stamp Duties Consolidation Act, 1999) and relief for member firms (known as “broker/dealer relief” - old section 75 of the Stamp Duties Consolidation Act, 1999). Closings relief (section 73(1)(b) of the Stamp Duties Consolidation Act, 1999) ceased to have effect from 1 October 2007.

Updated CREST Software operated by Euroclear UK & Ireland Ltd., to claim Intermediary Relief became effective on 28 January 2008.

The core provision of section 75 is in subsection (3). This subsection grants an exemption from stamp duty on the transfer of securities to a person or a person’s nominee, where—

- the person is a member firm of an exchange or market
and
- the person is an intermediary and is approved by the Revenue Commissioners as a recognised intermediary in accordance with arrangements made by the Revenue Commissioners with the exchange or market
and
- the transfer of securities is effected **either**—
 - on the exchange or market in respect of which the intermediary is a recognised intermediary, *or*
 - on any exchange or market operated by the Irish Stock Exchange Limited (e.g. the ISE Main Market and IEX) or the London Stock Exchange plc (e.g. the LSE Main Market and AIM), *or*
 - ❖ on any other exchange or market designated by the Revenue Commissioners for this purpose in regulations*and*
- the transfer is not effected in connection with excluded business.

2. Excluded Business

For an exemption from stamp duty to be available to a recognised intermediary on any particular transfer to it of Irish securities, as a general rule, it is necessary that the transfer to it must be in connection with the intermediary's business of dealing in securities and not in connection with various business activities termed "excluded business" carried on by the intermediary.

Excluded business means any business which—

- consists in the making or managing of investments,
- consists in providing services for connected persons,
- consists in insurance business, or assurance business,
- consists in administering, managing or acting as trustee in relation to pension business,
- consists in operating or acting as trustee in relation to collective funds.

A separate CREST Participant ID is required for any trades effected on a transfer in connection with an excluded business also carried on by the Intermediary.

3. Central Counterparty (CCP)

On 1 October 2007, a new section 75A of the Stamp Duties Consolidation Act, 1999 inserted by section 109(1)(d) of the Finance Act, 2007 became operative. The interposition of a Central Counterparty (CCP), or a clearing member of a CCP, in the settlement chain gives rise to stamp duty charges unless appropriate relief is available.

A new TSS Flag 'J' has been introduced for CCP clearing related relief claimed.

Value	Description
J	Irish exempt, CCP clearing related relief claimed

Further information can be found in the guidance note issued in August 2007 titled "New Reliefs For Certain Market Participants" and is available on Revenue's website.

<http://www.revenue.ie/publications/legisltm/guidance-note-stamp-duty-on-transfers-of-irish-securities.doc>

4. TSS Flags

-The following TSS flag has been removed:

Value	Description
Z	Irish exempt, other reason than NCBO

-The following new TSS flags have been introduced:

Value	Description
J	Irish exempt, CCP clearing related relief claimed
Q	Irish exempt, for any other reason other than, CCP clearing related relief, new issue of shares and NCBO

-The following TSS flags remain unchanged:

Value	Description
1	Irish 1% ad valorem
8	Irish exempt, new issue
Y	Irish exempt, no change in beneficial ownership (NCBO)

Information is also available on Euroclear UK & Ireland Ltd. website (see website for operation of these reliefs in CREST – <http://www.euroclear.co.uk>).

Any queries concerning the operational changes should be addressed to:

Crest Unit
Office of the Revenue Commissioners
Dublin Region Stamping District
Stamping Building
Dublin Castle
Dublin 2
Ireland
Telephone + 353 1 6748621
Email crest@revenue.ie