



ITI Request for amendment to Section 60 of Finance Bill 2020

Stamp duty provisions

1. The Finance Bill Committee Stage amendments released on 11 November 2020 are proposing to introduce new legislation [Section 78A – 78H Stamp Duties Consolidation Act 1999]. This is to address the forthcoming Brexit required migration of all shares in Irish companies listed in Ireland or the UK from the UK clearing service (CREST) to Euroclear in Belgium.
2. The proposed changes seek to ensure that, notwithstanding the migration, transfers of shares in Irish companies settled through a central securities depository will remain chargeable to Irish stamp duty, but it is not intended to extend the current charge to stamp duty.
3. It is not possible for shares that are subject to stamp duty (such as Irish shares) to be issued to the US public equity markets. This is why it is longstanding Irish Government policy that transfers of Irish shares listed on US stock exchanges are not subject to Irish stamp duty. It is unclear as to whether the current draft legislation overrides the existing stamp duty exemption for transfers of American Depository Receipts (ADR) (including Depository Trust Company (DTC) transfers) of US listed shares.
4. It is essential that there is certainty in the proposed legislation. Investors and regulators are very sensitive to this, as full disclosure of material risks (such as the potential for stamp duty on share trades in the US with a consequential de-listing) must be made.
5. The draft legislation requires amendment at the Report Stage to provide this certainty and to confirm that the ADR exemption continues to apply notwithstanding these changes.
6. We would be very happy to provide any additional detail required in relation to this matter.