

STAMP DUTY & LAND TAXES

What people mean by 'Stamp Duty' ?

In the UK, "stamp duty" is a general term people use for a tax paid when you buy property or land.

The official name depends on where in the UK the property is located:

Location	Official tax name
England & Northern Ireland	Stamp Duty Land Tax (SDLT)
Scotland	Land and Buildings Transaction Tax (LBTT)
Wales	Land Transaction Tax (LTT)

Stamp Duty Land Tax (SDLT) – England & Northern Ireland

What it is

SDLT is a tax you usually pay when buying property or land above a certain price in England or Northern Ireland.

The buyer is responsible for paying it, not the seller

When it applies

You may need to pay SDLT if you:

- Buy a house or flat (freehold or leasehold)
- Buy land
- Take on a mortgage as part of a transfer
- Buy a share in a property above the threshold

How it works

- SDLT is charged in bands (like income tax)
- You only pay each rate on the part of the price within that band
- Amount depends on:
 - Purchase price
 - Whether it's your main home



- Whether you already own another property
- Whether you're a first-time buyer
- Your UK residency status

Current standard SDLT bands (main home)

Portion of price	Rate
Up to £125,000	0%
£125,001 – £250,000	2%
£250,001 – £925,000	5%
£925,001 – £1.5m	10%
Over £1.5m	12%

Common variation

- First-time buyers: higher 0% threshold (up to £300,000 in certain cases)
- Second homes / buy-to-let: extra surcharge on top of standard rates
- Non-UK residents: additional surcharge

Payment deadline

- Must be declared and paid within 14 days of completion
- Usually handled by your solicitor or conveyance

Land Transaction Tax (LTT) – Wales

If the property is in Wales, you do not pay SDLT.

Instead you pay Land Transaction Tax (LTT) to the Welsh Revenue Authority.

Key points:

- Paid by the buyer
- Charged in bands
- Separate rates and thresholds from England
- Paid within 30 days of completion

Land and Buildings Transaction Tax (LBTT) – Scotland

If the property is in Scotland, you pay LBTT, administered by Revenue Scotland.

Key points:



- Paid by the buyer
- Charged in bands
- Different thresholds and rates
- Separate surcharge for additional properties
- Paid within 30 days

Is there an *annual* land or property tax in the UK?

No annual “land tax” in the usual sense

The UK does not have a general annual land value tax.

However, property owners/occupiers may pay:

Council Tax (residential property)

- Ongoing local tax
- Paid annually (or monthly)
- Based on property valuation bands
- Paid by the occupier (or owner if empty)

Business Rates (commercial property)

- Annual tax on commercial buildings/land
- Paid by occupiers of business premises

Summary (plain English)

- Stamp duty = tax when you buy property or land
- Name depends on location (SDLT, LBTT, LTT)
- It’s a one-off purchase tax, not yearly
- Amount depends on price, property type, and buyer status
- Ongoing property taxes are mainly Council Tax (homes) or Business Rates (commercial)

Example 1: Buying a main home in London (£600,000)

Scenario

- Location: London (England)
- Purchase price: £600,000
- Buyer: UK resident
- Property use: Main home



- Not a first-time buyer
- No other properties owned

SDLT bands (England & Northern Ireland)

SDLT is charged progressively, meaning each rate applies only to the portion of the price within that band.

Portion of price	Rate	Tax due
Up to £125,000	0%	£0
£125,001 – £250,000	2%	£2,500
£250,001 – £600,000	5%	£17,500

Total Stamp Duty is £20,000

This amount is usually paid on completion and filed by your solicitor within **14 days**.

Example 2: Same London property, but it's a second home / buy-to-let

Scenario

- Same £600,000 London property
- Buyer already owns another property
- Counts as an additional property

An extra SDLT surcharge applies on top of the standard rates for second homes and buy-to-let properties.

Higher-rate SDLT bands (additional property)

Portion of price	Rate	Tax due
Up to £125,000	5%	£6,250
£125,001 – £250,000	7%	£8,750
£250,001 – £600,000	10%	£35,000

Total Stamp Duty (second home) £50,000

That's **£30,000 more** than buying the same property as a main home.



Example 3: First-time buyer in London (£450,000)

Scenario

- London flat
- Price: **£450,000**
- Buyer: **first-time buyer**
- Main residence

First-time buyers get **relief**, meaning:

- 0% SDLT up to **£300,000**
- 5% on the portion from **£300,001 to £500,000**

Calculation

Portion of price	Rate	Tax due
Up to £300,000	0%	£0
£300,001 – £450,000	5%	£7,500

£300,001 – £450,000	5%	£7,500
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✅ **Total Stamp Duty is £7,500**

Key takeaways (London buyers)

- London uses **England's SDLT rules**, not a separate London tax
- SDLT is a **one-off purchase tax**, not annual
- Main drivers of cost:
 - Purchase price
 - Whether it's your **main home**
 - Whether you already own property
 - First-time buyer status
- The same London property can trigger **very different tax bills**

Why the difference matters

Key structural differences:

- **England** favours higher-value purchases with a large mid-band (5% up to £925k)



- **Wales** raises revenue earlier with steeper mid-range rates
- **Scotland** aggressively taxes higher-value homes via the 10% band starting at £325k

This is **policy-driven**, not a London-specific tax — London just tends to sit in higher price bands

First-time buyer relief: what exists (and what doesn't)

Location	First-time buyer relief?	Key feature
London (England)	✓ Yes (generous)	0% up to £300k, relief up to £500k
Wales	✗ No dedicated relief	Same LTT rates for everyone
Scotland	✓ Limited relief	0% band raised to £175k

What changes between first-time and second-home buyers (by country)

Location	First-time buyer treatment	Second-home treatment
London (England)	✓ Generous relief: 0% to £300k, then 5% to £500k	✗ Higher rates (additional-dwelling surcharge) applied across bands
Wales	✗ No first-time buyer relief	✗ Higher-rate LTT for additional dwellings
Scotland	✓ Limited relief (0% band raised to £175k)	✗ Additional Dwelling Supplement (ADS) on top of LBTT

Quick rules checklist (first-time buyers)

- All buyers must **never have owned property anywhere in the world**
- Joint buyers: **everyone must qualify**
- Relief applies only to **main residence**
- No relief for buy-to-let or investment purchases

End.

