

# Stamp Duty Land Tax Rates

March 2009



## Residential Property

The following table 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 is to be used for both residential and non-residential purposes the rates will differ. Please refer to the later section headed "SDLT for non-residential or mixed use property".

Purchase price/lease premium or transfer value	SDLT rate
Up to £175,000.00 (until 2 Sept 2009 only) *	Zero
Over £175,000.00 to £250,000.00	1%
Over £250,000.00 to £500,000.00	3%
Over £500,000.00	4%

\* Please note that the £175,000.00 temporary threshold applies only from 3 September 2008 until 2 September 2009 inclusive. This threshold does not apply to:

- The assignment of an existing lease which has less than 21 years to run
- The grant of a lease for a term of less than 21 years

In these circumstances the normal thresholds of £125,000 (or £150,000 if property is situated in a Disadvantaged Area) will apply.

## Properties in Disadvantaged Areas

Disadvantaged Area Relief may still apply for residential properties. Disadvantaged Area Relief does not apply for non-residential properties.

Some property transactions in disadvantaged areas may have both residential and non-residential parts, for example a shop with flat above it. In this case, the temporary £175,000.00 threshold between 3 September 2008 and 2 September 2009 inclusive does not apply. For SDLT purposes, the property value is apportioned on a fair and reasonable basis between the two uses. If the amount attributed to the residential element does not exceed £150,000.00 the Disadvantaged Area Relief will apply to that element and a separate £150,000.00 threshold will apply to the non-residential element.

*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.*

## New Residential Leasehold Purchases

When a new residential Lease has a substantial annual rent, SDLT is payable on both the Lease premium (purchase price) and 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. The following are the rates payable for leases of more than 21 years and leases of less than 21 years.

<b>SDLT on rent for new leasehold properties (residential leases of 21 years of more)</b>	
<b>Net present value of rent – residential</b>	<b>SDLT rate</b>
£0 - £175,000.00	Zero
Over £175,000.00	1% of the value that exceeds £125,000.00

<b>SDLT on rent for new leasehold properties (residential leases less than 21 years)</b>	
<b>Net present value of rent – residential</b>	<b>SDLT rate</b>
£0 - £150,000.00 – in disadvantaged area	Zero
£0 - £125,000.00 – no in disadvantaged area	Zero
Over £150,000.00 – in disadvantaged area	1% of the value that exceeds £150,000.00
Over £125,000.00 – not in a disadvantaged area	1% of the value that exceeds £125,000.00
Different rates apply for mixed use purchases – see below	

## NON RESIDENTIAL OR MIXED-USE PROPERTY

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

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<b>Non-residential land or property rates and thresholds</b>	
<b>Purchase price/lease premium or transfer value (non-residential or mixed-use)</b>	<b>SDLT rate</b>
Up to £150,000.00 – annual rent is under £1,000	Zero
Up to £150,000.00 – annual rent is £1,000 or more	1%
Over £150,000.00 to £250,000.00	1%
Over £250,000.00 to £500,000.00	3%
Over £500,000.00	4%
Note that in the above the annual rent is the highest annual rent payable in the first five years of the lease, not the net present value (NPV) used to determine any tax payable on the rent (see below)	

#### **SDLT on rent for new non-residential or mixed-use leasehold purchases**

When a new non-residential or mixed-use Lease has a substantial annual rent, SDLT is payable on both the Lease premium or purchase price and the net present value of the rent payable.

<b>SDLT on rent for new leasehold properties (non-residential or mixed-use)</b>	
<b>Net present value or rent – non-residential</b>	<b>SDLT rate</b>
£0 - £150,000.00	Zero
Over £150,000.00	1% of the value that exceeds £150,000.00

If you require further information on SDLT please speak to a member of our Property Department.

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