

## Frequently Asked Questions – Stamp Duty/ Land And Buildings Transaction Tax / Land Transaction Tax

Great news the stamp duty holiday has been extended in the latest budget.. but what does that mean for you? We answer your questions below...

### What is the stamp duty holiday?

- Stamp Duty is a tax you might have to pay if you buy a residential property or a piece of land in England and Northern Ireland.
- In July 2020, the Chancellor announced there would be a Stamp Duty Holiday. This means you will not have to pay Stamp Duty on properties costing up to £500,000.
- The Stamp Duty Holiday was due to end on 31<sup>st</sup> March 2021, however the Chancellor has extended the holiday to 30<sup>th</sup> June 2021.
- After 1<sup>st</sup> July 2021, a new threshold will apply, please below.

### Thresholds

- The threshold is where SDLT (Stamp Duty Land Tax) starts to apply. If you buy a property for less than the threshold, there's no SDLT to pay.
- The current SDLT threshold for residential properties is £500,000. This changes on 1<sup>st</sup> July 2021.
- From 1<sup>st</sup> July to 30<sup>th</sup> September 2021 The SDLT thresholds will be £250,000 for residential properties.
- For properties that are over the threshold amount, please use the Government SDLT calculator to see how much Stamp Duty Tax you will to pay

### What about Scotland and Wales?

- In Scotland, the rates on Land and Buildings Transaction Tax are 2% on £145,001-£250,000, 5% on £250,001-£325,000, 10% on £325,001-£750,000, and 12% on any value above £750,000. Scottish landlords pay an extra 4% Land and Buildings Transaction Tax on top of standard rates.
- In Wales, the rates on Land Transaction Tax are 3.5% on £180,001-£250,000, 5% on £250,001-£400,000, 7.5% on £400,001-£750,000, 10% on £750,001-£1.5m, and 12% on any value above £1.5m. Welsh landlords pay an extra 3% Land Transaction Tax on top of standard rates.
- The Welsh Government have now announced the Stamp Duty Land Transaction Tax exemption to be extended to 30<sup>th</sup> June 2021 only.

### Does the stamp duty holiday apply to second homes?

- Both those buying second homes, and those prospective landlords buying investment properties also qualify for the temporarily SDLT holiday under the Chancellor's scheme.
- Whilst they do not have to pay SDLT on properties up to a value of £500,000, they do have to pay an extra 3% of stamp duty as previously charged under the rules before the introduction of the stamp duty holiday.

### When does the stamp duty holiday end?

The temporary increase to the each of the tax thresholds are as follows:

- Stamp duty land tax (SDLT) threshold in England and Northern Ireland is set to finish on 30<sup>th</sup> June 2021. From 1<sup>st</sup> July – 30<sup>th</sup> September, the Stamp Duty holiday will be extended for properties worth up to £250,000. If the property value is above £250,000, Stamp Duty tax will apply.
- Land and Buildings Transaction Tax (LBTT) in Scotland is set to finish on 31<sup>st</sup> March 2021.
- Land Transaction Tax (LTT) in Wales is set to finish on 30<sup>th</sup> June 2021 only.

### Will I complete on time?

- The unprecedented number of home moves scheduled to complete over the coming months has placed a huge strain on Mortgage Lenders, Local Authorities and Conveyancers, many of whom are still adapting to new Covid-19 secure ways of working.
- Consequently, home moves are taking longer than normal and, whilst we shall endeavour to meet your expectations, we must ask that you remain patient during this very busy time.
- Your property transaction cannot be guaranteed to complete prior to the end of the temporary changes to Stamp Duty Land Tax/Land and Buildings Transaction Tax/ Land Transaction Tax. If completion does not take place before stated dates, you may be liable to pay SDLT/LBTT/LTT.
- Please check with your solicitor to establish if this applies to you.
- At various stages throughout the process, we shall ask you to review, complete and/or sign various documents. Please respond to our requests as swiftly as possible in order that we can minimise delays and do our very best to get your transaction processed through to a completion within your desired timetable

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### If I don't complete on time, how much stamp duty will I need to pay?

Once the stamp duty holiday ends, rates are expected to return to how they were previously. That means the following rates will apply:

#### **Stamp Duty Land Tax – England and Northern Ireland**

Property or lease premium or transfer value	SDLT rate	Additional Property
Up to £125,000	Zero	3%
The next £125,000 (the portion from £125,001 to £250,000)	2%	5%
The next £675,000 (the portion from £250,001 to £925,000)	5%	8%
The next £575,000 (the portion from £925,001 to £1.5 million)	10%	13%
The remaining amount (the portion above £1.5 million)	12%	15%

#### **Land and Buildings Transaction Tax - Scotland**

Property value	LBTT rate	Additional Property
Up to £145,000	0%	4%
The next £105,000 (the portion from £145,001 to £250,000)	2%	6%
The next £75,000 (the portion from £250,001 to £325,000)	5%	9%
The next £425,000 (the portion from £325,001 to £750,000)	10%	14%
The remaining amount (the portion above £1.5 million)	12%	16%

#### **Land Transaction Tax - Wales**

Property value	LTT rate	Additional Property
Up to £180,000	0%	3%
The next £70,000 (the portion from £180,001 to £250,000)	3.5%	6.5%
The next £150,000 (the portion from £250,001 to £400,000)	5%	8%
The next £350,000 (the portion from £400,001 to £750,000)	7.5%	0.5%
The next £750,000 (the portion from £750,001 to £1.5 million)	10%	13%
The remaining amount (the portion above £1.5 million)	12%	15%

For further information, including all Terms and Conditions, please visit the Government website.

**England & Northern Ireland -**

**Wales -**

**Scotland -**