

UNDERSTANDING STAMP DUTY LAND TAX

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What is Stamp Duty Land Tax (SDLT)?

SDLT is a lump-sum tax that anyone buying a property or land over a certain price in England, Wales and Northern Ireland. The rate you'll pay the tax at varies based on the price of the property and the type

Will you have to pay SDLT?

The current SDLT threshold is £125,000 for residential properties and £150,000 for non-residential land and properties.

How is it calculated?

You have to pay the rate for the proportion of the property that's at that rate.

What happen on April 1 2016?

As of 1 April 2016, SDLT has increased by 3% on top of current rates for purchases of additional residential properties above £40,000, such as buy to let properties and second homes.

Purchase price of property	Rate of SDLT
Up to £125,000	Zero
Over £125,000 to £250,000	2%
Over £250,000 to £925,000	5%
Over £925,000 to £1.5 million	10%
Over £1.5 million	12%

Example

If you are buying a residential home that costs £275,000, SDLT is calculated as follows:

0% on first £125,000 = £0

2% on next £125,000 = £2,500

5% of the final £25,000 = £1,250

Total SDLT due = £3,750

Does the higher rate apply if you are...	
Adding a new Buy to Let (BTL) property to your existing portfolio?	Yes
Buying a first home which will be your main residence, but already own an inherited property that you let out?	Yes
Buying your first home, but a parent on the mortgage who already owns their own home is put on the mortgage?	Yes
Purchasing a new main residence in the UK, but already own a property abroad which you intend to keep?	Yes
Buying a new main residence but the sale of your current property falls through?	Yes
Purchasing a new main residence and turning an existing property into a BTL?	Yes
Selling your main residence to purchase a new main residence, but also own several BTL properties?	No
Unmarried and currently live in a property your partner solely owns, but want to purchase your own BTL property?	No
Living in rented accommodation, own one BTL property and sell it to purchase another?	No
Separated from a spouse who owns your former marital home, but now wish to purchase your own property?	No

**YOUR HOME MAY BE REPOSSESSED IF YOU DO NOT
KEEP UP REPAYMENTS ON YOUR MORTGAGE.**