

# Stamp Duty Land Tax Holiday Frequently Asked Questions



## What is Stamp Duty Land Tax?

Stamp Duty Land Tax (SDLT) is a tax payable by buyers on the acquisition of property in England or Northern Ireland. SDLT on residential property is charged at different rates depending on whether the buyer is:

1. a first-time buyer or individual without a second home anywhere in the world;
2. a “non-natural person” (such as, a company or partnership) or an individual with a second home – these are “higher rates transactions” where a **3% SDLT surcharge** may arise; or
3. a non-natural person where the consideration is more than £500,000 – in these cases, a **flat rate of 15% SDLT** arises on the consideration.

## What is the Stamp Duty Land Tax holiday?

The Chancellor announced on 8 July 2020 a string of measures aimed at kick starting the UK economy following the coronavirus crisis and temporarily reducing certain taxes, including stamp duty land tax (SDLT).

A temporary reduction in SDLT has been announced with effect from 8 July 2020 until 31 March 2021. The threshold above which SDLT becomes payable has increased from £125,000 to £500,000.

## Does this apply if I buy a property in Wales?

SDLT does not apply in Wales. The Welsh government administers a similar tax called Land Transaction Tax (LTT) which has different thresholds and rates. From 27 July until 31 March 2020, the threshold for payment of LTT has increased from £180,000 to £250,000.

## How much can I save?

If you are selling a property and buying a new one for less than £500,000 you will pay no SDLT

If your property is more than £500,000, you will save £15,000 in SDLT.

## How much will I save as a first time buyer?

The same threshold of £500,000 will apply so first time buyers will pay no SDLT on purchases up to that price. First time buyers already had the benefit of concessionary reduced rates so the saving is not as great. A first time buyer can still save up to £10,000 if buying at £500,000 or above.

## How much will I save if I buy through a limited company?

A company buying a residential property will save up to £15,000 but will still have to pay the 3% surcharge which is not affected by the SDLT holiday announced by the Chancellor.

A company purchasing a property at a price higher than £500,000 will not benefit from any saving as the 15% flat rate will apply.

## If buying a second property, do I still have to pay the higher rate charge?

Yes, this is not affected by the changes announced by the Chancellor

## What were the rates prior to the Chancellor's announcement?

SDLT is paid at different rates on different portions of the purchase price as set out below. Please note that Companies purchasing a property for

more than £500,000 will pay a flat rate of 15%. There are reliefs and exemptions which we would be happy to discuss with you upon request.

	Standard rate	First time buyers buying for less than £500,000	Buyers with second properties	Companies buying for less than £500,000
£0-£125,000	0%	0%	3%	3%
£125,001 to £250,000	2%	0%	5%	5%
£250,001 to £300,000	5%	0%	8%	8%
£300,001 to £500,000	5%	5%	8%	8%
£500,0001 to £925,000	5%	-	8%	-
£925,001 to £1.5m	10%	-	13%	-
Above £1.5m	12%	-	15%	-

### Example

If a property is purchased at a price of £300,000 at standard rates, SDLT payable would be:

£0 -£125,000	- 0
£125,001 - £250,000	£2,500 (£125K x 2%)
£250,00 - £300,000	£2,500 (£50K x 5%)
Total payable	£5,000

### What are the rates during the Stamp duty holiday?

	Standard rate	First time buyers buying for less than £500,000	Buyers with second properties	Companies
£0-£500,000	0%	0%	3%	3%
£500,0001 to £925,000	5%	-	8%	15%
£925,001 to £1.5m	10%	-	13%	15%
Above £1.5m	12%	-	15%	15%

### Example

If a property is purchased at a price of £300,000, at standard rates there will be no SDLT payable.

## How do I qualify for the reduced rates?

Your purchase must be completed by 31 March 2021. Please note if you have exchanged contracts but not completed you will not qualify.

## What rates will be charged after 31 March 2021?

From 1 April 2021 SDLT will be charged at the rates applicable prior to the current holiday (see chart below).

In addition a new charge is due to come into force on 1 April 2021 when non-resident/overseas buyers will pay an additional 2% surcharge.

## Does the SDLT holiday apply to commercial property?

No, this is an amendment to the rates charged on Residential properties only.