

Stamp Duty Land Tax

Stamp Duty Land Tax (SDLT) is a duty paid on land transactions. The tax is paid by the purchaser or acquirer of the land. The rules relating to SDLT are many and complex. For the purpose of this summary we shall concentrate on how it affects residential property transactions. The starting point is transactions for value. Listed below are the property bands and the percentage SDLT payable for each band as at July 2010.

Purchase price £1.00 to £125,000	Tax charged at 0%
Purchase price £125,001 to £250,000	Tax charged at 1%
Purchase price £250,001 to £500,000	Tax charged at 3%
Purchase price £500,001 to £1,000,000	Tax charged at 4%

The following SDLT band will be introduced on 6 April 2011.

Purchase price £1,000,001 and above	Tax charged at 5%
-------------------------------------	-------------------

Stamp duty land tax exemption for First Time Buyers up to £250,000.00 for the period 25 March 2010 to 24 March 2012

The exemption for First Time Buyers is restricted to those that have not owned property either here or abroad that is either in their sole name or jointly with another. If a property is being purchased by more than one person then both must be First Time Buyers. Some one who has previously inherited a property and became the registered owner, or owned it under the terms of a trust is not a First Time Buyer. The property must be for the use of the First Time Buyer as their main residence. It can not be purchased for someone else nor as an investment to be let out.

SDLT is not due on fixtures and fittings. It is sometimes possible to reduce the amount of tax payable by attributing some of the purchase price to fixtures and fittings. The price attributed to fixtures and fittings must be realistic, ie a realistic second hand value. It is not acceptable to agree an inflated value for fixtures and fittings, and further it is fraud on the Inland Revenue. If the figure for fixtures and fittings seems high the solicitors are obliged to seek justification of the figures as the Inland Revenue have the right to pursue the solicitors as well as the buyer, where they suspect fraud has been committed.

SDLT is not only payable on monetary consideration. On a transfer of equity, for instance the sum outstanding under any mortgage will be taken into account. The rules are complex and each case needs to be assessed on its particular circumstances.

There is no SDLT payable on the transfer of the matrimonial home in relation to divorce.

Barrett & Co Solicitors

t 0118 958 9711 **or** 01235 851 220 **e** info@barrettandco.co.uk **w** www.barrettandco.co.uk
Salisbury House 54 Queens Road Reading RG1 4AZ
7 The Business Centre Westbrook Street Blewbury Didcot Oxfordshire OX11 9QA