



I P FRAUD INVESTIGATIONS

29 OCTOBER 2008

HMRC - STAMP DUTY & PENALTIES



Mr Andrew Hall
Sense Sonic Limited

Tel 0131 442 3192

Fax

www.hmrc.gov.uk

Date 29 October 2008
Our ref
Your ref

Dear Mr Hall

Stamp Act 1891 , S 14(4) and 17

I have now received our Solicitors advice on your question of stamp duty Chargeable on the Sale Agreement and whether the registering the assignment by the Patent Office without the sale agreement having been stamped is liable to a penalty under s.17

Our Solicitor agrees with our view that the Sale purchase agreement is chargeable to stamp duty and the agreement is liable to stamp duty in respect the inter company debt of £350,000. The onus is on the buyers group to show the inter company debt was loan capital as defined by S 78 FA 1986 .The information shown in the financial statements for the years 2002 and 2003 and the board minutes dated 19th June 2002 point to the inter company loan being a trade debt arising from an overdraft facility granted to Sense Sonic. In the absence of a loan agreement along with inter company accounts showing the movement of such loan funds we are entitled to view the debt of £350,000 as a trade debt and chargeable to stamp duty. The Sale Agreement should be presented to the stamp office along with payment of the duty penalty and penalty interest if formal adjudication is to be completed.

Our Solicitor also considers the Patent Office is in breach of Section 14 and is liable to penalty under s 17 of the stamp act 1891. HMRC are now considering whether a penalty is to be imposed for this infringement.

Yours sincerely

Les Hanratty
Higher Officer