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Stamp Duty Land Tax Changes For Residential Properties.

As most people are aware when you purchase a house, flat, land or indeed any building in the UK you have to pay Stamp Duty Land Tax. The amount payable will largely depend upon the purchase price.

Previously this tax could sometimes be quite high as it was based upon a single rate for the entire price of the property and could therefore unexpectedly increase your transaction costs by thousands of pounds.

However, as from the 4th December 2014 the tax has been reformed and stamp duty is now charged at increasing rates for each portion of the price.

For England this means that stamp duty payments will decrease significantly with the basic rates being as follows:-

You pay nothing on the first £125,000.00 of any property price

On the next £125,000.00 you will pay 2%

On the next £675,000.00 you will pay 5%

On the next £575,000.00 you will pay 10%

On everything above £1.5 million you pay 12%

Here are two examples to show you how this works in practice:-

**A man buys a property for
£220,000.00**

He will pay no stamp duty on the first £125,000.00. This means that stamp duty is calculated on the balance of £95,000.00. This would be charged at 2% and therefore he will pay Stamp Duty Land Tax of £1900.00.

**A woman buys a property for
£130,000.00.**

She will pay no stamp duty on the first £125,000.00. Stamp Duty will be calculated on the next £5000.00. This would be charged at 2% and therefore she will pay £100.00.

For Leases this also has an impact. If you have a residential lease for more than £125,000.00 then you will also pay 1% on the amount above the £125,000.00 threshold.

From 1 April 2015 Stamp Duty Land Tax won't apply in Scotland. Instead you'll pay **Land and Buildings Transaction Tax** [↗](#) when you buy a property.

This change has been welcomed and as such the property market has started to pick up once again as new buyers are not now put off by the thought of paying thousands of pounds in Stamp Duty.

For more information please go to www.gov.uk/stamp-duty-land-tax-rates [↗](#) or if you are still unsure as to how much you will pay you can use their calculator at <http://www.hmrc.gov.uk/tools/sdlt/land-and-property.htm> [↗](#)