



WHAT DOES THE STAMP DUTY HOLIDAY MEAN ?

The stamp duty holiday has brought up many questions and potential opportunities. Here we provide some information regarding the scheme and some frequently asked questions:

What is the stamp duty land tax (SDLT) holiday?

The stamp duty holiday is a 6-month break from paying stamp duty on main residence property purchases up to £500,000. The stamp duty holiday started on 8th July 2020 and ends 31st March 2021 on main residence properties purchased for up to £500,000.

What can I expect to pay?

You pay 0% up to £125,000

You pay 0% up to £500,000

You pay 5% up to £925,000

You pay 10% up to £1,500,000

You pay 12% on the balance

This is a saving of £15,000 based on the Stamp Duty rates that were in place before 8 July 2020.

Frequently asked questions

1. Does it apply to Commercial Property too?

No.

2. Does it apply to second homes/Buy to Let properties too?

Yes (though an additional 3% still applies).

3. How long is the scheme for?

From 8th July until 31st March 2021.

4. What if the property I want to buy as my main residence is over 500,000?

There is stamp duty to be paid but the saving is significant for example, if you buy a house for £575,000, the Stamp Duty Land Tax you owe is calculated as follows:

0% on the first £500,000 = £0

5% on the final £75,000 = £3,750

Total SDLT = £3,750

See the link for full details <https://www.tax.service.gov.uk/calculate-stamp-duty-land-tax/#/intro>

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registered address is Harlow Grange Farm, Otley Road, Harrogate, HG3 1PT.A broker fee may be payable, we will discuss any charges with you upfront.

Your home may be repossessed if you do not keep up repayments on your mortgage



5. Does stamp duty apply if I don't have a mortgage or buying leasehold?

Stamp duty applies to both freehold and leasehold properties, whether you're buying outright or with a mortgage.

6. If I exchanged on a property two weeks before the stamp duty holiday and am due to complete in 2 weeks' time. Do I pay SDLT according to old rates or new rates?

SDLT is payable on completion so you should pay based on the new rates.

7. I'm buying my first property in my sole name below £500k and it's a buy to let (BTL). Is the stamp duty now 0% or 3%?

Landlords with Buy to lets before the 8th July 2020 would have paid 5% (2+3%) on properties in the £125-250k bracket. With the new stamp duty holiday, they will pay 3% on new BTL's. The basic rate up to £500,000 is on holiday, so landlords only pay the 3% extra stamp duty now.

8. I want to buy my main residence as we are currently overseas and coming back to live. We have BTLs which we have had for years. Technically I am buying my main residence but until the stamp duty holiday would have had to pay the 3%. Do I still have to pay it even though it is our main residence?

You may be able to claim it back even if you must pay it first. HMRC website has an example in their guidance saying that: if a family sold their residence house in the UK and moved abroad while they kept their BTL properties in the UK, upon return home they do not have to pay extra stamp duty when they buy another main residence for themselves. To be safe check with HMRC

Here is an example of purchasing a 2nd property, from the Government stamp duty calculator:

Check your answers

		Start again
Freehold or leasehold	Freehold	Change
Residential or non-residential	Residential	Change
Effective date of transaction	1 January 2021	Change
Individual	Yes	Change
Additional residential property	Yes	Change
Replacing main residence	No	Change
Purchase price	£460,000	Change

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Result of calculation based on SDLT rates for transactions dated 8 July 2020 to 31 March 2021

The results are based on the answers you have provided and show that the higher rate on additional dwellings applies. If you dispose of your previous main residence within 3 years you may be eligible for a refund of £13,800.

Result of SDLT calculation

Effective date	Purchase price (£)	Total SDLT due (£)	Link to view calculation
1 January 2021	460,000	13,800	View calculation

Result if you become eligible for a repayment of the higher rate on additional dwellings

If you dispose of your previous main residence within 3 years you may be eligible for a refund. You must apply for any repayment within 12 months of disposing of your old main residence.

Result of SDLT calculation

Effective date	Purchase price (£)	Total SDLT due (£)	Link to view calculation
1 January 2021	460,000	0	View calculation

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Detailed calculation

This is a breakdown of how the total amount of SDLT was calculated based on the rules from 8 July 2020 to 31 March 2021

Purchase price bands (£)	Percentage rate (%)	SDLT due (£)
Up to 500,000	3	13,800
Above 500,000 and up to 925,000	8	0
Above 925,000 and up to 1,500,000	13	0
Above 1,500,000+	15	0
	Total SDLT due	13,800

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What will I typically save if I want to buy a main residence and to complete before 31st March 2021:

Typical savings for home buyers vary across the country. Here are Rightmove's estimates for the amounts that buyers could typically save, depending on where they live:

North East, £646

Yorkshire and the Humber, £1,550

North West, £1,638

East Midlands, £2,222

West Midlands, £2,262

South West, £6,100

East of England, £8,153

South East, £10,980

London, £15,000

Do your own calculation here: <https://www.tax.service.gov.uk/calculate-stamp-duty-land-tax/#/intro>

Tips

1. Work with an experienced whole of market mortgage broker

Working with a whole of market broker, like us, can enhance your chances of gaining a mortgage as they will check the criteria of each lender against your circumstances and advise you of anything you need to do, before you apply. With over 150 lenders in the market a good broker will seek out the most competitive rate to meet your needs, hence will almost certainly save you money. They also have access to exclusive deals which are not available to the public.

Working with a broker can also save you time, effort and potential damage to your credit score, as they "get to know you" understanding your circumstances and financial position means they will know which lender is suited to your circumstances. Matching your criteria to that of the lender before any credit checks are completed. With all this in mind it's a good idea to work with a reputable whole of market broker and understand your financial position.

2. If you are looking to invest in buy to let's, get a good tax adviser/accountant

If you are looking to invest in property and rent it out, there are couple of ways in which to make your investment more tax efficient, for instance buying it through a limited company. Although this suits some BTL's and especially with the stamp duty holiday, it can have other implications. We advise you speak to a tax adviser before embarking on BTL purchases, as transferring to a limited company later can incur capital gains tax.

A BIT ABOUT US

WE TAKE THE HASSLE OUT OF YOUR LENDING & PROTECTION JOURNEY

We are a whole of market Mortgage and Protection broker which means you benefit from the huge range of lenders and insurers' products we have available to us. Each lender & insurer can only offer it's products, We access all lenders and all insurers products and specialise in getting the right mortgage for you. Our clients come to us to get them the house they want and to protect it.



Perfect match

With thousands of options on the market, we know it can be daunting choosing the appropriate mortgage& protection insurance for your circumstances. Hence working with us means we can match your needs to the lenders & insurers criteria, to get you the most suitable deal for you .



Competitive rates

Specialist lenders often only operate through mortgage brokers like us. As such we are able to offer exclusive deals as well as high street deals, that give you the offer you need, save you money and ensure you don't get caught out with any hidden extras.



Taking care of you

With over 30 years experience, vast industry knowledge and many happy clients you can trust you're in safe hands with us. We manage the whole process for you from gathering the information right through to completion. We build long term relationships

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