

**EIGHT CITY ORGANISATIONS URGE CHANCELLOR TO REMOVE  
STAMP DUTY ON SHARE TRADING**

The heads of eight leading City organisations today made a joint call to the Chancellor of the Exchequer to commit to reforming stamp duty on shares in next week's Pre-Budget statement.

The heads of the eight organisations have sent a joint letter to the Chancellor urging him to respond to the threat to the UK market revealed in the recent APCIMS report *Stamp Duty on Share Transactions – an International Comparison*. Stamp duty of 0.5 per cent is currently levied on share purchases in the UK – the highest rate of share transaction tax in any of the major European countries.

The full text of the letter follows:

“Although there have been requests from the UK finance industry to Government before to remove Stamp Duty and SDRT on equity trading, the need for a major review of this matter is now imperative to preserve the UK market.

“The formation of a pan-European Exchange through linking up the eight major EU exchanges is scheduled for the end of 2000, and settlement links are rapidly being put in place by CREST. Meanwhile investment strategy, particularly by the large institutional investment houses, is moving from a “country” basis to a European sectoral one.

“There are a number of recent examples of national companies merging to form multinational companies and it is at that point that the decision is taken where to incorporate. Whilst there are clearly many considerations that will drive such a decision the presence of Stamp Duty in the UK and its absence in many other EU countries is one. Large international companies are seeking to raise capital as simply and as cheaply as possible and a large immediate Stamp Duty payment as the consequence of a decision to incorporate in the UK is thoroughly undesirable.

“The comparison of the situation in the UK compared with other EU and G7 countries shows that many have already reformed their markets, and as recently as the beginning of this year, Japan elected to abolish all such duties. Meanwhile the UK at 0.5 per cent by value of the transaction sets a charge which is significantly higher than any still remaining in competitor countries.

“We appreciate that Stamp Duty including SDRT raises a not insubstantial sum for the Exchequer. However, the loss of revenue to the Exchequer will also be substantial should plcs elect to list outside the UK. A migration of this business to other jurisdictions would take with it supporting jobs such as trading, research and advisers, and also result in a loss to the UK Government in Corporation Tax in some instances as well as the Stamp Duty itself.

“We wish to see Britain retaining its premier position in a pan-European environment and urge that the Government take the opportunity presented by the Pre-Budget report and the Budget to help London retain its premier position as the leading financial centre in Europe.”

**MORE**

### Notes to editors

1. APCIMS, the Association of Private Client Investment Managers and Stockbrokers, represents more than 90 per cent of all private client stockbrokers and the majority of private client investment managers in the UK. Through them it represents the more than 16 million individual shareholders in the UK.
2. The eight joint signatories to the letter are:  
**Angela Knight**, Chief Executive, APCIMS;  
**Philip Warland**, Director General, Association of Unit Trusts and Investment Funds;  
**Paul Tipping**, Director, British Bankers' Association;  
**Jeremy Seddon**, Chief Executive, British Invisibles;  
**Judith Mayhew**, Chairman Policy and Resources, Corporation of London;  
**Michael Perry**, Director General, Fund Managers' Association;  
**John Collier**, Secretary General, Institute of Chartered Accountants of England and Wales;  
**Kit Farrow**, Director General, London Investment Banking Association.
3. *Stamp Duty on Share Transactions – an International Comparison* was commissioned by APCIMS from City University MBA student Peter Tyler this summer and issued prior to the APCIMS annual conference on 19 October. The full report plus press release can be accessed on the APCIMS website at [www.apcims.co.uk](http://www.apcims.co.uk).
4. Chancellor of the Exchequer Gordon Brown MP makes his pre-Budget statement to the House next Tuesday, November 9.

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