



## Stamp Duty

### Stamp Duty Land Tax on Purchases of Residential Property

When you complete the purchase of your property, you will be liable to pay Stamp Duty Land Tax (SDLT). As well as different rates applying depending on the value of the property, your own circumstances will also dictate the rate that you pay or whether you have to pay at all.

The main residential rate of stamp duty payable by individuals are calculated as follows:

Property or lease premium or transfer value	SDLT rate
Up to £125,000	Zero
The next £125,000 (the portion from £125,001 to £250,000)	2%
The next £675,000 (the portion from £250,001 to £925,000)	5%
The next £575,000 (the portion from £925,001 to £1.5 million)	10%
The remaining amount (the portion above £1.5 million)	12%

Broadly there are two situations that might change the amount of stamp duty you must pay:

- 1. You Are a First Time Buyer** If you are a first time buyers purchasing for £500,000 or less, the first £300,000 of the purchase price is free of stamp duty. This means that if you are buying for £300,000 or less, you will not have to pay any stamp duty. However, you will still have to submit a stamp duty land tax return. By “first time buyer” HMRC means that none of the purchasers have ever owned or part owned any residential property anywhere in the world. If, for example, you part-owned a residential property 30 years ago you would not qualify for this relief.
- 2. You will own two or more properties after completion or if you are purchasing through a company and the purchase price is £40,000 or over.** If, on the day of completion, you, or your spouse or civil partner, will own more than one residential property you will be liable to a higher rate of stamp duty. The higher rate amounts to 3% of the entire purchase price and will be added to the normal rate of stamp duty that you will pay. The main exemption to this rule occurs if you are completing the sale of your current residence on the same day that you complete your purchase. In those circumstances you will pay the standard rate. Properties bought in the name of companies almost always attract the higher rate except under special circumstances.

Exemptions may apply depending on your individual circumstances.

Note that this is not intended to be a comprehensive summary of the entire law on stamp duty. Further, rules and rates can be subject to change. Stamp Duty is a tax not just a cost of moving.