

Stamp Duty Land Tax – Budget 2010

March 2010



SDLT Rates and thresholds

In the March 2010 Budget, the Government announced a new SDLT rate of **5%** for purchases of residential property, where the consideration exceeds £1 million and the **effective date** is **on or after 6 April 2011**.

The previous highest rate was 4% for purchases where the consideration exceeds £500,000. All other SDLT rates and thresholds remain unchanged.

First-time buyer "holiday"

The Government has announced another "holiday" in the March 2010 Budget, this time for **first-time buyers** of residential property. The relief will apply where **all** of the following conditions are met:

- An individual or individuals jointly purchase a major interest in residential property.
A "major interest" is defined as a freehold interest or a leasehold interest with more than 21 years left to run.
Mixed use property does not qualify and neither do purchases by corporate bodies, partnerships or, with limited exceptions, trustees.
- The consideration is more than £125,000 but not more than £250,000.
- The individual (or all of them) intends to occupy the property as their only or main home.
- The individual or individuals have not previously purchased a major interest (or its equivalent) anywhere in the world.
If there is more than one buyer, **all** of them must be first-time buyers. Similarly, if a person has previously owned inherited property they are **not** a first-time buyer.
- The effective date of the transaction is on, or after, 25 March 2010 but before 25 March 2012.

This relief may be claimed in addition to those reliefs already in place for shared ownership leases and the discounted prices under Right to Buy schemes. However, relief can only be claimed on shared ownership transactions if a market value election is made and not if it is taxed as a lease. At present the SDLT rate for the purchase of residential property where the consideration is more than £125,000 but not more than £250,000, is 1% and applies to **all** buyers.

Whilst this move makes for good headlines, the reality is that the majority of first-time buyers struggling to save the deposits now required by major lenders, will still be unable to benefit from the relief. Whether the threshold is £125,000 or £250,000, the problem of saving the necessary deposit remains the same.

Please note: The content of this article is for information purposes only and further advice should be sought from a professional advisor before any action is taken.