

DUTY TO REPEAL

by
Richard G. ...

New York Institute

London

1963

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Nicolas Gibb

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Adam Smith, The Wealth of Nations
Book V, Chapter II.

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"These modes of taxation, by stamp-duties and by duties upon registration, are of very modern invention. In the course of little more than a century, however, stamp-duties have, in Europe, become almost universal, and duties upon registration extremely common. There is no art which one government sooner learns of another, than that of draining money from the pockets of the people."

"All taxes upon the transference of property of every kind, so far as they diminish the capital value of that property, tend to diminish the funds destined for the maintenance of productive labour. They are all more or less unthrifty taxes that increase the revenue of the sovereign, which seldom maintains any but unproductive labourers; at the expence of the capital of the people, which maintains none but productive."

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1-870189-21-6

Printed in Great Britain by [illegible] Limited, London E.C.1.

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First published in the UK in 1989
by ASI (Research) Ltd,
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ISBN 1-870109-71-6

Printed in Great Britain by Imediacopy Limited, London SW1.

1. INTRODUCTION

In 1983 John Wakeham, then Minister of State at the Treasury, wrote:

"The case is often put that [stamp duty] is a bad tax which ought to be abolished, because it is a tax on change, and the Government seeks to promote change, rather than to discourage it."

It has been clear from the early days of the Thatcher Government that stamp duty would eventually be abolished. A series of consultative documents and Finance Acts have all chipped away at the scope and rate of this tax.

An Inland Revenue press release of 21st March 1983, on the publication of a Consultative Document on the reform of stamp duty, said:

"Essentially stamp duties are taxes on documents - not on transactions or people. In the past they had a very wide range. Their coverage is now much reduced, the most recent pruning having taken place in 1970, when the duty on cheques and receipts was abolished."

It is an anachronistic tax that harks back to an era when only the rich had bank accounts or entered into transactions in land. It is not one tax but a plethora of taxes and duties introduced over the centuries. It is, in its present form, a wealth tax. The tax is levied on the actual value of the asset transferred, rather than on any increase in value or the income derived from the asset. Stamp Duty contributes less than 0.5% of the Government's total revenue.

It is time the rump of this tax were abolished altogether.

Stamp duty was a purchase tax. A company wishing to raise £1 million through a public offer of shares would have to pay £50,000 in Capital Duty. This would usually prefer to raise capital in alternative ways, such as by the issue of debt.

Change in the Directive in 1983 permitted member states to reduce the rate of this duty or to abolish it. In 1982 Britain was the first member state to abolish Capital Duty.

In 1983 a Consultative Document, "The Scope for Reducing Stamp Duty" was published. In the forward to that document the then Minister of State at the Treasury, John Wakeham, wrote:

"Ever since the Government took office, one of our aims has been to remove unnecessary restrictions and inhibitions on

2. HISTORICAL BACKGROUND

Stamp duty was originally, and to a large extent remains, a tax on documents. However, a number of exemptions and reliefs have moved the tax away from its original simple concept. As more and more transactions are now no longer document based but recorded on electronic media so the tax has become more and more anachronistic.

Stamp duty was first introduced by the 1694 Stamp Duty Act. Various statutes continued the tax through the centuries.

In 1870 three stamp duty statutes were passed: the Stamp Act, which consolidated the various Acts then in force; the Stamp Duties Management Act, which introduced and consolidated the management and collection of stamp duties; and the admirably named Inland Revenue Repeal Act, which repealed earlier statutes concerned with stamp duty.

In 1891 these Acts were replaced by the Stamp Duties Management Act 1891 and the Stamp Act 1891, many of the provisions of which are still in force today, nearly a century later. Various Finance Acts over the past 100 years have updated and extended the tax.

When Britain joined the European Community it was required to implement an EEC Directive already in place regarding Capital Duty. This was implemented by sections 47 and 48 and Schedule 19 of the Finance Act 1973. It imposed a Capital Duty of 1% on either the formation of a new company or the issue of new shares by a company. The Act also replaced stamp duty at 5% on nominal share capital. In addition, Loan Capital Duty, Marketable Security Duty, and the duty on contributions to limited partnerships were all abolished.

Capital Duty was a burdensome tax. A company wishing to raise £10 million through a public offer of shares would have to pay £100,000 in capital duty. Thus companies would usually prefer to raise capital in alternative ways, such as by the issue of debt.

A change in the Directive in 1985 permitted member states to reduce the rate of this duty or to abolish it. In 1988 Britain became the first member state to abolish Capital Duty.

In 1983 a Consultative Document, "The Scope for Reforming Stamp Duty" was published. In the Forward to that document the then Minister of State at the Treasury, John Wakeham, wrote:

"Ever since the Government took office, one of our aims has been to remove unnecessary restrictions and inhibitions on

business activity, so as to leave businesses free to get on with the job of making profits.

In the tax field, this means reducing the burden of tax as far as resources permit. It also means removing unnecessary occasions for a charge to tax and seeking a fair system that is easy both to understand and to administer.

With these aims in mind, we have reviewed stamp duty, which is the oldest Inland Revenue tax, now almost 300 years old. The case is often put that this is a bad tax which ought to be abolished, because it is a tax on change, and the government seeks to promote change, rather than to discourage it."

Mr Wakeham went on to say that:

"It should be recognized that the loss of nearly £1,000 million of revenue will never be easy to bear."

In 1983 the British economy had not yet fully benefited from the economic policies introduced by the present government and so such a loss of revenue could not be risked.

The 1984 Finance Act halved the rate of stamp duty on conveyances of property and the transfer of shares from 2% to 1% and abolished the banded rates. Prior to this change different levels of Stamp Duty had been levied according to the consideration or the market value of the asset involved.

The 1985 Finance Act introduced further substantial changes including the repeal of the 1% duty on gifts and the duty on contract notes. It also led to the abolition of a large number of archaic fixed duties such as on a power of attorney and on covenants. The 1985 reforms were estimated to have reduced by 40% the number of documents requiring to be stamped. The Chancellor stated that he hoped to continue the process of the reform of stamp duties in future years.

Further radical reforms to stamp duty were introduced in the 1986 Finance Act in order to improve the UK's competitive position in the worldwide securities market and to encourage wider share ownership.

These reforms consisted principally of halving the rate of stamp duty on share transactions, which had been introduced by the 1984 Finance Act, from 1% to 0.5% and of the introduction of a new stamp duty, Stamp Duty Reserve Tax. The Stamp Duty Reserve Tax was set at the rate of 1.5% and applies when UK shares are converted into depository receipts. Depository receipts do not attract stamp duty and thus this special rate, three times that of stamp duty on shares, was meant to be a once and for all transfer tax to cover lost revenue on future transactions.

The 1988 Finance Act included the abolition of Capital Duty. The

1989 Finance Act further reduced the number of documents requiring to be stamped by reducing a number of duties on insurance policies.

Today, the main revenue raising stamp duties are those on conveyances and transfers of land, buildings and other property and stocks and shares. The transfer of land, buildings and property other than stocks and shares is taxable at the rate of 1% of the value of the property being transferred. For stocks and shares the rate is 0.5% of the value.

On the transfer of land, buildings and property other than stocks and shares there is a nil rate band up to £30,000. Above this de minimis level the tax is applied to the full value including the £30,000.

3. ARGUMENTS FOR ABOLITION

1. An impediment to mobility

Most land transfers are of residential property and roughly 80% of the yield from transfers of residential property comes from transfers to a purchaser buying the property for his own occupation.

The purchaser of an average priced house of £50,000 is liable to a stamp duty charge of £500. The £30,000 price level below which no stamp duty is charged used to represent a value higher than the average price of a house in Britain. This level has not been increased since 1984. Yet during the last five years house prices have increased dramatically bringing the average price of a house well within the charge to stamp duty.

The £30,000 level is linked to the level of mortgage interest relief. It is clear that the £30,000 upper limit on which mortgage interest relief is available will not be raised by the present government. Politically the relief is increasingly being regarded as an unnecessary benefit to home owners and although it is unlikely to be abolished, it is likely to be allowed to "wither on the vine" by keeping the level at £30,000 until that level is worth very little. If the link between the stamp duty de minimis and mortgage interest relief is maintained a larger and larger proportion of home owners will fall liable to stamp duty charges when moving home.

A £500 stamp duty bill on the purchase of a £50,000 house may appear small in relation to the cost of the house but it is a large proportion of the cost of moving house. The substantial costs involved in moving house are clearly a disincentive to move. But despite these costs home owners move, on average once every five years, more often than council tenants.

And this remains the case despite solicitors fees, removal expenses and stamp duty. If stamp duty were removed as a major component cost of moving house, people would be likely to be able to move more often, thus contributing to the mobility of the working population.

As the proportion of the population which owns their own home increases so the importance of the mobility of home owners also increases. The mobility of the working population of a country is vital to a dynamic economy.

The tax system should not be an impediment to those who need to move from one area of the country to another in order to find work. The imposition of a tax of 1% of the total value of a

person's house increases the cost of moving house and hence is a factor reducing the level of mobility.

The supply-side effects of tax reductions are already proven by the evidence of tax cuts during the life of this government. There are many reasons why the supply-side effect of abolishing stamp duty would more than offset the cost of abolition. The increased mobility of labour, by however small a percentage, when applied to the economy as a whole is likely to increase the income of the economy sufficiently to at least equal the cost of abolition if not exceed it.

2. Double taxation

With the exception of an individual's principal private residence, for which there is a special tax relief, gains on the sale of property are subject to capital gains tax at the income tax rate for the individual and at the corporation tax rate for companies. In addition to this the purchaser of the property has to pay stamp duty at the rate of 1% of the total value of the property. In effect, therefore, the property is taxed twice in the hands of the same person, on purchase and again on sale.

A similar situation occurs with regard to trading in stocks and shares. City institutions will be charged corporation tax on the profits made from dealing in shares. In addition to this they will be liable to a 0.5% stamp duty charge on the total purchases of shares, in effect constituting a turnover tax imposed on the trade of share dealing.

3. European competition

Stamp duty of 0.5% on share transactions in the UK compares favourably with the tax regime applicable to share transactions in West Germany and France. However, the rate of tax on the transfer of stocks and shares is significantly lower (see chapter 4). The tax on the transfer of shares in France is confined to a stock exchange turnover tax of 0.15% on transactions over FF 1 million (£100,000), 0.3% on smaller transactions. In Germany the stock exchange tax is 0.25%, half the rate in the UK.

London's position as a major financial centre is protected from direct competition from New York and Tokyo as these centres are in different time zones. At present London is widely regarded as the financial capital of Europe. But this position is under threat particularly from Frankfurt and, to an extent, Paris. Despite a recent report in the Financial Times showing that London was still the world's biggest centre for foreign exchange dealing this success is not matched in the area of share dealing.

In terms of volume of dealing in equity shares the London Stock Exchange, in an international comparison, was third in 1987 with New York in first place and Tokyo in second. By 1988 London was fifth behind the West German Federation of Stock Exchanges and Zurich.

Figure 1

Volume of trading in equity shares 1987 and 1988

	1987 \$million	1988 \$million
Tokyo	1,757,510	2,234,230
New York	1,873,597	1,356,050
German Stock Exchanges	472,293	407,926
Zurich	426,770	388,574
London	516,881	360,982
Osaka	239,696	269,250

There is clearly scope for arguing that London should have attracted more business than it has in the past two years. Arguably the abolition of stamp duty on share transactions would be a major boost to London's competitive position.

Although the tax regime on share transactions in the UK is currently more favourable than in many countries in Europe, the London Stock Exchange is at a disadvantage to its major competitors in Frankfurt and Paris. Furthermore, as the example of the reduction in corporation tax has shown, Europe is likely to follow the UK's example in reforming taxes and thus it is necessary to be one step ahead in order to maintain the existing marginal advantage.

This point is highlighted in the 1988 annual report of the Federation of German Stock Exchanges in which the abolition of direct taxes on the purchase and sale of securities is called for;

"A greater volume of investment by [German] residents would ultimately also benefit the international role of Germany's financial markets and the Government could make its contribution....with the abolition of all indirect taxes on the purchase and sale of securities."

4. Revenue raised

The total revenue raised from stamp duty in 1988/89 was £2.4 billion, a mere 0.5% of the £185 billion government received in that year. The table shows how the revenue is raised between the various stamp duty charges.

Despite the small amount of revenue raised the impact on those paying the tax is large. It is clearly an unfair tax. In the days before taxes on income and gains, stamp duty may have been a logical tax, after all it was historically a principal role of the state to enforce contracts and title to property.

Today the role of the state is far wider and it raises finance in a far more comprehensive way. Stamp duty is therefore redundant and moreover places an added burden on those people and

institutions involved in wealth creation.

This burden extends not only to the cost of the tax but also to the cost of compliance. Obtaining stamp duty adjudication, arranging for the documents to be stamped as well as seeking legal advice as to the optimum method of arranging one's affairs to avoid over exposure to the tax, all add unnecessarily to industry's costs.

5. Complexity

There are a plethora of stamp duties, including fixed rate stamp duties. There are in addition, important exemptions to the stamp duty on share transactions and on the transfer of property that apply on a company reconstruction or reorganization. But these exemptions do not apply to all company reorganizations. As such few companies would embark on a reorganization without recourse to legal advice. It should be a principle of tax that it is simple to apply. Stamp duty is far from simple, but rather than institute another series of reforms it should be abolished.

Revenue Raised From Stamp Duties

	1983-84	1984-85	1985-86	1986-87	1987-88
<u>Land & Property other than Stocks and Shares</u>					
Land (inc buildings):					
On sale	507.3	360.5	457.1	659.7	1,000.7
Other property:					
On sale	3.8	2.9	3.7	4.0	5.5
Leases	33.8	29.8	38.7	53.2	67.1
Total	<u>544.9</u>	<u>393.2</u>	<u>499.5</u>	<u>716.9</u>	<u>1,073.3</u>
<u>Stocks, Shares, Debentures, etc.</u>					
Stocks and shares:					
On sale	446.1	355.3	518.4	807.2	861.7
Stamp duty reserve tax	-	-	-	44.2	103.9
Total	<u>446.1</u>	<u>355.3</u>	<u>518.4</u>	<u>851.4</u>	<u>965.6</u>
<u>Other Stamp Duties</u>					
Capital duty	69.8	86.3	126.4	196.3	294.9
Life insurance policies	48.2	50.2	56.7	62.0	72.0
Unit trust instr duty	14.7	12.9	17.9	28.3	28.2
Bankers composition	1.0	1.5	1.7	2.0	2.1
Voluntary dispositions	8.4	7.0	4.5	1.3	0.5
Contract notes	3.3	3.5	-	-	-
Documents not classified	0.5	0.7	0.4	0.7	2.1
Penalties	0.5	0.6	0.9	1.2	1.5
Total	<u>146.4</u>	<u>162.7</u>	<u>208.5</u>	<u>291.8</u>	<u>401.3</u>
Total of all stamp duties	<u>1,137.5</u>	<u>911.1</u>	<u>1,226.3</u>	<u>1,860.1</u>	<u>2,440.2</u>

6. A tax on capital

Stamp duty is a tax on the absolute value of capital, not on its increase in value or its income. It is like chipping away at the goose that lays the golden eggs. For example, every time a share is sold stamp duty is levied on the purchaser even though the share might not have increased in value or have given rise to any income.

The more free capital is the more it produces. Stamp duty is clearly a major impediment to the movement of capital. Although this argument can be said to apply to capital gains tax, at least with CGT there is always some added value with which to pay the tax.

As discussed above stamp duty does not apply to most company reorganizations. It does, however, apply to sales of companies. Often the sale of a company to new owners and managers is the best thing for a company and may even prevent a winding up. The sale of a company with, for example, net assets of £500 million will give rise to a stamp duty liability of some £2.5 million.

In South Africa there was concern that groups of companies were often prevented from beneficial reorganizations of their activities because of indirect taxes such as stamp duty on the transfer of shares and the transfer duty on property. To facilitate such reorganizations a moratorium on those duties was granted until 30th June 1989. This moratorium has now been extended to 30th June 1990.

The advantage industry would gain by having freer capital movement as a result of the abolition of stamp duty would result in an increase in wealth, the tax on which should more than offset the loss of revenue caused by the abolition of stamp duty.

4. STAMP DUTIES ABROAD

Not all countries impose stamp duties as such but most impose some form of direct tax on the issue, transfer, purchase and sale of securities and on the sale of immovable property.

Set out below are the basic stamp duty and similar taxing provisions applying in the major countries of Europe.

1. Austria

(a) Capital Duty

Contributions of capital to either domestic corporations or branches of foreign corporations are charged a capital investment tax of 2%.

(b) Stamp duty

(i) Real property: There is a tax on the transfer of real property within Austria of 3.5% of the consideration for the transfer (2% in the case of transfers between close relatives). This tax is also levied when there is an indirect transfer, such as the sale of a company. In these circumstances the tax is assessed on the value of the real property.

(ii) Stocks and shares: There is a stock exchange tax on the transfer of certain securities. The normal rate is between 0.04% and 0.5% unless one of the parties to the contract is resident outside Austria and the contract is concluded abroad, in which case the rate is 0.125%. There is also a stamp duty of 0.15% payable on certain notes, bills of exchange and debentures.

2. Belgium

(a) Capital duty

There are no capital duties in Belgium.

(b) Stamp duty

(i) Real property: There is a 12.5% registration duty on disposal of property in Belgium. There is a charge of 0.2% of the total rent and charges under a lease in the case of letting property. There is a 1% duty in the case of a mortgage and 0.2% on the cancellation.

(ii) Stocks and shares: Subject to certain reductions a duty of 0.5% on the par value of shares is charged on issue of shares, if the consideration is cash. If the consideration is other than cash the 0.5% is levied on the value of the consideration.

3. Denmark

(a) Capital duty

There is a 1% capital duty on the share capital on the incorporation of a Danish company. On any increase in the share capital there is a nominal sum charged together with 0.4% of the initial share capital or of the amount of the increase.

(b) Stamp duty

There are a plethora of stamp and transfer duties at rates from 0.1% to 3% depending on the document involved. These duties are levied on transfers of shares and securities, immovable property, certain fixed assets, intellectual property, rental agreements and loan agreements. The rate of duty on the transfer of shares is 1%.

4. France

(a) Capital duty

Capital contributions to companies are subject to a 1% registration tax. If the contribution not subject to company tax the rate is 11.4%. Capitalization of profits are subject to a registration tax of 3%.

(b) Stamp duty

(i) Real and other property: Registration duty is charged at 16.6% on the sale of real property (5.4% for residential property). There is also a registration tax of 16.6% on the sale of goodwill and leaseholds.

(ii) Stocks and shares: Written documents transferring shares are subject to a duty of 4.8%. Such a document is compulsory only with respect to shares in a S.A.R.L. Consequently most of the transactions involving an S.A. are not subject to registration duties. An S.A. is similar to the UK's public limited company, and is thus the only corporate vehicle that can be quoted on the stock exchange or solicit funds from the public.

Securities transferred on the stock exchange are

subject to a stock exchange turnover tax, payable by the brokers. The rate is 0.3% on transactions up to FF 1 million, and 0.15% on larger transactions.

5. Germany

(a) Capital duty

Contributions of capital to either domestic corporations or branches of foreign corporations are charged a capital investment tax of 1%.

(b) Stamp duty

(i) Real property: There is a tax on the transfer of real property within Germany of 2% of the consideration for the transfer. This tax is also levied when there is an indirect transfer, such as the sale of a company. In these circumstances the tax is assessed on the value of the real property.

(ii) Stocks and shares: There is a stock exchange tax on the transfer of certain securities. The usual rate is 0.25% unless one of the parties to the contract is resident outside Germany and the contract is concluded abroad, in which case the rate is 0.125%. This tax applies regardless of whether the transaction takes place on the stock exchange.

There is also a stamp duty of 0.15% payable on certain notes, bills of exchange and debentures.

6. Ireland

(a) Capital duty

Capital duty at the rate of 1% of the consideration is payable on the issue of share capital by a company.

(b) Stamp duty

(i) Real property: Subject to a de minimis level of IR £1,000, stamp duty is levied on the transfer of houses and land at progressive rates of 0.5% for properties valued at less than IR £2,000 to 6% for properties valued at more than IR £50,000. There are also other ad valorem duties on mortgages, bonds, annuities and leases.

(ii) Stocks and shares: Stamp duty of 1% is payable on the transfer of Irish stocks and marketable securities. The rate is 2% if non-Irish.

7. Italy

(a) Capital duty

Contributions to business are subject to the following duties:

Immovable property and rights thereto, a registration tax of 8% plus a 1.6% transfer tax and a 0.5% cadastral tax.

Plant, factories, premises, etc., acquired for business purposes a 4% duty is imposed.

Personal property and capital, a 1% duty is imposed.

(b) Stamp duty

A number of legal documents are subject to a stamp duty at the flat rate of 3,000 lire per sheet. Bills of exchange payable in Italy are subject to a duty of 1.2%, and 0.9% if payable outside Italy. There are also duties on cheques, bank drafts and invoices.

8. Luxembourg

(a) Capital duty

There is a 1% capital duty payable on capital contributions to share capital at the time of the formation of the company.

(b) Stamp duty

(i) Real property: There is a registration tax at 6% of the market value of real estate transferred (9% if situated in the commune of the City of Luxembourg) Registered leases contracts are subject to a duty of 0.6% on total lease payments.

(ii) Stocks and shares: There is an annual tax levied on the market value of shares and other securities issued by resident corporations at 0.36% and at 0.18% for private limited liability companies.

9. Netherlands

(a) Capital duty

A capital duty of 1% is payable on the issue of shares.

(b) Stamp duty

(i) Real property: There is a transfer duty of 6% of the consideration on the acquisition of immovable

property.

(ii) Stocks and shares: There is no stamp duty in the Netherlands on the transfer of shares, except for a stock exchange transfer duty of 0.12% on the transfer of a security by a stockbroker.

10. Norway

(a) Capital duty

There is a 1% duty on the registration of limited liability companies.

(b) Stamp duty

The only stamp duty is on the transfer of real property, and is chargeable at the rate of 2.5%.

11. Spain

(a) Capital duty

Capital duty at the rate of 1% is paid on the formation of a company.

(b) Stamp duty

There is a duty of 6% on the transfer of real property, 2% on the transfer of moveable property and 0.11% on the transfer of shares.

12. Sweden

(a) Capital duty

There is no capital duty in Sweden.

(b) Stamp duty

(i) Real property: There is a 1% duty on the transfer of ships and real property to individuals and 3% on the transfer of real property to companies.

(ii) Stocks and shares: There is a 1% stamp duty on the issue of share certificates but no stamp duty on the transfer of shares.

13. Switzerland

(a) Capital duty

There is a security issuance tax of 3% of the share capital at the time of incorporation or when share capital is

increased.

(b) Stamp duty

A stamp duty is charged on the transfer of securities at the rate of between 0.15% and 0.3% of the market value. There are also various duties payable on insurance policies.

14. Conclusion

Although in comparison to many countries in Europe Britain has relatively low rates of stamp duty, this is not the case when compared to countries which most threaten London's position as the financial centre of Europe. To bring UK stamp duty rates on share transactions into line with those of Germany and France would mean a further halving of the UK rates. This would lead to a reduction in revenue from the duty (ignoring supply side effects of the reduction) which is already very small. Thus complete abolition of the duty is the logical conclusion.

5. CONCLUSION

The simplification of the tax system is of inestimable benefit to the economy. It makes it easier for businessmen to make decisions without recourse to specialist tax advice. The reduction in the number of taxes is the most effective way of simplifying the tax system.

Stamp duty is one of the more complex taxes and is the one tax that can impose an enormous burden on a businessman who restructures his organization without taking professional advice. With such professional advice it is likely his stamp duty tax bill will be reduced to nil. Without it he could be faced with a huge liability in comparison to the advantages gained by the reorganization.

Such a tax is clearly iniquitous and for this reason ought to be abolished. In addition it is clear that stamp duty does make businessmen wary of reorganizing their corporate structure. The South African Government recognized this when they introduced a moratorium on stamp duties on share and property transactions. It is likely that many more corporate reorganizations would take place but for the existence of stamp duty, and British industry would be correspondingly more efficient.

As interest rates rise still higher so houses become more and more difficult to sell. This is bound to lead to a reduction in the mobility of labour. To counter this stamp duty on property transfers should be abolished thus reducing one major component in the cost of moving house and reducing by 1% the price a purchaser has to pay for property.

One of Britain's major export industries is the invisible earnings created by the City of London. For London to maintain its position as the financial centre of Europe it needs to ensure that its tax rates are in line with its major competitors abroad. UK corporation tax is lower than in both Germany and France but the tax on share transactions is double that applicable to transaction on the Frankfurt and Paris stock exchanges.

The London market may well be protected to some extent from competition arising from New York and Tokyo by its time zone location. It enjoys no such protection from European competition, and needs to ensure that it guards such advantages as it can offer. It cannot maintain its position if share transactions in London incur double the tax of its competitors.

International financial services are no longer a luxury to an economy dominated by manufactures. They are now an essential part of Britain's trading position. With the transactions themselves,

an array of satellite services is attracted to London, bringing with it both foreign exchange and job opportunities.

The cost to the Exchequer of abolishing both these taxes, ignoring any supply side effects, is £2.4 billion. The Treasury is likely to have a substantial surplus in the region of £14 billion by the year end. It should use part of this surplus to abolish this tax. Never has the need for these duties to be abolished been greater and now the budget surplus presents the Chancellor with the opportunity to do so.

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It costs £14,000 a year to keep an offender in a British prison. This report puts the case for involving private business in the employment of prison inmates. Prisoners should work, it says, to repay victims, to pay for their upkeep, and to build up savings.

THE ENTERPRISE IMPERATIVE By Peter Young £10

Britain has built up an expertise in the techniques of privatization. Peter Young argues that privatization would transform the economies of countries in the developing world, and he calls for Britain to provide the know-how. The report calls for foreign aid to be targeted to privatization schemes.

PRIVATIZATION IN PRACTICE Edited by Dr Eamonn Butler £12

Based on the Institute's annual privatization conference of 1988, this report contains contributions from many experts in the field, including the British Chancellor, Nigel Lawson. It has been circulated among overseas governments as a guide to framing a successful policy.

NEEDS REFORM

£10

The authors of this report argue that the social security system remains ineffective and inefficient. The alternative proposed is an "internal market", similar to the health and education reforms. To replace dole offices the report suggests private welfare agencies, competing to distribute benefits efficiently.

THE ART OF THE STATE

£10

By Prof John Pick, Douglas Mason, Kingsley Amis, Clive Wright

A strident denunciation of arts subsidies. "The unforgivable thing about the post-war Arts Council system", it says, "is that it has spawned an army of insensitive and opinionated bureaucrats who soak up far too much of the comparatively small amounts of money government gives to 'the arts'."

PRIVATIZING THE POSTS By Douglas Mason

£10

A detailed plan for privatizing Britain's last remaining nationalized industry. The plan revealed would keep the Royal Mail, but as a regulatory body. It suggests that, initially, a licensed private firm would compete. Then the Post Office would be split into separate companies, to be privatized individually.

SUNDAY, SUNDAY By Terry Burke and J R Shackleton

£10

Drawing upon evidence from Scotland, Sweden and from the United States, the authors argue that permitting Sunday trading would not be as disruptive as critics claim. They urge the government to discount any compromise of partial liberalisation.

A CAPITAL OFFENCE

£5

By Dr Barry Bracewell-Milnes & Bruce Sutherland

A critical look at capital taxes, calling on the Chancellor of the Exchequer to implement substantial cuts. "Taxes on capital are taxes on captitalism," say the authors. Reform options for capital gains tax, inheritance tax, and stamp duties are all analysed.

BRICKS IN THE WALL

£10

By Daniel Moylan

Aimed at British policy towards 1992, this report provides a detailed agenda for free trade. Moylan warns against the development of regional protectionism, and argues that EC "anti-dumping" policies are against consumer interests.

WISER COUNSELS

£12

Over the last ten years the functions of local government have changed considerably. This report -- the product of lengthy study by a team of specialist researchers -- says that it is now essential to update the structure of local government. It calls for single-tier councils run by paid professionals.

THE ASI RATINGS

£9

By Michael Simmonds

When the last ASI ratings were produced in 1983, the copy in the House of Commons library was worn out by MPs eager to see their scores. The ASI ratings separate the libertarians from the despots, with MPs rated by how they vote on issues of freedom. Essential reading for all parliament watchers.

NEW ROADS TO FINANCE

£9

By the Rt Hon Paul Channon MP, Ian Clark, Prof John Hibbs, Nick Ayland, Dr Madsen Pirie

With traffic congestion ever more a costly nuisance, this report is a timely look at the private alternatives. The authors examine the practicalities of building privately-owned roads, financed by tolls. The report also contains an innovative proposal for 'infrastructure bonds.'

A DECADE OF REVOLUTION: THE THATCHER YEARS

£12

Norman Gash, Paul Krieger, David Marsland, Douglas Mason, Harry Phibbs, John Redwood, Arthur Shenfield, David Walker, Robert Worcester

The contributors, who have either been influential participants in Thatcherism or are renowned commentators, offer a comprehensive evaluation of the last ten years. Changes in the economy, union power, the civil service, local government, education, architecture, youth, and politics are assessed.

TRAFFIC IN THE CITY

£9

By John Telford-Beasley, Roger Mabbott, Ian Dickins, Dr Madsen Pirie, Sir Clive Sinclair

An examination of the innovative market solutions available to improve urban transport. Light Rail Transit is suggested as major new source of provision, and with more use of riverbuses. Competing minibus services should replace double-deckers, it says. Sir Clive Sinclair offers a futuristic view of electronically controlled motorways.

NIGHTMARE ON BOW STREET by Peter Young £10

In the United States, a man sued his brother for calling him a "dirty louse", and a man who jumped under a train sued the train driver. Such an expansion of litigation, says Peter Young, is the result of lawyers being paid by contingency fees. He cautions against following the American model.

LIGHT, LIBERTY AND LEARNING by Philip Malcolm £9

A call to extend government proposals for higher education to create a genuine internal market. Universities should compete to attract students, it says, and the fee should follow the student. With far more private sponsorship, it suggests, student numbers can be expanded greatly.

EXTENDING CARE by Dr Madsen Pirie and Dr Eamonn Butler £10

With the numbers of elderly set to rise by ninety percent over the next 25 years, new thinking is needed in community care policy. The current system is too fragmented, say the authors. They propose a better co-ordinated system, with funds following the patient in an "internal market", and with more incentive for the elderly to make savings to be independent.

STREETS AHEAD by Nicholas Elliott £9

A novel proposal for improving the quality of life in cities. Residents groups should be able to block out traffic with gates, it says, and should be helped to run local security patrols. The proposal draws on evidence from St Louis in Missouri, where over a thousand streets have been "privatized" on the initiative of their residents.

A HOME FOR ENTERPRISE by Douglas Mason £9

With Hong Kong set to revert to mainland China in a few years, there is a case for establishing a refuge for Hong Kong citizens who wish to leave. Author Douglas Mason suggests that they might wish to establish a new Hong Kong, and names alternative sites in Mexico, Australia, or the West of Scotland.

QUEST FOR CARE by Dr Madsen Pirie and Dr Eamonn Butler £9

As Community Care is put onto a new footing, the report suggests that local authority homes should be converted into independent trusts, operating at arm's length from the local authorities now charged with overall responsibility. Self-regulation by the care industry should be the preferred way of guaranteeing standards.

THE PRICE OF HEALTH by Dr Heinz Redwood

£10

The European pharmaceutical industry could see its performance adversely affected unless a more realistic approach to regulation and pricing is introduced. Redwood suggests that the choice should be for a pricing policy which allows firms to gain the rewards of innovation and research.

CURBING CRIME: ITS ORIGINS, PATTERN & PREVENTION

£9

by John Wheeler, Mary Tuck, Barry Poyner, Madsen Pirie

This colloquium looks at the details of crime - who commits which crimes - and comes up with some ideas to help prevent it. Better detection can be achieved by fitting transponders to property, to facilitate location. Another idea is to fit repeat offenders with electronic tags, to monitor their proximity to crime.

MIND THE CHILDREN

£7

Parents who are given child care by their employers should get tax relief on the benefit. This is one of a package of measures aimed at nurturing the private sector in child care. With labour shortages likely in the coming years, it will be vital to entice mothers back to work. The report calls for steps to turn child care into a multi-billion pound business.

LANDING RIGHT by Allan Stewart MP

£9

All transatlantic flights going in and out of Scotland have to go through the remote Prestwick airport. Stewart calls for this monopoly to be scrapped in favour of an "open skies" policy. He reveals that Scotland actually has fewer transatlantic flights than it did ten years ago, and that only a third of Scots use Prestwick to fly across the Atlantic. 27pp. ISBN: 1-870109-65-1.

THE BURNING QUESTION by Michael Simmonds

£9

The fire service has been largely untouched by reforms of local government. While contracting out in areas such as refuse collection has brought great savings, the fire service remains one of the most costly in Europe, and is hidebound by restrictive practices. The author calls for fire brigades to be set up as free-standing companies, separate from local councils.

HELPING POLAND by Peter Young

£9

A manifesto for action to help Poland with reform, aimed at the British government and at British firms. Britain, it says, 'has an impressive reservoir of technical and political skills' in privatization which can be used to help set up a Polish

privatization programme.

NEW IDEAS IN TRAIN

£9

by Michael Barclay, Kenneth Irvine & Anthony Shephard

"Piggybacking", where lorry containers are easily moved onto rail wagons could cut European journey times drastically, this report argues. It also suggests that vehicles which run on both road and rail could replace the trains of today.

INCENTIVE THROUGH OWNERSHIP by Michael G Bell

£9

Urges the government to adopt new rules which would herald a "massive increase in popular capitalism." Michael Bell, Chairman of IBC, argues that lack of employee motivation is a serious bridle on the economy, and that Esops could be the answer.

THE FUTURE OF COMMUNITY CARE

£10

Leaders of the British care home industry argue that self-regulation would be preferable to that provided by local authorities. Giving the responsibility for regulation to the industry itself, besides being more efficient, would also avoid the conflicts of interest within local authority community care.

Book orders should be accompanied by a cheque, money order, or credit card number (mastercard or visa). Prices are inclusive of postage and packing for United Kingdom orders and for surface mail to Europe. Add 10% for airmail and non-European orders. Cheques should be made payable to ASI Research Ltd. Send to PO Box 316, London, SW1P 3DJ.

The first thing I noticed when I stepped out of the plane was the fresh air. It felt like a warm blanket after a long flight. The sun was shining brightly, and the birds were chirping happily. I took a deep breath and smiled. This was my first time traveling alone, and I was excited to see what the world had in store for me. The journey was long, but it was worth it. I had heard that the view from the sky was amazing, and it was true. The clouds were like a soft, white blanket, and the ground below was a patchwork of green fields and brown hills. I felt like I was on top of the world. I had come to a new place, and I was ready to explore it all.

As I walked through the airport, I felt a sense of freedom. I had been waiting for this moment for so long. The people around me were all going to different parts of the world, and I was one of them. I had a backpack full of clothes, a camera, and a map. I was ready for anything. The airport was busy, but I felt like I was the only person in the world. I had a sense of purpose, and I was ready to go. I had heard that the weather was perfect, and it was true. The sun was shining, and the wind was blowing. I felt like I was in luck. I had come to a new place, and I was ready to explore it all.

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