



## Stamp duty land tax holiday

13 July 2020

No SDLT on most house purchases in England and Northern Ireland below £500,000 and savings of up to £15,000 for those above.

Stamp duty land tax (SDLT) costs have been reduced by up to £15,000 following the Government announcement in the Summer Statement of a temporary reduction in the SDLT rates for residential properties purchased in England and Northern Ireland from 8 July 2020 until 31 March 2021 (inclusive). The reduction works by increasing the zero percent threshold for the 'standard' residential rate from £125,000 to £500,000, such that the first £500,000 of the price paid by individual purchasers who own no other residential property or are buying a new home and selling their old home, will be free from SDLT.

There is a corresponding change to the application of the 'surcharge' residential rates which apply to individuals buying additional dwellings ('second homes') or companies buying dwellings. For those transactions, the first £500,000 will now be chargeable at three percent.

In each case, the amount of the purchase price above £500,000 will then be charged at the relevant rates as before (i.e. five percent/eight percent up to £925,000, 10 percent/13 percent on the next £575,000 and 12 percent/15 percent on any amount over £1,500,000, depending on whether the standard or second homes rates apply).

In overview, the reduction should result in purchasers of wholly residential property saving up to £15,000 in SDLT.

At the time of writing, HMRC's [guidance](#) does not comment on the interaction between these rate reductions and multiple dwellings relief (MDR), in our opinion the reduced rates should equally apply when MDR is claimed.

Consequently any buyer/investor looking to make bulk purchases of residential property where the average price per dwelling is less than £500,000 and the conditions for MDR are met is expected to pay SDLT at an effective rate of three percent on the purchase price attributed to the residential property and as low as one percent (the de minimus rate where MDR is claimed) on the purchase price attributed to specific residential asset classes outside the scope of the 'surcharge' rates (e.g. purpose built student accommodation).

The zero percent threshold is also increased from £125,000 to £500,000 where the net present value of residential rents are chargeable to SDLT. This will typically only benefit tenants of high value properties or on long or (in some cases) continually renewed leases.

The reduction should be welcomed as a helpful stimulus to the housing sector and the economy more generally, not only in providing assistance to those people wishing to move house, but also to associated businesses such as conveyancers, surveyors, removal companies etc as well as investors in the sector.