

Stamp Duty Land Tax Changes

Relief granted for First Time Buyers

In effect as of 22 November 2017

Following the Autumn Budget 2017, on the 22nd November, the Chancellor of the Exchequer announced a Stamp Duty Land Tax relief for First Time Buyers (FTBs) in England, Wales (until 1st April 2018 when Land Transactions Tax goes into effect) and Northern Ireland to purchase a residential property for £500,000 or less and provided the purchaser intends to occupy the property as their only or main residence.

FTBs purchasing their first home for £300,000 or less will pay no SDLT and where the purchase price is over £300,000 but does not exceed £500,000 they will pay 5% on the amount above £300,000.

In order to count as a First Time Buyer, a purchaser must not, either alone or with others, have previously acquired a major interest in a dwelling or an equivalent interest in land situated anywhere in the world. If the property is purchased jointly, all the purchasers must meet these conditions.

Stamp Duty Land Tax Relief FTBs

Table 1. Stamp Duty Land Tax Relief for First Time Buyers

House Price	SDLT charged on the portion of price in band	New SDLT (FTBs Only)	Old SDLT	Savings
£150,000	0%	£0	£500	£500
£200,000	0%	£0	£1,500	£1,500
£250,000	0%	£0	£2,500	£2,500
£300,000	5%	£0	£5,000	£5,000
£350,000	5%	£2,500	£7,500	£5,000
£400,000	5%	£5,000	£10,000	£5,000
£450,000	5%	£7,500	£12,500	£5,000
£500,000	5%	£10,000	£15,000	£5,000
£500,001 and above	Stamp duty due is unchanged on purchases above £500,000			

Source: <https://www.gov.uk/stamp-duty-land-tax>

For further details, please go to:

<https://www.gov.uk/government/publications/stamp-duty-land-tax-relief-for-first-time-buyers-guidance-note>

“...we have assumed that the consequence of introducing the relief will be to increase house prices – in this case by around 0.3 per cent. The effect on prices of a permanent relief should be greater than a temporary one of equivalent value because it will benefit future FTBs of a property, not just those who buy during the window in which the temporary relief is available. The effect of this reduction in future SDLT costs would be expected to feed through into house prices – to be ‘capitalised’ – relatively quickly. Since the relief frees up FTBs’ savings to put towards higher deposits, these higher prices can be paid.

We assume that a temporary relief would feed one-for-one into house prices, but a permanent one will have twice that effect. On this basis, post-SDLT prices paid by FTBs would actually be higher with the relief than without it. Thus the main gainers from the policy are people who already own property, not the FTBs themselves.”

Office for Budget Responsibility

<http://budgetresponsibility.org.uk/box/a-new-tax-relief-for-first-time-buyers/>

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