

STAMP DUTY HOLIDAY AND WHAT THIS MEANS FOR YOU

Following our article posted on the 8th July 2020, due to the impact of COVID-19 there was a lot of speculation on Chancellor Rishi Sunak's plans to boost the UK's economy. In response to the fall in property prices, Mr Sunak has granted a stamp duty land tax holiday to homebuyers in England and Northern Ireland. The stamp duty holiday started with immediate effect and will run until the 31st March 2021. This means that homebuyers will no longer pay stamp duty on homes valued up to £500,000.

WHAT IS STAMP DUTY?

Stamp duty is a tax, which is paid by people buying property or land. It is charged on increasing rates depending on the value band of the property.

Previous stamp duty rates

Prior to Mr Sunak's announcement stamp duty was paid at rates as shown in the table below:

Purchase Price	Rate of Stamp Duty	Additional Property Rate
£0 - £125,000	0%	3%
£125,001 - £250,000	2%	5%
£250,001 - £925,000	5%	8%
£925,001 to £1,500,000	10%	13%
£1,500,001 and over	12%	15%

There were exemptions available for first time buyers, who would not have to pay stamp duty on properties up to a value of £300,000.

Meanwhile, people buying additional property for £40,000 or more, such as second homes or buy to lets, paid an extra 3% of stamp duty on top of the regular stamp duty rates as seen in the table above.

WHAT HAS CHANGED?

Mr Sunak's announcement of a stamp duty holiday on 8th July 2020 means that buyers will only start to pay stamp duty on a property above £500,000 up until 31st March 2021.

Current stamp duty rates until 31st March 2021

The new rates that have come into force are shown in the table below:

Purchase Price	Rate of Stamp Duty	Additional Property Rate
£0 - £500,000	0%	3%
£500,001 - £925,000	5%	8%
£925,001 - £1,500,000	10%	13%
£1,500,001 and over	12%	15%

Who will benefit from the stamp duty holiday?

The 0% stamp duty threshold up to £500,000 will only apply to people buying their first home or purchasing a property for their main residence. The stamp duty holiday offers substantial savings and offers a huge incentive to assist people moving up the property ladder.

Buy-to-let landlords and anyone planning to buy a second home will also benefit from the stamp duty holiday, but as before an extra 3% stamp duty will still apply on top of the new holiday rates as outlined in the table above.

HOW MUCH CAN YOU SAVE?

Please see our table below illustrating approximately how much stamp duty will be payable and the potential savings following Mr Sunak's changes:

<u>Property Price</u>	<u>Buying Next Home (Main Residence)</u>		<u>Buying Additional Property</u>		<u>First Time Buyers</u>	
	<u>Previous Stamp Duty Payable</u>	<u>Stamp Duty Payable Until 31st March 2021</u>	<u>Previous Stamp Duty Payable</u>	<u>Stamp Duty Payable Until 31st March 2021</u>	<u>Previous Stamp Duty Payable</u>	<u>Stamp Duty Payable Until 31st March 2021</u>
£150k - £200k	£0.5k - £1.5k	£0	£5k - £7.5k	£4.5k - £6k	£0	£0
£200k - £250k	£1.5k - £2.5k	£0	£7.5k - £10k	£6k - £7.5k	£0	£0
£250k - £300k	£2.5k - £5k	£0	£10k - £14k	£7.5k - £9k	£0	£0
£300k - £350k	£5k - £7.5k	£0	£14k - £18k	£9k - £10.5k	£0 - £2.5k	£0
£350k - £400k	£7.5k - £10k	£0	£18k - £22k	£10.5k - £12k	£2.5k - £5k	£0
£400k - £450k	£10k - £12.5k	£0	£22k - £26k	£12k - £13.5k	£5k - £7.5k	£0
£450k - £500k	£12.5k - £15k	£0	£26k - £30k	£13.5k - £15k	£7.5k - £10k	£0
£500k - £925k	£15k - £36.3k	£0 - £21.3k	£30k - £64k	£15k - £49k	£10k - £36.3k	£0 - £21.3k
£925k - £1.5m	£36.3k - £93.8k	£21.3k - £78.8k	£64k - £138.8k	£49k - £123.8k	£36.3k - £93.8k	£21.3k - £78.8k

For further guidance and clarification on calculating the amount of stamp duty payable, please utilise the Stamp Duty Calculator on the Government website using the following link: <https://www.tax.service.gov.uk/calculate-stamp-duty-land-tax/#/intro>.

WHEN IS STAMP DUTY PAYABLE?

Stamp duty is payable on completion and you will have 14 days to file a return to HMRC and pay any stamp duty that is due. As your solicitor we will calculate and pay your stamp duty on your behalf. We will submit your return and pay the stamp duty on the day of completion. Please note that you will only benefit from the stamp duty holiday if you complete your purchase before the 31st March 2021.

If you would like legal advice or assistance with buying or selling a property or have any questions regarding your position in relation to stamp duty please call our Conveyancing Team on 01530 510666, email enquiries@mandersol.co.uk or obtain a conveyancing quote online through our website.