



## Higher rates of SDLT for purchases of additional properties

### Further considerations

#### When the higher rates will not apply:

- Non-residential or mixed use properties;
- Transactions where the consideration is less than £40,000;
- In most cases, for purchases of caravans, houseboats and mobile homes<sup>1</sup>

#### What is a 'dwelling'?

A dwelling is defined as a building or part of a building that is:

- Used or suitable for use as a single dwelling; or
- In the process of being constructed or adapted for use as a dwelling.

The gardens and grounds of the dwelling or land that is to be enjoyed with the dwelling (including buildings) are to be taken as part of the dwelling. However, a transaction in such a building or land without the purchase of the actual dwelling will not be liable to the higher rates.

Holiday homes and furnished holiday lettings are also considered to be dwellings.

An off-plan purchase will also count as a dwelling where:

- Contracts have been exchanged for the purchase of a building, or part of building, which is to be constructed or adapted for use as a single dwelling;
- The contract is substantially performed; and
- At the time of substantial performance, the construction or adaptation of the building has not yet begun.

#### Joint purchasers/married couples & civil partners:

- If any of the joint purchasers are liable at higher rates, the higher rate applies to the whole property.
- Applies to joint tenants and tenants in common.
- Married couples and civil partners are (effectively) treated as one person. This does not apply if legally separated under court order, or deed of separation or in circumstances where the separation is likely to be permanent.
- A partner is a joint purchaser of a dwelling acquired by the partnership

#### Claiming a repayment:

- If previous main residence is sold within 3 years of paying higher rates on new main residence purchase, a refund can be claimed by making an amendment to the original return.
- Repayments need to be claimed within 12 months of the sale of the previous main residence, or within 1 year of the filing of the return, whichever is later.
- Client checklists should be updated to include question to ascertain this point.

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<sup>1</sup> These assets are usually chattels and any payment in respect of the plot is usually for a license. Therefore, they are not usually chargeable to SDLT. If they become sufficiently fixed to the land that they become part of the land, then HMRC may contend that the structure is a 'dwelling' for these purposes.