Stamp duty, and the levies on the ticket

> **TRANSACTION TAXES**
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> Government charges levied on share dealing itself, varying entirely by jurisdiction: the UK charges 0.5% on purchases of UK shares, several markets charge nothing, and the details change with budgets. They are facts of the ticket, not broker charges - no execution quality avoids them, and only the wrapper choice or the market listed on does.

Equities is the first track where the state itself appears on the dealing ticket. The amounts are small per trade and structural in aggregate - and they differ by country more than any other cost on this platform.

The UK ticket, as the worked case

Buying UK-listed shares incurs stamp duty reserve tax at 0.5% of the purchase - £50 on a £10,000 buy, charged on entry only, never on exit. Larger trades in UK names also carry a small flat levy funding the Takeover Panel; its trigger threshold and amount are occasionally revised, so the current figures belong to your broker's schedule rather than to a lesson. Sales pay no duty. The asymmetry matters: the tax is a cost of entering ownership, priced once.

Reading any market's ticket

Jurisdiction decides everything: US listings carry no purchase duty (tiny regulatory fees on sales instead); other markets run their own schemes; the same broker charges each correctly by listing venue.The wrapper decides applicability: module 1's point - CFDs reference without purchasing and legally sidestep purchase taxes; the financing meter is what they charge instead.Rates are budget-dependent facts: check the current schedule where precision matters - a lesson dated 2026 states the structure, your ticket states today's number.

Why a small tax earns a whole lesson

Because it is the cash wrapper's main doorway cost, and therefore half of lesson 5's crossover arithmetic. At 0.5%, the duty equals roughly a month of typical CFD financing on the same position - which converts the wrapper decision into a clean holding-period question. A cost that fits in one sentence ends up steering the instrument choice for every UK equity idea this track evaluates.

Check your understanding

1. How does UK stamp duty shape the cash-versus-CFD decision?

a. It makes CFDs cheaper in all cases

b. It is a one-off 0.5% doorway cost on cash purchases - roughly a month of CFD financing - so holding period decides which wrapper pays less

c. It applies equally to both wrappers

Answer: b. The duty is paid once; financing is paid nightly. Short holds favour the wrapper that skips the doorway; anything held beyond the crossover favours ownership - lesson 5 works it in money.

2. Why does this lesson state the stamp duty rate but not the takeover levy's current figure?

a. The levy is secret

b. The levy's amount and threshold are revised occasionally - structural facts belong in lessons, current figures belong to the broker's schedule

c. The levy only applies to institutions

Answer: b. The platform's standing rule for regulatory figures: state what is stable, point to the live source for what moves. A lesson that hard-codes a revisable number teaches a future error.