

## 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 SDLT threshold for residential properties was £500,000. This changed on 1<sup>st</sup> July 2021.
- From 1<sup>st</sup> July to 30<sup>th</sup> September 2021 the SDLT threshold is £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.

### 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 £250,000, 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 finished on 30<sup>th</sup> June 2021. From 1st 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.

### Will I complete on time?

- Your property transaction cannot be guaranteed to complete prior to the end of the temporary changes to Stamp Duty Land Tax. If completion does not take place before 30<sup>th</sup> September 2021, you may be liable to pay SDLT.
- 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 so 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 on 30th September 2021, 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%	10.5%
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 -**