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**GUIDE TO STAMP DUTY (SDLT) HIGHER RATE RULES**

If you (or anyone else you are buying with) are buying a second home or a buy to let residence after 31<sup>st</sup> March 2016 there will be an extra 3% Stamp Duty charge (unless you are replacing your main residence).

If you (or the person you are buying with or your or their spouse/civil partner) own more than one residential property (or a share in one) on the day you complete the purchase the higher rates will apply.

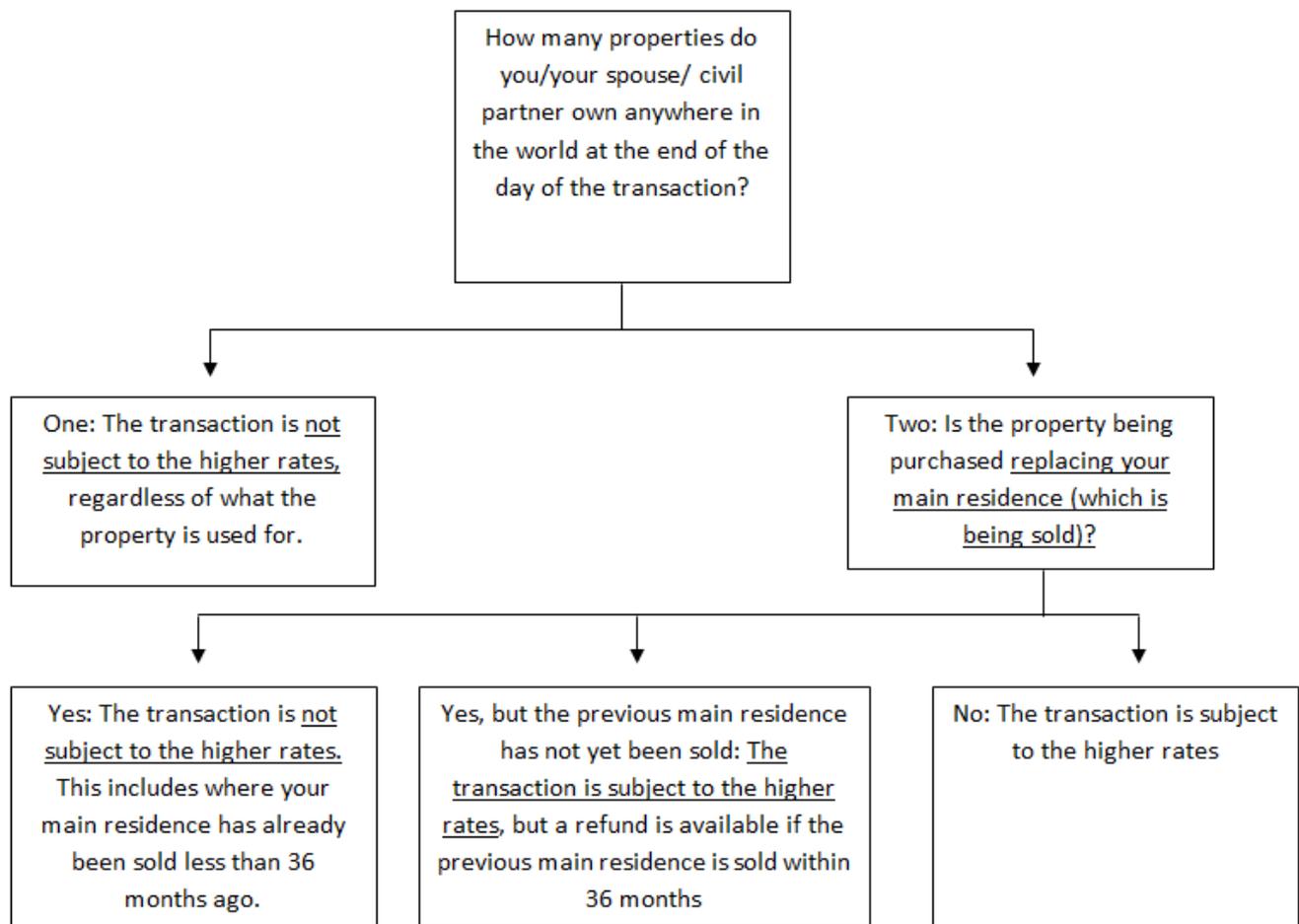
You will have 36 months to sell your main residence after you buy another main residence (see the link to the claim form below) to enable you to reclaim the extra 3% tax. **Once you have completed your sale you then have a further 3 months only to make the tax reclaim.** If you dispose of your main residence, you have 36 months to buy a new main residence before the higher rates apply (assuming you still own additional property that would trigger the higher rates liability). Where the residence was sold before 25 November 2015 (the date of the Spending Review and Autumn Statement), the 36 months runs from that date, not the date of the disposal.

Here are the new rates (different rules apply to purchases over £500,000 by companies etc). The rates are applied to the price paid within each property value band:

Property value band	Basic <b>SDLT</b> rate	<b>SDLT</b> rate on additional properties
£0-125,000	0%	3% (except for properties costing less than £40,000 on which the rate is 0% If £40,000 or more the whole price is chargeable)
Over £125,000 to £250,000	2%	5%
Over £250,000 to £925,000	5%	8%
Over £925,000 to £1.5 million	10%	13%
Over £1.5 million	12%	15%

**See the flow chart below to find out if the extra charge applies**  
**Purchases that include non residential property (for example a field) are subject to different rates and you should report such a transaction to us immediately.**

**There are complex rules that apply to SDLT and exeptions that may apply to you. If in doubt ask us for advice.**



## Multiple Dwellings

Where the transaction relates to more than one residential property the higher rates will usually apply to the value of the whole transaction, as one or more of the residential properties involved in the transaction will be a second home. In these circumstances a Stamp Duty relief known as “Multiple Dwelling Relief” will apply with the effect of calculating Stamp Duty based on the average consideration paid for each residential property.

There are, however, circumstances in which more than one residential property can be purchased but the lower rates of Stamp Duty apply, as well as the availability of Multiple Dwelling Relief. These circumstances can apply to purchases that include what might be known as a “granny annex”, but in fact the criteria are more broad than that. For lower rates to apply to the purchase of more than one residence the following criteria must apply:

1. The amount of the consideration attributable on a just and reasonable basis to the main residence must be equal to, or greater than, two thirds of the consideration for the whole transaction
2. The additional residence or residences must be situated within the grounds of, or within the same building as, the main residence

If you think that your transaction involves the purchase of more than one residential unit you must raise this with us at the outset.

The HMRC link for technical guidance is

[https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/509184/GuidanceNote\\_Final.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/509184/GuidanceNote_Final.pdf)

The link to the claim form to recover the extra tax when you later sell your main residence is

<https://www.gov.uk/government/publications/stamp-duty-land-tax-apply-for-a-repayment-of-the-higher-rates-for-additional-properties>

**\*\*This is only a simplified guide and you should not rely upon it without having taken specialist legal advice on your own specific circumstances.\*\***