

STAMP DUTY LAND TAX ON ADDITIONAL PROPERTIES FACT SHEET

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In its Spending Review and Autumn Statement published in November 2015 the Government announced its plans, in certain circumstances, to introduce a higher rate of Stamp Duty Land Tax from the 1st April 2016. The changes have now been implemented. The higher rates of SDLT are part of the Government's commitment to supporting home ownership.

Who do the higher rates apply to?

The higher rates apply to most purchases of additional residential properties in England, Wales and Northern Ireland where, at the end of the day of the transaction, individual purchasers own two or more residential properties and are not replacing their main residence. The higher rates will also generally apply to purchases (including a first purchase) of residential property by companies. The vast majority of transactions, such as first time buyers purchasing their first property or home owners moving from one main residence to another will be unaffected. Property owned globally will be relevant in determining whether a property purchased in England, Wales or Northern Ireland is an additional property. **This means that if someone is purchasing their first or only property in England, Wales or Northern Ireland, they may pay the higher rates if they own property outside these areas.**

What if my spouse owns a property but I do not?

The Government treat married couples and civil partners living together as one unit. This means that property owned by either partner (and any minor children) will be relevant when determining if an additional property is being purchased or not. Therefore, an individual buying a property may be liable for the higher rates if his or her spouse or civil partner has an existing residential property. If the spouse or civil partner then sells that residential property they may be able to claim a refund.

What will be payable if I have to pay the higher rate?

The higher rate payable in respect of additional properties is 3 percent higher than the current SDLT rate (see chart below).

Band	Existing SDLT rates	New SDLT rates
£0* - £125,000	0%	3%
£125,001 - £250,000	2%	5%
£250,001 - £925,000	5%	8%
£925,000 - £1,500,000	10%	13%
£1,500,000 +	12%	15%

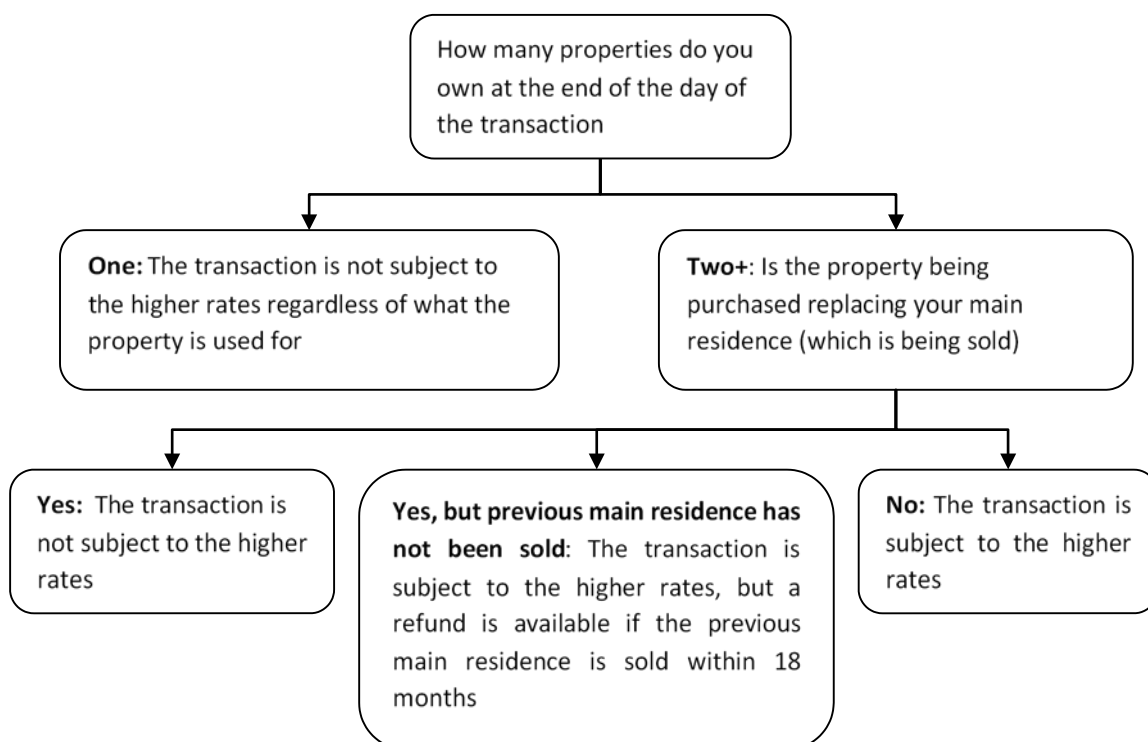
*Transactions under £40,000 do not require a tax return to be filed with HMRC and are not subject to the higher rates.

What if I sell my main residence after I purchase my main residence?

The most common scenario where the higher rate will be charged is where there is a purchase of a buy to let or second home in addition to a main residence which completes after 1st April 2016. An exception to this will be where the property being purchased is replacing the individual's main residence. Where the sale of a main residence has not completed at the time of the purchase then the higher rate will apply although a refund of the additional SDLT can be claimed as long as the main residence is sold within 18 months.

What you need to do

To assist you with understanding of whether the higher rate may apply to your transaction please refer to the flow chart below. We would also urge you to visit the hmrc.gov.uk/so website which contains further details.



The changes to SDLT imposed since 1 April 2016 are complex and it is not possible to explain all possible scenarios in this document. If you have any doubt at all about whether or not the proposed changes will affect you, or you do not fully understand the above, or have any reason to believe the proposed changes will or may affect your transaction and a higher rate of SDLT will be payable please do not hesitate to contact us.