

Stamp Duty

Calculated on the part of the property purchase price that falls within each band.

In England and Northern Ireland, you're liable to pay Stamp Duty when you buy a residential property that costs more than £125,000 (or more than £40,000 for second homes). This tax applies to both freehold and leasehold properties – whether you're buying outright or with a mortgage.

If you're buying a property in Scotland, you will pay Land and Buildings Transaction Tax (LBTT), and in Wales Land Transaction Tax (LTT) instead of Stamp Duty. There are several rate bands for Stamp Duty. The tax is calculated on the part of the property purchase price that falls within each band.

STAMP DUTY ON SECOND PROPERTIES

Buyers of additional residential properties, such as second homes and buy-to-let properties, will have to pay an extra 3% in Stamp Duty on top of current rates for each band. This increased rate applies to properties bought for £40,000 or more. If you buy a new main residence but there's a delay in selling your previous main residence, you'll have to pay the higher Stamp Duty rates as you'll now own two properties.

You can request a refund for the amount above the normal Stamp Duty rates if:

- You sell your previous main residence within three years, and
- You claim the refund within three months of the sale of your previous main residence, or within 12 months of the filing date of your self-assessment tax return, whichever comes later

STAMP DUTY RELIEF FOR FIRST TIME BUYERS

If you're a first-time-buyer in England or Northern Ireland, you will pay no Stamp Duty on properties worth up to £300,000.

This means if you are a first-time-buyer, you will save up to £5,000. For properties costing up to £500,000, you will pay no Stamp Duty on the first £300,000. You will pay Stamp Duty on the remaining amount, up to £200,000. If the property you are buying is worth over £500,000, you will pay the standard rates of Stamp Duty and will not qualify for first-time buyer's relief.

JOINT OWNERSHIP AND STAMP DUTY RELIEF

If you're married and jointly buying a property, then you both need to be eligible first-time buyers to get First Time Buyers Stamp Duty relief. Unmarried people can still get a reduction in Stamp Duty, if the only person named on the mortgage deed is a first-time buyer.

There are a couple of things you need to be aware of:

- The maximum saving on a property purchase is still £5,000 regardless of the number of names on the mortgage deed. If the mortgage application is only in one name, it will be based on that person's income alone, which might impact how much your lender is prepared to lend you
- You need to think about what would happen if you split up. If the property is in both names, you will both have a claim. If the property is only in one name, then it's possible you or your partner could be left with nothing legally

Minimum Property Purchase Price	Maximum Property Purchase Price	Stamp Duty Rate
£0	£125,000	0%
£125,001	£250,000	2%
£250,001	£925,000	5%
£925,001	£1.5 million	10%
Over £1.5 million	--	12%

Only applies to that part of the property price that falls within each band