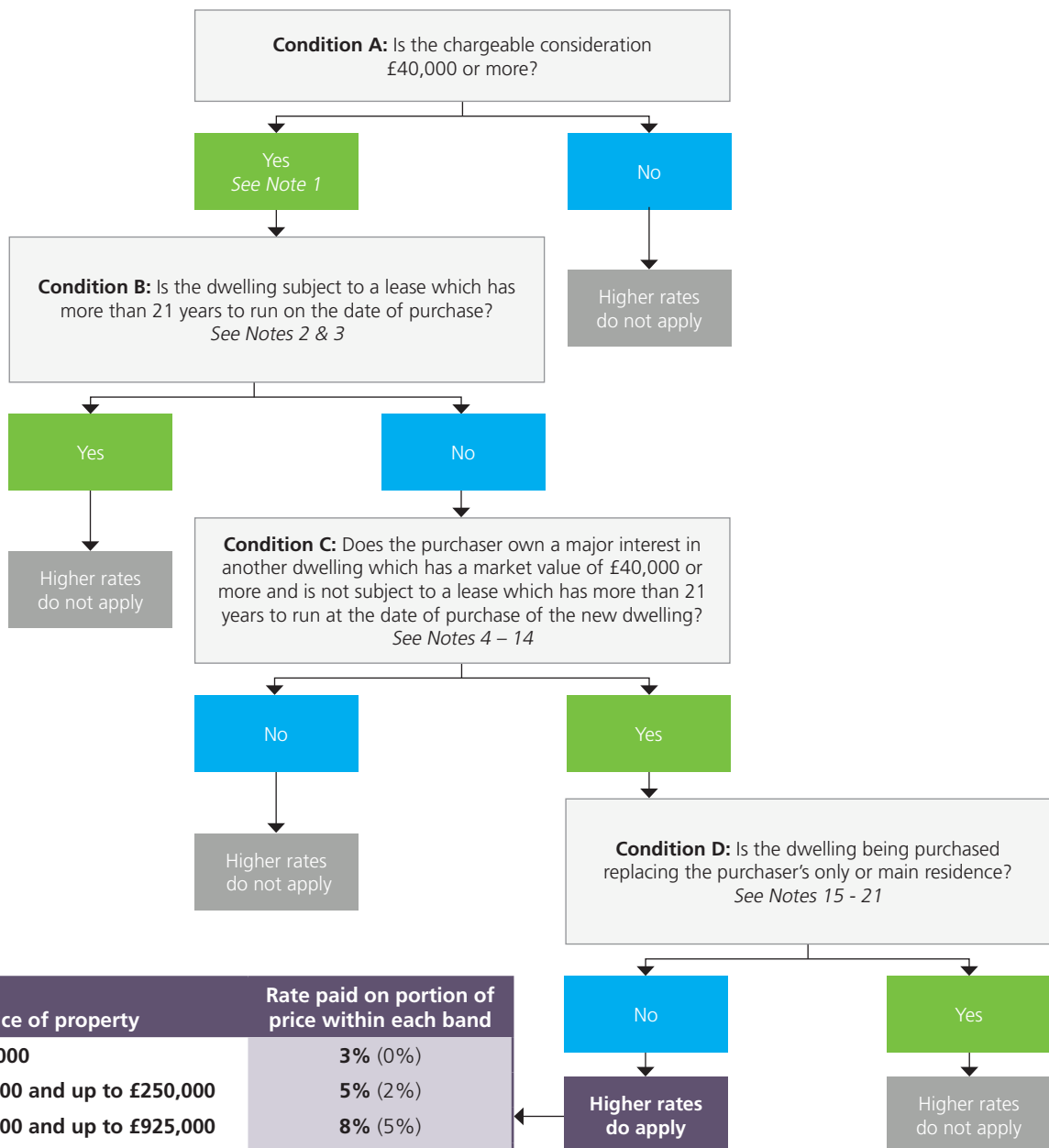


Higher rates of SDLT for purchases of additional properties Individuals – Single Dwelling Transactions



Purchase price of property	Rate paid on portion of price within each band
Up to £125,000	3% (0%)
Over £125,000 and up to £250,000	5% (2%)
Over £250,000 and up to £925,000	8% (5%)
Over £950,000 and up to £1,500,000	13% (10%)
Over £1,500,000	15% (12%)

Notes

1. The £40,000 is not an allowance or a 0% tax band, if the chargeable consideration is equal to or more than £40,000 then the relevant higher rates apply to the whole chargeable consideration.
2. A purchase of a freehold or leasehold interest that is subject to a lease with more than 21 years remaining will not be chargeable at higher rates.
3. Cases involving lease extensions will require consideration.
4. An interest in a dwelling is a major interest if it is a freehold or leasehold interest and, if it is a leasehold interest, was originally granted for a term of more than 7 years.
5. The valuation is the market value of the interest owned, or treated as owned by the individual in the dwelling. Loans related to the dwelling, such as mortgages, are ignored when calculating market value.
6. The land that has to be valued is the dwelling itself, the gardens and grounds (including buildings and structures in the garden or grounds) and any other land that subsists for the benefit of the dwelling.
7. Each dwelling owned should be looked at separately for the £40,000 or more condition. Several interests below this value which add up to £40,000 or more will not cause Condition C to be met.
8. The interest held must be an interest in another dwelling. A further interest owned in the same dwelling in which a major interest has been purchased will not, on its own, cause Condition C to be met.
9. If an individual is a joint owner of another dwelling then they may meet Condition C, if the interest in land is a major interest not subject to a lease longer than 21 years and the interest that they hold is worth £40,000 or more.
10. Consideration of legal and beneficial ownership is important for the purposes of Condition C. Furthermore, issues of minor children's interests being afforded to their parents and the interests of life tenants in IIP trusts require consideration for the purposes of Condition C.
11. An interest in a dwelling outside the UK is counted for the purposes of Condition C.
12. An individual holding a mixed residential and non-residential property will meet Condition C, if the property contains a dwelling. Therefore consideration of the definition of a dwelling in these circumstances is required.
13. There are special rules for applying Condition C in respect of interests held by a partnership which will require further consideration in such cases. Client checklist should be updated to include question to ascertain this point.
14. There are also special rules for applying Condition C in cases where a major interest is inherited in the last 3 years and further consideration will be required in such cases. Client checklist should be updated to include question to ascertain this point.
15. There are 2 parts to a replacement of a purchaser's main residence:
 - There must be a disposal of a major interest in the purchaser's or their spouse or civil partner's previous main residence (the test for the old dwelling is a question of objective fact); and
 - The dwelling acquired must be intended to be occupied as the individual's only or main residence (the test in respect of the new dwelling purchased is a question of intention at the time of purchase).
16. Consideration required of what constitutes a 'main residence' – case law of *Frost v Feltham* (55TC10) is useful.
17. The disposal of the previous main residence does not have to be by way of sale, e.g. it could be by way of a gift or transferred under a court order as part of a divorce settlement.
18. There are 2 situations in which a purchase of a dwelling will be a replacement of a main residence. The first is where the disposal occurred before, or on the day of the purchase. The second is where the purchase happens first and then the disposal happens after.
19. There are different rules depending on whether the purchase took place before or after 27 November 2018.
20. It is only the first acquisition of a new main residence that is treated as a replacement, so if 2 purchase transactions are entered into within 3 years of a disposal (or on or before 26 November 2018), only the first acquisition of a new main residence is a replacement.
21. Renting a new main residence in the time between disposal and purchase will not prevent the purchase from being a replacement of a main residence unless the period of the tenancy agreed is more than seven years.