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FACTSHEET MORTGAGES

STAMP DUTY

Tax paid when purchasing a freehold, leasehold or shared ownership residential property

Stamp Duty Land Tax (SDLT) is a progressive tax paid when purchasing a freehold, leasehold or shared ownership residential property over £125,000 (£40,000 for second homes) in England, Northern Ireland and Wales (separate Land and Buildings Transaction Tax in Scotland).

New SDLT rates were introduced in 2014's Autumn Statement, introducing a sliding system based on thresholds and dependent on a property price.

This tax applies to both freehold and leasehold properties – whether you're buying outright or with a mortgage.

There are several rate bands for Stamp Duty. The tax is calculated on the part of the property purchase price that falls within each band.

HOW MUCH IS STAMP DUTY?

Minimum property purchase price	Maximum property property price	Stamp Duty (only applies to that part of the property price that falls within each band)
£0	£125,000	0%
£125,001	£250,000	2%
£250,001	£925,000	5%
£925,001	£1.5 million	10%
Over £1.5 million	12%	

(N.B. Stamp Duty for residential leasehold properties are charged differently)

ADDITIONAL RESIDENTIAL PROPERTIES

Buyers of additional residential properties, such as second homes and buy-to-let properties, will have to pay an extra 3% in Stamp Duty on top of current rates for each band. This increased rate applies to properties bought for £40,000 or more.

If you buy a new main residence but there's a delay in selling your previous main residence, you'll have to pay the higher Stamp Duty rates, as you'll now own two properties.

YOU CAN REQUEST A REFUND FOR THE AMOUNT ABOVE THE NORMAL STAMP DUTY RATES IF:

- You sell your previous main residence within three years
- You claim the refund within three months of the sale of your previous main residence, or within 12 months of the filing date of your self-assessment tax return – whichever comes later.

FIRST-TIME BUYERS

First-time buyers pay the same amount of Stamp Duty as everyone else. In the past, first-time buyers did not have to pay Stamp Duty on property worth up to £250,000. However, this is no longer the case.

STAMP DUTY PAYMENT

You'll need to submit a Stamp Duty Land Tax return and pay what you owe within 30 days of completing the purchase of your home. If you don't submit a return and pay the tax with that in 30 days, HM Revenue & Customs could charge you penalties and interest.

Usually, your solicitor will deal with the Stamp Duty return and any payment due for you, although you can do it yourself – but you are responsible for making sure it's all submitted on time.

If the price of your new home is under £125,000, you must still submit a return (unless exempt), even though you won't need to pay any Stamp Duty. ■

REQUIRE FURTHER INFORMATION?

We can help you with your mortgage needs. Whether you're a new customer or we've previously arranged a mortgage for you, please contact us to discuss your requirements.

Think carefully before securing other debts against your home. Your home may be repossessed if you do not keep up repayments on your mortgage.

Peter Richards Financial Ltd is authorised and regulated by the Financial Conduct Authority.