

Stamp Duty Land Tax – Limited exemption for residential property costing no more than £175,000

September 2008



After weeks of speculation the Chancellor of the Exchequer has announced that a one off, time limited exemption to Stamp Duty Land Tax for residential properties costing no more than £175,000 has been introduced effective from 3 September 2008. The exemption will be available where the effective date of the land transaction (this is normally the completion date) is on or after 3 September 2008 and **before** 3 September 2009.

Why has this measure been introduced?

The measure is an attempt by the Government to assist people wishing to enter the residential property market and will save eligible homebuyers up to £1,750.00 upon purchasing a residential property. The exemption relates to residential property only and is specifically targeted to people wishing to enter the residential property market probably for the first time. The exemption will not apply to commercial properties or mixed residential properties (i.e. property which is partly residential and partly non residential e.g. a shop with a flat above).

For the purposes of the exemption “residential property” is defined as:-

“A Building which is either used as a dwelling, suitable for use as a dwelling or in the process of conversion to a dwelling at the time of purchase”.

The definition includes land that is, or forms part of the ground or grounds of such a Building (including any building or structure on the land) up to the “permitted area” (normally 0.5 hectare).

It is important to note that the exemption has been introduced for one year only to show the Government’s support for home buyers and the housing market following the recent down turn in the residential property market. It is a one off, time limited exemption.

If this is likely to affect you and you have any questions please contact:

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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.

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