

# STAMP DUTY

*Tax paid when purchasing a freehold, leasehold or shared ownership residential property*

Stamp Duty Land Tax (SDLT) is a progressive tax paid when purchasing a freehold, leasehold or shared ownership residential property over £125,000 (£40,000 for second homes) in England, Northern Ireland and Wales (separate Land and Buildings Transaction Tax in Scotland).

New SDLT rates were introduced in 2014's Autumn Statement, introducing a sliding system based on thresholds and dependent on a property price.

This tax applies to both freehold and leasehold properties – whether you're buying outright or with a mortgage.

There are several rate bands for Stamp Duty. The tax is calculated on the part of the property purchase price that falls within each band.

## HOW MUCH IS STAMP DUTY?

Minimum property purchase price	Maximum property price	Stamp Duty (only applies to that part of the property price that falls within each band)
£0	£125,000	0%
£125,001	£250,000	2%
£250,001	£925,000	5%
£925,001	£1.5 million	10%
Over £1.5 million	12%	

(N.B. Stamp Duty for residential leasehold properties are charged differently)

## ADDITIONAL RESIDENTIAL PROPERTIES

Buyers of additional residential properties, such as second homes and buy-to-let properties, will have to pay an extra 3% in Stamp Duty on top of current rates for each band. This increased rate applies to properties bought for £40,000 or more.

If you buy a new main residence but there's a delay in selling your previous main residence, you'll have to pay the higher Stamp Duty rates, as you'll now own two properties.

## YOU CAN REQUEST A REFUND FOR THE AMOUNT ABOVE THE NORMAL STAMP DUTY RATES IF:

- You sell your previous main residence within three years
- You claim the refund within three months of the sale of your previous main residence, or within 12 months of the filing date of your self-assessment tax return – whichever comes later.

## FIRST-TIME BUYERS

First-time buyers pay the same amount of Stamp Duty as everyone else. In the past, first-time buyers did not have to pay Stamp Duty on property worth up to £300,000. However, this is no longer the case.

## STAMP DUTY PAYMENT

You'll need to submit a Stamp Duty Land Tax return and pay what you owe within 30 days of completing the purchase of your home. If you don't submit a return and pay the tax with that in 30 days, HM Revenue & Customs could charge you penalties and interest.

Usually, your solicitor will deal with the Stamp Duty return and any payment due for you, although you can do it yourself – but you are responsible for making sure it's all submitted on time.

If the price of your new home is under £125,000, you must still submit a return (unless exempt), even though you won't need to pay any Stamp Duty. ■

## REQUIRE FURTHER INFORMATION?

We can help you with your mortgage needs. Whether you're a new customer or we've previously arranged a mortgage for you, please contact us to discuss your requirements.

**Think carefully before securing other debts against your home. Your home may be repossessed if you do not keep up repayments on your mortgage.**