

STAMP DUTY LAND TAX

The table below applies for all freehold residential purchases and transfers and the premium paid for a new lease or the assignment of an existing lease. (If the property will be used for both residential and non-residential purposes the rates differ - please see the section 'SDLT for non-residential or mixed use property').

New leases

If the transaction involves the purchase of a new lease with a substantial rent there may be an additional SDLT charge to that shown below, based on the rent. See the next section and further table 'SDLT on rent for new leasehold properties (residential)' for more detail.

Residential land or property SDLT rates and thresholds

Purchase price/lease premium or transfer value	SDLT rate	SDLT rate for first-time buyers
Up to £125,000	Zero	Zero
Over £125,000 to £250,000	1%	Zero
Over £250,000 to £500,000	3%	3%
Over £500,000 to £1 million	4%	4%
Over £1 million	5%	5%

If the value is above the payment threshold, SDLT is charged at the appropriate rate on the whole of the amount paid. For example, a house bought for £130,000 (by someone who is not a first-time buyer) is charged at 1 per cent, so £1,300 must be paid in SDLT. A house bought for £350,000 is charged at 3 per cent, so SDLT of £10,500 is payable.

First time buyers

The first time buyer's £250,000 threshold applies from 25 March 2010 up to 24 March 2012 inclusive.

£1 million threshold for wholly residential property

From 6 April 2011 SDLT on residential properties over £1 million is charged at 5%. It does not apply to non-residential or mixed-use properties.

There are some transitional arrangements for contracts which were entered into before 25 March 2010 but not completed by 6 April 2011 in most of these cases the new rate will not apply.

Properties bought in a disadvantaged area

If the property is in an area designated by the government as 'disadvantaged' a higher threshold of £150,000 applies for residential properties.

Disadvantaged areas – residential land or property SDLT rates and thresholds		
Purchase price/lease premium or transfer value	SDLT rate	SDLT rate for first-time buyers
Up to £150,000	Zero	Zero
Over £150,000 to £250,000	1%	Zero
Over £250,000 to £500,000	3%	3%
Over £500,000 to £1 million	4%	4%
Over £1 million	5%	5%

From 25 March 2010 up to 24 March 2012, first-time buyers can claim a relief from SDLT if the amount paid for the property is under £250,000. This relief applies whether or not the property is in an area designated as disadvantaged.

SDLT on rent - new residential leasehold purchase

When a new residential lease has a substantial annual rent, SDLT is payable on both of the following, which are calculated separately and then added together:

- the lease premium (purchase price) - see the table above
- the 'net present value' (NPV) of the rent payable

The NPV is based on the value of the total rent over the life of the lease and can be worked out using HMRC's online calculator ([link below](#)).

In practice SDLT only becomes payable on a fairly high rent - starting at around £4,500 a year for a 99-year lease, for example, however the exact amount depends on the length of the lease.

SDLT on rent for new leasehold properties (residential)

Net present value of rent - residential	SDLT rate (includes first-time buyers)
£0 - £125,000	Zero
Over £125,000	1% of the value that exceeds £125,000

Note that a higher threshold of £175,000 applied for rents on residential only leases taken from 3 September 2008 to 31 December 2009. Follow the [link below](#) to find out more.

If six or more residential properties form part of a single transaction

If six or more properties form part of a single transaction the rules, rates and thresholds for non-residential properties apply. The amounts paid for all the properties in the transaction must be added together in order to establish the rate of tax payable.

SDLT rates for non-residential or mixed use properties

Non-residential property includes:

- commercial property such as shops or offices
- agricultural land
- forests
- any other land or property which is not used as a dwelling
- six or more residential properties bought in a single transaction

A mixed use property is one that incorporates both residential and non-residential elements.

The table below applies for freehold and leasehold non-residential and mixed use purchases and transfers

If the transaction involves the purchase of a new lease with a substantial annual rent, there may be additional SDLT charge to that shown below, based on the rent. See the later section and table for more detail.

Non-residential land or property rates and thresholds

Purchase price/lease premium or transfer value (non-residential or mixed use)	SDLT rate(includes first time buyers)
Up to £150,000 - annual rent is under £1,000	Zero
Up to £150,000 - annual rent is £1,000 or more	1%
Over £150,000 to £250,000	1%
Over £250,000 to £500,000	3%
Over £500,000	4%

Note that for the above purpose the annual rent is the highest annual rent known to be payable in any year of the lease, not the net present value used to determine any tax payable on the rent as described below.

SDLT on rent - new non-residential or mixed use leasehold purchase

When a new non-residential or mixed use lease has a substantial annual rent, SDLT is payable on both of the following which are calculated separately and then added together:

- the lease premium or purchase price - see the table above
- the net present value of the rent payable (this is based on the value of the total rent over the life of the lease and can be worked out using HMRC's online calculators)

SDLT on rent for new leasehold properties (non-residential or mixed use)

Net present value of rent - non-residential	SDLT rate(includes first time buyers)
£0 - £150,000	Zero
Over £150,000	1% of the value that exceeds £150,000