



Let Us Help You Understand More About Stamp Duty Land Tax



When you buy a house or flat that's going to be your primary home (rather than a holiday home, second residential home or a buy-to-let), you will pay stamp duty on everything above £125,000. If it's a buy-to-let or second home, you pay stamp duty on any property costing over £40,000.

From November 2017, first-time buyers are exempt from Stamp Duty for purchases up to £300,000. To help those in London and other expensive areas, the first £300,000 of the cost of a £500,000 purchase by all first-time buyers will be exempt from stamp duty, with the remaining £200,000 incurring 5%.

SDLT is tiered, meaning that you pay different rates on different portions of the property price. Current stamp duty rates (September 2016) for first homes are set out below. If you're concerned about what stamp duty means for you, please discuss it with one of our Advisers.

Because stamp duty is tiered, you will pay a different stamp duty rate on different portions of the property value. When you buy a property you're planning to live in (i.e. not a buy-to-let property or second/holiday home), you won't pay any stamp duty on the first £125,000. You will then pay 2% on the portion up to £250,000 and 5% on the portion up to £925,000. Between that point and £1.5 million, it's 10% - then 12% on anything over £1.5 million.

Take a look at this example:

Property price: £275,000

Portion 1: £0 - £125,000 - 0% tax, so total paid for this chunk of the purchase price = £125,000

Portion 2: £125,000.01 - £250,000 - 2% tax (£2,500) + £125,000 = £127,500

Portion 3: £250,000.01 - £275,000 - 5% tax (£1,250) + £25,000 = £26,250

Total paid: £278,750 (£3,750 of which is stamp duty)

Buy-to-let /Second Home owners stamp duty

The new buy-to-let stamp duty rules, effective April 2016, mean that anyone buying an additional property, including buy-to-let landlords and those buying second homes and holiday homes, will have to pay an extra 3% in stamp duty.

Portion of property price	Old stamp duty rate	New stamp duty rate
£0-£40,000a	0%	0%
£0-£125,000b	0%	3%
£125,001-£250,000	2%	5%
£250,001-£925,000	5%	8%
£925,001-£1.5m	10%	13%
£1.5m+	12%	15%

Take a look at this example (non-first-time buyers)

Property price: £275,000

Portion 1: £0 - £125,000 - 3% tax (£3,750)

Portion 2: £125,000.01 - £250,000 - 5% tax (£6,250)

Portion 3: £250,000.01 - £275,000 - 8% tax (£2,000)

Total paid: £287,000 (£12,000 tax)

You must send an SDLT return to HMRC and pay the tax within 30 days of completion.

If you have a solicitor, agent or conveyancer, they'll usually file your return and pay the tax on your behalf on the day of completion and add the amount to their fees. These examples are effective as at September 2016.

Changes to Second Home owners stamp duty from November 2018

Rules around the Government's 3% stamp duty land tax (SDLT) loading on the purchase of additional residential properties are changing from 26 November 2018. We recommend that you visit the website below and take legal advice from a Solicitor/Conveyancer to ascertain any potential liability, if you think these charges may apply to you.

To ensure you have the latest information please visit <https://www.gov.uk/stamp-duty-land-tax/overview>

Contact Us

For more information about anything relating to your house purchase or move, your mortgage or protection or insurance, please get in touch with your Adviser or

Email: info@swmortgages.com

Call: Bristol office 0117 325 1511, Bath office 01225 584 888 or Exeter office 01392 690 888

Please visit one of our websites

www.bristolmortgagesonline.com

www.bathmortgagesonline.com

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www.swmortgages.com

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