

## Changes to Stamp Duty Land Tax (SDLT)

As had been rumoured for a while now, the Chancellor Rishi Sunak announced in his financial statement of the 8th July 2020 to temporarily reduce the amount of SDLT due on the acquisition of residential property, by increasing the nil rate band from £125,000 to £500,000 with immediate effect until 31 March 2021.

Our Head of Property, Nicholas Maestri, provides an update.

This will completely remove any SDLT liability for individuals purchasing properties worth less than £500,000, within the nil rate band.

For individuals purchasing properties worth more than £500,000, this will be a significant reduction in the SDLT payable, as the nil rate band will bring the overall SDLT down. The higher rate/"surcharge" (additional 3%) will continue to apply for individuals buying second homes and on Company purchases. However, it will be effectively applied on top of the nil rate band.

Please see SDLT tables (available on HMRC website) below.

### SDLT Rates – 8 July 2020-31 March 2021

Property or lease premium or transfer value	SDLT RATE
Up to £500,000	ZERO
The next £425,000 (the portion from £500,001 to £925,000)	5%
The next £575,000 (the portion from £925,001 to £1.5 million)	10%
The remaining amount (the portion above £1.5 million)	12%

## SDLT Rates (for Properties subject to the 3% "surcharge") – 8 July 2020-31 March 2021

Property or lease premium or transfer value	SDLT RATE
Up to £500,000	3%
The next £425,000 (the portion from £500,001 to £925,000)	8%
The next £575,000 (the portion from £925,001 to £1.5 million)	13%
The remaining amount (the portion above £1.5 million)	15%

### SDLT for Companies – 8th July 2020 – 31st March 2021

For companies purchasing residential property worth more than £500,000, these will continue to be subject to the 15% flat rate unless one of the exemptions apply. In such cases, they will also benefit from the new £500,000 nil band rate until 31st March 2021.

Nicholas comments that: *"the scrapping of stamp duty is welcome news for first time buyers looking to get onto the property market. This will mean that the amount of monies needed to be saved by them purchasing under £500,000 will be reduced as they do not need to find the extra monies to cover the SDLT liability. It will also benefit those purchasing high value properties because there will be a tax reduction of £15,000 on every primary residence purchase over £500,000 (subject to potential 3% surcharge on second properties). The resulting effect will be that with this extra money buyers will be able to offer a higher price for a property therefore encouraging more sellers to the market. Overall this is a fantastic move by the Government to encourage what has been a quiet property market during the lockdown"*.



### NICHOLAS MAESTRI - Head of Property

Nicholas is a highly regarded residential property lawyer, specialising in Ultra High Net Worth and High Net Worth client portfolios within the London Property Market.

He has held partner positions in excess of twenty years.

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