UK Property Accountants

A Complete Guide to

Navigating UK's SDLT Regime And Reliefs



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Introduction to Stamp Duty Land Tax (SDLT)

You need to pay Stamp Duty Land Tax (SDLT) when you purchase property or land above a certain threshold in England and Northern Ireland. However, the tax is different in Scotland and Wales, known as the Land and Buildings Transaction Tax (LBTT) in Scotland and the Land Transaction Tax (LTT) in Wales. SDLT applies when there is an acquisition of a chargeable interest for chargeable consideration above the applicable threshold. Such acquisitions are referred to as chargeable transactions and include any estate, interest, right or power in or over land (excluding exempt interests such as mortgages and licences) acquired in exchange for money or money's worth, including non-monetary consideration such as assumption of debt, works, services, or other property.



Importance of Understanding SDLT

Understanding SDLT is essential for effective financial planning, legal compliance, and strategic decision-making in property transactions. It helps individuals and businesses budget accurately, avoid penalties, and take advantage of potential reliefs and exemptions. SDLT knowledge also provides insights into market trends and government policies, influencing investment decisions and market timing. A solid understanding of the SDLT regime is crucial for taxpayers, accountants and solicitors as it enables them to provide accurate advice, ensure clients' compliance with tax laws, and optimize tax liabilities. This expertise is vital for guiding clients through complex transactions, ensuring all legal requirements are met, and maximizing financial benefits. Overall, SDLT comprehension is indispensable for anyone involved in property transactions, offering financial efficiency, legal assurance, and strategic advantage.

Basics of SDLT

Definition and purpose

SDLT is a type of tax on land transactions generally payable on the purchase or transfer of property or land in England and Northern Ireland when the amount paid or chargeable considerations exceed a certain threshold. Most land and property transactions must be reported to HM Revenue & Customs (HMRC) via an SDLT return, even if no tax is due. SDLT is charged on land transactions, which include acquiring an estate, interest, right, or power over land. The purchaser, who acquires the interest, is responsible for submitting the return and paying the tax while the vendor disposes of the interest.

Typically, land purchases involve a two-stage process: entering a contract and completing the purchase, with the effective date being the completion date. If a contract is substantially performed (for e.g., the purchaser starts living in the property whose title needs to be formally transferred in his name or makes payment for about 90% of the considerations) before completion, it is treated as the land transaction, with the effective date being the date of substantial performance. SDLT is chargeable on the acquisition of a chargeable interest, whether or not evidenced in writing. If a contract is substantially performed before formal completion, the charge arises at the time of substantial performance.

Provided the land acquired is in England and Northern Ireland, the tax is chargeable regardless of where the transaction is performed and the residence of the parties. The tax is limited to acquiring land in the UK, up to the low water mark of every part of England and Northern Ireland that borders the sea. It does not extend to the bed of the territorial sea, but piers, jetties, and similar structures with one end attached to the land are considered part of the land.

It is a self-assessed tax operated on a “process now, check later” basis, with compliance powers and rights of appeal.



History of SDLT in the UK

SDLT was introduced in the Finance Act 2003 ("FA 2003"), which replaced the former Stamp Duty (SD) with transitional provisions. SD is the oldest tax administered by HMRC, having been introduced in 1694. SDLT became effective from 1 December 2003, a mandatory tax applying to all transactions in land, replacing the easily avoided stamp duty charge. The scope of SD was restricted to transactions involving shares and marketable securities or land transactions where a land transfer takes place following a contract dated 10 July 2003 or earlier (even if executed after 1 December 2003).

SDLT is now charged on land transactions in England and Northern Ireland, as per Part 4 of the FA 2003. Initially, SDLT applied across the UK, but from 1 April 2015, SDLT no longer applies to land transactions in Scotland, which are now subject to the Land and Buildings Transaction Tax (LBTT). Similarly, from 1 April 2018, SDLT does not apply in Wales, where the Land Transaction Tax (LTT) is used, operated by the Welsh Revenue Authority.

Scope of SDLT

SDLT is levied on land transactions. However, not on all land transactions. It is only levied when the transactions fall above certain thresholds (discussed below) or meet specific criteria set by the legislation. For example, residential property transactions are subject to SDLT if the purchase price exceeds a certain amount, and different rates may apply depending on the value of the property and the buyer's circumstances.

You must pay SDLT when you:

- Buy a freehold property
- Buy a new or existing leasehold
- Buy a property through a shared ownership scheme
- Are transferred land or property in exchange for payment, such as taking on a mortgage or buying a share in a house

These thresholds determine when SDLT becomes applicable based on the value of the property or land being purchased. If you buy a property for less than the threshold, there is no SDLT to pay.

The current SDLT thresholds (as of April 2025) are as follows:

- £125,000 for residential properties
- £300,000 for first-time buyers purchasing a residential property worth £500,000 or less
- £150,000 for non-residential land and properties

Additionally, SDLT is also levied on the consideration for non-land transactions if the conditions for the statutory general anti-avoidance rule in Section 75A of the FA 2003 are met.

Note: HMRC regularly publishes manuals related to SDLT called the Stamp Duty Land Tax Manual (SDLTM), which provides detailed guidance on the application of SDLT legislation. These manuals are identified by combining the SDLTM acronym with a serial number. For example, HMRC's "Introduction to SDLT: background" manual is referred to as SDLTM00030; throughout this article, all the manuals are addressed using the acronym the same manner HMRC does.

SDLT is overseen by the Commissioners for HMRC and administered by HMRC's Business Tax and Customs Operations directorate. Notably, SDLT is applicable regardless of the presence of an instrument or the residency status of the parties involved.



Who pays SDLT in the UK?

The purchaser (the person who acquires an interest in land, by whatsoever means necessary, is deemed as the purchaser for SDLT purposes) of property or land in England and Northern Ireland is responsible for paying SDLT if the amount paid exceeds a certain threshold.

Under the FA 2003, for the purposes of SDLT, the terms 'purchaser' and 'vendor' in relation to a land transaction are defined as the person acquiring and the person disposing of the subject matter of the transaction, respectively. This includes the chargeable interest acquired along with any interest or right attached to it. However, a person cannot be considered a 'purchaser' unless they have given consideration for or are a party to the transaction. This is subject to a special tax charge arising on a contract where A is to convey a chargeable interest at the direction or request of B to a person C who is not a party to the contract. In such cases, B is deemed to have acquired a chargeable interest when the contract is substantially performed, and SDLT will be payable accordingly.

The purchaser is responsible for filing a land transaction return and paying any tax due. Here are examples of who is regarded as the purchaser in various transactions:

- In a conveyance, assignment, or assignation, the transferee or assignee is the purchaser.
- For the grant of a lease, the lessee is the purchaser.
- In the grant of an easement or similar right, the person entitled to the right is the purchaser.
- In the surrender of a lease, the landlord is the purchaser.
- For certain variations of leases, the person whose estate interest or right is enlarged, or benefits is the purchaser.
- In the making or release of a covenant or condition, the person whose estate interest or right is enlarged or benefits is the purchaser.

The total value you pay SDLT, known as the 'chargeable consideration,' is usually the price paid for the property or land. It may also include other types of payment such as goods, works or services, release from a debt, or transfer of a debt, including the value of any outstanding mortgage.

According to Paragraph 85 of Schedule 3 of the FA 2003, further elaborated by SDLTM00060, the purchaser is responsible for making a land transaction return and paying the SDLT to HMRC within 14 days of the transaction's effective date. The purchaser must also submit a land transaction return to HMRC, even if no tax is due. Typically, a solicitor, agent, or conveyancer can file the return and pay the tax on your behalf on the day of completion, adding the tax to their fees. If they do not do this, you can file the return and pay the tax yourself. Penalties and interest may be charged if you do not file your return and make your payment within 14 days of completion; this is discussed in detail in the later chapters

The amount of SDLT you pay depends on whether the property is residential, non-residential, or mixed-use, and whether you are eligible for any relief or exemptions. For residential properties, different rates apply if you are a first-time buyer, already own a property and are buying an additional one or if you are not a UK resident. This is discussed in detail in the later chapters.

Key terms and concepts

All the key terms and concepts discussed here are in accordance with the related provisions of the FA 2003.

	Terms	Meaning for the purposes of SDLT
1.	**Land Transaction**	A land transaction involves transferring ownership or rights in land or property from one party to another and acquiring a chargeable interest located in England and Northern Ireland. This includes buying or selling freehold or leasehold property and acquiring property through a lease, gift, or exchange. SDLT may be payable on these transactions, depending on the transaction's value and other legislative criteria.
2.	**Major Interest**	A major interest in property refers to significant ownership or control, such as freehold ownership and long-term leasehold interests, whether in law or equity. When you acquire a major interest in land or property, you may be required to pay SDLT. This tax applies because you are gaining substantial benefit or control over the property.

	Terms	Meaning for the purposes of SDLT
3.	**Linked Transactions**	Linked transactions occur when two or more property transactions between the same buyer and seller (or connected parties) are related or connected. This connection might be due to the transactions being part of a single arrangement or aimed at achieving a single goal. Identifying linked transactions is crucial for calculating SDLT because, instead of treating each transaction separately, they are treated as a single transaction for tax purposes. This means SDLT is calculated on the combined value of all linked transactions, potentially resulting in a higher tax rate and overall tax charge. This rule helps prevent tax avoidance strategies where a large property purchase is split into smaller transactions to benefit from lower SDLT rates, ensuring a fairer and more accurate assessment of tax liabilities.
4.	**Acquisition**	In the context of the FA 2003, for the purposes of SDLT, acquisition refers to obtaining ownership or a substantial interest in land or property by any means that results in a chargeable interest. This may occur through agreement between parties, court order, statutory provision, or operation of law, and includes the creation, surrender, release, or variation of rights and interests in land.
5.	**Chargeable Interest**	HMRC's SDLT Manual at section SDLTM00280 defines the term 'chargeable interest' for SDLT purposes. It includes any estate, interest, right, or power in or over land in England, Wales, and Northern Ireland, as well as the benefit of any obligation, restriction, or condition affecting the value of such an estate, interest, right, or power, excluding exempt interests. This encompasses freehold estates (absolute ownership), leasehold estates (terms of years), undivided shares in land, rights in or over land (e.g. a right of light), rent charges, ground rents or fee farm rents in Northern Ireland, the right to receive rent, the benefit of restrictive or positive covenants, equitable or beneficial interests (e.g., life interests), and a trustee's or executor's power of appointment.

	Terms	Meaning for the purposes of SDLT
6.	**Consideration**	For the purpose of SDLT, "consideration" refers to the total value received by the seller, either directly or indirectly in exchange for the property. This could include money, goods, services, and other financial arrangements. Typically, in real estate transactions, consideration covers the purchase price but may also include other forms of value, such as the assumption of debt or the transfer of other assets. The FA 2003 mandates that the full amount of consideration must be accounted for to assess the SDLT due accurately. This encompasses the purchase price and any additional payments for fixtures, fittings, or the assumption of liabilities. The amount of consideration determines the SDLT rate applied to the transaction.
7.	**Conveyance**	Conveyance refers to the legal process of transferring property or land ownership from one person to another, which can involve buying or selling real estate. During this process, the buyer typically needs to pay SDLT on the purchase price if it exceeds a certain threshold. The FA 2003 outlines how SDLT is calculated and paid as part of conveyancing. Essentially, conveyance involves the legal documentation and procedures required to officially change property ownership and associated tax obligations.
8.	**Effective date**	The effective date is the specific date when a property transaction, such as a sale, lease, or transfer, is officially completed for tax purposes. This date is crucial as it determines when SDLT is due and the applicable rate. Typically, the effective date is the completion date when the buyer officially becomes the owner, often marked by the handover of keys. In some cases, it might be the contract exchange date if certain conditions are met post-exchange. However, in cases of substantial performance, the completion date is disregarded as an exception; instead, the date of substantial performance is treated as the effective date of the transaction. For new leases, the effective date could be the lease start date, especially when the tenant takes possession or starts paying rent. Special situations, as outlined in the FA 2003, may also define the effective date, such as granting a major lease or fulfilling specific conditions. Understanding the effective date is essential for the timely filing of the SDLT return and payment.

	Terms	Meaning for the purposes of SDLT
9.	**Substantial performance**	Substantial performance occurs when most of the contract terms for the sale or transfer of land or property have been fulfilled, even if the formal legal transfer has not yet occurred. This concept is crucial because it triggers the liability to pay SDLT. For instance, if a buyer takes possession of a property or pays a significant portion of the purchase price before the formal transfer is completed, it is considered substantial performance. Consequently, SDLT would be due based on the transaction's value at the time of substantial performance rather than at the completion of the legal transfer.
10.	**Substantial amount/ substantially all**	Substantial amount or substantially all refers to a significant portion or majority of an asset, property, or interest in a transaction, typically understood to be more than 50%. Although legislation may not always define it numerically, in practice, it implies a large portion. For instance, if a transaction involves a substantial amount or substantially all of a property's value or interest, it may be subject to SDLT. This approach serves to ensure that significant transfers of property or rights are appropriately taxed under the law.
11.	**Exempt Interest**	Exempt Interest refers to transactions that are not subject to SDLT due to specific exemptions in the legislation. This means that even though an interest in land, such as ownership or certain rights over property, is being transferred or leased, the transaction does not require SDLT payment because it falls under certain exempt categories. These exemptions can vary widely, covering different circumstances, such as the type of property, the nature of the transaction, or the parties involved. For instance, property transfers between certain family members, properties granted to charities, or for specified public purposes may qualify as exempt interests, meaning no SDLT is due.

When SDLT Applies

An HMRC manual titled "SDLTM03720 explains that SDLT is payable on the total amount of consideration given by the purchaser, or someone connected to them for purchasing or transferring property in England and Northern Ireland. This amount is known as the chargeable consideration.

In simple words, SDLT applies or (is payable on) the chargeable consideration.

What is chargeable consideration?

For SDLT purposes, SDLTM03700 outlines chargeable consideration and includes anything given for the transaction that is money or money's worth. Usually, it is cash, which has straightforward value. Where the consideration received is in a currency other than Pound Sterling (in foreign currency), the chargeable consideration is calculated by converting the foreign currency into Pound Sterling on the effective date of the transaction unless the parties to the transaction use a different rate than that prevalent at the effective date of transaction, for the purposes of the transaction.

However, chargeable consideration can also be non-monetary, such as the release or assumption of a debt, works and services, or the transfer of other property. Paragraph 7 of Schedule 4 to the Finance Act 2003 states that, unless otherwise specified, any non-monetary consideration, other than the assumption of debt, must be valued at its market value at the effective date of the transaction.

In some transactions, buyers are charged a fee in addition to the purchase price. For example, if the property comes with certain services (like maintenance or security) and the buyer is required to pay a fee for these services as part of the purchase agreement, this fee should be included in the chargeable consideration.
If the fee is given for the property, then it must be included in the amount of chargeable consideration. A fee is a chargeable consideration if,

- It is a consideration of the contract that the fee is paid.
- Completion of the property transaction is conditional upon the fee being paid.

For SDLT purposes, a contract does not need to be in writing; any agreement qualifies.

SDLTM04000 provides that when a transaction involves acquiring or disposing of various items, not all of which are chargeable interests in land or are part of a deal, including other transactions, the consideration should be justly and reasonably apportioned. Common scenarios requiring apportionment include residential purchases involving chattels, land and buildings, and business or business asset purchases. The apportionment agreed upon by the vendor and purchaser may not always be just and reasonable. The purchaser, responsible for the accuracy of the land transaction return, should reassess this before entering the consideration on the return.

SDLTM03710 highlights certain chargeable considerations, such as the vendor's legal costs, paid by the purchaser on behalf of the seller.

SDLTM03800 adds chargeable consideration for SDLT, including any payable VAT on a land transaction. For example, A business buys a commercial property for £500,000. If VAT at 20% is applicable, the total cost becomes £600,000 (£500,000 + £100,000 VAT). The chargeable consideration for SDLT purposes would be £600,000, not just the £500,000 purchase price. This applies even if the VAT can later be reclaimed as input tax from HMRC. If VAT becomes payable after the transaction date due to a waiver of exemption, it is not a chargeable consideration.

When a sale or transfer of business satisfies the test of “transfers of a going concern” for VAT exemption under the VAT law, no VAT is payable. Changes in VAT rates after the transaction date do not affect SDLT liability. The Net Present Value (NPV) calculation for leases should reflect the VAT rates applicable at the effective date. HMRC rulings may require amendments to SDLT returns if VAT status changes. (A “change of VAT status” occurs when the VAT treatment of a property transaction is altered after the initial transaction date due to reasons like a waiver of exemption (option to tax), legislative changes, or HMRC rulings. For example, a commercial property initially sold without VAT may later become subject to VAT if the seller opts to tax, or a lease agreement initially VAT-free may later incur VAT. These changes do not retroactively affect the SDLT liability but may require VAT and SDLT returns amendments.)



SDLTM03900 explains when consideration is paid later, the total agreed amount is the chargeable consideration for SDLT purposes. There is no discount applied for delayed payment.

SDLTM04005 provides SDLT applies to transactions involving land, including buildings, structures, and fixtures. Goodwill, which can be inherent (part of the land) or free (separate from the land), may or may not be included in the charge. Inherent goodwill is tied to the land, while free goodwill is not. For Capital Gains Tax and SDLT, the value of goodwill and other intangible assets is typically the difference between the business's value as a going concern and its tangible assets. Issues with goodwill categorization or valuation should be referred to the Valuation Office Agency. The exclusion of goodwill from stamp duty does not apply to SDLT.

What is not chargeable consideration?

SDLTM03720 states that fees paid for separate matters that are not required to secure the property are not chargeable consideration. For example, a purchaser's legal costs are not part of the chargeable consideration as they are for services provided to the purchaser and would be paid even if the transaction falls through.

SDLTM03710 further outlines costs under compulsory purchase legislation, including those under section 23 of the Compulsory Purchase Act 1965 and section 5(6) of the Land Compensation Act 1961, which are not chargeable considerations. Payments of inheritance tax or capital gains tax related to property transfers as gifts or non-arm's length transactions are also not chargeable considerations. Additionally, a tenant's payment of a landlord's reasonable costs for lease-related matters and the surrender of single farm payment entitlements in agricultural leases are not considered chargeable considerations



Exempt Transactions from SDLT, explained by SDLTM00510:

For a land transaction to be chargeable, it must involve the acquisition of a chargeable interest. Certain interests are exempt, and even transactions involving chargeable interests may be specifically exempted by legislation or eligible for SDLT reliefs. If all land transactions are specifically exempted or there is no chargeable consideration, there is no need to file a land transaction return. However, a return is always required when claiming relief.

A comprehensive list of exempt transactions as per SDLTM00520:

- Transactions with no chargeable consideration.
- Acquisition of property under a will or intestacy of a deceased person, provided there is no chargeable consideration other than the assumption of secured debt.
- Grant of a lease by a registered social landlord in specific situations.
- Transactions related to ending a marriage or a civil partnership formed under the Civil Partnership Act 2004.
- Certain transactions following a person's death



Types of property transactions

SDLTM00360 outlines that SDLT is charged based on the nature of the land being acquired, whether residential or non-residential. Relevant land is defined as the main subject of the transaction, excluding any separate interests or rights acquired with it. The nature of the relevant land is assessed at the time of the transaction. For linked transactions involving both residential and non-residential property, non-residential rates apply to all linked transactions, with no apportionment unless multiple dwellings relief is claimed.

Residential Property

According to Section 116 of the FA 2003, The term "residential property" encompasses:

- A building used or suitable for use as a home or being constructed or adapted for such use.
- Land that is or forms part of the garden or grounds of such a building, including any structures on that land.
- Any interest in or right over land that benefits the building or its grounds.

What is a dwelling?

SDLTM00372 provides the key to the meaning of residential property is whether a building is used as a dwelling or suitable for use as a dwelling. Dwelling takes its everyday meaning: a building, or part of a building, that affords those who use it the facilities required for day-to-day private domestic existence with a sufficient degree of permanence. The meaning of dwelling also includes buildings under construction where it can be evidenced that they are being built or adapted for use as a dwelling. In most cases, there should be little difficulty in deciding whether a premise is a dwelling. However, in more complex circumstances, weighing all the relevant factors may be necessary to come to a balanced judgement.

Within the definition of 'residential property', there are two categories of building:

Buildings Considered as Dwellings	Buildings Not Considered as Dwellings
Residential accommodation for school pupils.	Homes or institutions providing residential accommodation for children.
Residential accommodation for students (excluding certain types).	Halls of residence for students in further or higher education.
Residential accommodation for members of the armed forces.	Homes providing residential accommodation with personal care for those in need due to age, disability, or dependency on substances.
Institutions where at least 90% of residents live there as their main home and which do not fall into specific excluded categories.	• Hospitals or hospices. • Prisons or similar establishments. • Hotels, inns, or similar establishments.

Note: The HM Treasury is the UK government's economic and finance ministry. It can amend the definitions and rules regarding what constitutes a dwelling and make necessary changes to the rules about multiple dwellings.



SDLTM00380 provides that for a building to be considered “in use” as a dwelling during a land transaction, the sellers or previous occupants do not need to be residing there at the time. Both current and long-standing past use as a dwelling are significant factors. If a building is not in use at the time of the transaction but was last used as a dwelling, evidence is required to prove it is unsuitable for such use. Future intentions of the purchaser to use the building for non-residential purposes are irrelevant. Physical attributes indicating a dwelling suggest suitability for residential use, regardless of actual use. Legal restrictions, such as conditions limiting occupation to part of the year, are considered but are not decisive. For example, a holiday chalet used for short stays may still be suitable as a dwelling, depending on the context. Council tax or business rates can indicate suitability for residential or business use, while deletion of a property’s Council Tax band suggests it may not be suitable as a dwelling.

SDLTM00385 explains that a property is not “suitable for use” as a dwelling if it requires more than normal repairs, replacements, or modernizations to be habitable. There is a distinction between derelict properties and those needing renovation or repair. If a building was previously used as a dwelling and retains structural integrity, it is still considered suitable for use as a dwelling, even if not immediately habitable. Examples of issues that do not render a property unsuitable include temporary removal of facilities, substantial repairs, replacement of systems, unsafe wiring, pest infestations, damp proofing, and flood damage.

Residential (Additional Properties): This applies where the purchase of a residential property results in the purchaser owning more than one residential property. If the new property is a replacement for the purchaser’s main residence, which has not yet been sold, this code must still be used, but a refund may be possible when the main residence is sold. It also applies if a company or non-individual purchases any residential property, even if it is the only residential property owned.



Non-Residential Property

According to Section 116 of the FA 2003, any property that does not fit the above definition of residential property, and if a transaction involves six or more dwellings, those dwellings are treated as non-residential property.

SDLTM00390 further explains that non-residential properties are those not used or suitable for use as dwellings. This includes buildings adapted for commercial or business purposes, such as those with significant modifications like specialist equipment or planning restrictions that prevent residential use. Examples include properties converted into surgeries, offices, or other business premises.

If your property has any of these elements, it is classified as non-residential.

- commercial property such as shops or offices.
- agricultural land.
- forests.
- any other land or property which is not used as a dwelling.
- six or more residential properties bought in a single transaction.

SDLTM00375 outlines the classification of mobile homes, caravans, and houseboats depending on their structure and the land they occupy, assessed on a case-by-case basis. Holiday homes used for short stays may not be considered dwellings by visitors but could still be suitable for use as dwellings. Student accommodation can be residential or non-residential: student halls are always non-residential, other student residences are mixed depending on the context, and ordinary residential accommodation used by students is always residential. Hotels, inns, and similar establishments, including B&Bs with year-round facilities, are considered non-residential. Each case is judged on its specific facts and context.

SDLTM00377 adds that student accommodation can be classified into three categories: student halls of residence, residential accommodation for students other than halls, and ordinary residential accommodation used by students. Student halls, owned or managed by educational institutions, are non-residential for SDLT purposes. Other student accommodations, typically owned by private companies, are residential for SDLT but will not be subject to the higher rates for additional dwellings. Ordinary residential properties used by students are treated like any other residential property for SDLT, with higher rates of additional dwellings applicable where relevant.

For SDLT purposes, a building qualifies as a student hall of residence only if it is reserved exclusively for the students and staff of a specific educational institution and that institution is actively involved in housing its students. Residential accommodation for students, on the other hand, requires documented proof that occupancy is restricted solely to students, even without a direct link to any particular educational institution. In both cases, the necessary restrictions must be in place by the transaction's effective date to secure the appropriate SDLT treatment.

Mixed Property

A mixed-use property incorporates residential and non-residential elements, such as a shop with a flat above. Properties where only part of the property is residential.

This also applies where a transaction is linked to another transaction and taken together the type of property purchased in the linked transactions is only partly residential.

SDLTM00390 explains mixed properties are more complex, involving buildings used partly as dwellings and partly for other purposes. In cases where certain rooms in a dwelling are used for work (e.g., a home office), the building remains a dwelling. However, if a building is divided into separate residential and commercial areas, such as a house with a doctor's surgery, the commercial parts are not considered dwellings if used separately from the residential areas. The suitability of these commercial areas for residential use depends on the degree of conversion and separation from residential areas. If commercial areas can be easily converted back to residential use, they remain suitable as dwellings. However, significant adaptations for commercial use or planning restrictions may render them unsuitable as dwellings.

SDLTM00395 outlines that the suitability of a building for use as a dwelling is assessed at the time of the land transaction, focusing on potential use rather than the intentions of the parties involved. Historical use can guide suitability but is not definitive, especially if adaptations have occurred. If a building includes land that is non-residential property and is sold as a single building, it is taxed at non-residential rates, regardless of the relative sizes of the residential and non-residential areas.

SDLTM00400 add that the anticipated use is relevant to determining suitability as a dwelling for properties in the process of being constructed or adapted. Construction or adaptation must be physically underway; merely obtaining planning permission is insufficient if work has not started. If construction or adaptation has begun, planning permission indicates the intended use. Properties are considered dwellings once building works above the foundations have started. Preparatory works like demolition or site preparation do not qualify as starting construction of a dwelling.

Residential V Non- Residential properties

Aspect	Residential Property	Non-Residential Property
Definition	Buildings used or suitable for use as dwellings, including those under construction or adaptation for such use.	Properties not used or suitable for use as dwellings, often adapted for commercial or business purposes.
Examples	Houses, flats, and buildings under construction for residential use.	Offices, hotels, inns, agricultural land, commercial premises.
SDLT Rates	The SDLT rates for residential properties can be quite high, with a top rate of 12% on the portion of the purchase price above £1.5 million. An extra 5% surcharge applies to the entire purchase price if the property is an additional dwelling. Additionally, non-UK residents face a further 2% surcharge. (There are specific reliefs and exemptions available for residential properties, such as for first-time buyers, which are not available for non-residential properties.)	The SDLT rates for non-residential properties are generally lower than residential rates, with a top rate of 5% on the portion of the purchase price above £250,000 for freehold sales and transfers.
Mixed Use	Home offices within a dwelling do not change the building's status as a dwelling.	Buildings with separate residential and commercial areas may have commercial parts treated as non-residential.
Suitability Test	Assessed at the time of the land transaction, focusing on potential use. Historical use can guide but is not definitive.	Assessed at the time of the land transaction, focusing on potential use. Significant adaptations for commercial use or planning restrictions may render areas unsuitable as dwellings.
Exemptions	Inheritance, certain transactions following a person's death, transactions with no chargeable consideration, etc. (discussed further in detail in this article)	Similar exemptions apply but are specific to non-residential contexts.
Number of Dwellings	Important for determining tax scenarios like higher rates for additional dwellings and MDR.	Transactions involving six or more dwellings are treated as non-residential if MDR is not claimed.

Leasehold transactions

Leasehold transactions for the purposes of SDLT involve the acquisition of a leasehold interest in land or property. Any acquisition of a leasehold interest is considered a land transaction under the FA 2003. Section 43 of the FA 2003 defines a land transaction as any acquisition of a chargeable interest concerning land. The definition of 'chargeable interest' given in section 48 of the FA 2003 includes interest, right or power in the land, which by implication also includes leasehold interest.

When purchasing a leasehold property, the amount of SDLT you pay depends on whether it's an existing lease (an assigned lease) or a new one.

According to SDLTM10025, a lease that is granted or treated as having been granted, for the first time on or after 1 December 2003 is potentially subject to SDLT. This includes new leases, as well as transactions such as renewals, extensions, and variations of existing leases, which amount to a surrender and regrant. If these transactions occur on or after 1 December 2003, they fall under SDLT provisions. However, leases granted before 1 December 2003 that continue beyond this date are not subject to SDLT if they continue by operation of law, such as under the Landlord & Tenant Act 1954, as statutory periodic leases (like assured shorthold tenancies) continuing after the fixed term, or otherwise held over.

Chargeable Consideration: SDLT is calculated based on the chargeable consideration, which includes both the premium paid for the lease and the net present value (NPV) of the rent payable over the term of the lease.



Special Cases

Sale and Leaseback Arrangements: These arrangements involve a sale of a major interest in the land followed by a leaseback to the seller. Under Section 57A of the FA 2003, if certain conditions are met, the leaseback element can be exempt from SDLT. The leaseback element is exempt if:

- The sale is partly or wholly in consideration of the leaseback.
- The interest leased back is out of the original interest.
- The only other consideration is money or debt assumption.
- No transfer of rights within the meaning of Sections 45 or 45A (contract providing for conveyance to third party: effects of transfer of rights) or pre-completion transaction within the meaning of Schedule 2A.
- A and B are not part of the same corporate group

Calculation of SDLT:

Both the premium and the net present value (NPV) of the rent payable over the term of the lease are considered when calculating SDLT.

- SDLT on the premium is calculated similarly to the purchase price of a freehold property.
- SDLT on the rent is based on the NPV of the total rent payable over the lease term. This is typically only significant for leases with high annual rents.

1 For assigned leases, which can be residential or non-residential properties, the process involves paying SDLT based on the lump sum received for the lease assignment. The SDLT calculation uses the same rates and thresholds as for freehold properties. An SDLT return must be filed if the sale price is £40,000 or more, even if no SDLT is due.



2 For new leases, SDLT depends on both the premium and any rent due. The calculation methods are as follows:

Nominal Rent: If a lease involves nominal rent (e.g., peppercorn rent), calculate SDLT only on the premium. Use the same calculation method as for a freehold property sale price. A return must be filed if the sale price is £40,000 or more. No return is needed for leases under 7 years if no tax is due.

More Than Nominal Rent: Calculate SDLT on both the premium and the Net Present Value (NPV) of the rent. The NPV is the discounted value of future rent payments. The SDLT due on rent depends on the NPV and the length of the lease.

For new residential leases, SDLT must be calculated on both the premium and the rent, with both amounts added together. SDLT on the premium is calculated as if it were a freehold property sale price. If the NPV of the rent exceeds the threshold, SDLT is due at 1% on the excess, in addition to the SDLT on the premium. Returns must be filed even if no SDLT is due, except for leases of 7 years or more with a premium under £40,000 and annual rent under £1,000, or leases under 7 years with no SDLT on premium or rent.

For new non-residential leases, SDLT is due on the premium if the annual rent is less than £1,000 and the premium exceeds the threshold. Since 17 March 2016, SDLT is not due on premiums for annual rents of £1,000 or more if the premium is under £150,000. SDLT is also due on the NPV of the rent if it exceeds £150,000, based on non-residential rates.



SDLT Rates and Calculation for Leases

1 **Assigned Leases:** Use the same SDLT rates and thresholds as for freehold property transactions.

Residential Property SDLT Rates for assigned leases:

- 0% on the first £125,000
- 2% on the amount between £125,000 and £250,000
- 5% on the amount between £250,000 and £925,000
- 10% on the amount between £925,000 and £1.5 million
- 12% on the amount above £1.5 million

Non-Residential Property SDLT Rates for assigned leases:

- 0% on the first £150,000
- 2% on the amount between £150,000 and £250,000
- 5% on the amount above £250,000

Note: You must file an SDLT return if the purchase price is £40,000 or more regardless of whether SDLT if due.



2 New Leases

For Nominal Rent

Calculate SDLT only on the premium. Use the same SDLT rates as for freehold properties. File an SDLT return if the sale price (premium) is £40,000 or more. No return is needed if the lease is under 7 years and no SDLT is due.

For More Than Nominal Rent:

Residential Property SDLT Rates:

For Premium

- 0% on the first £125,000
- 2% on the amount between £125,000 and £250,000
- 5% on the amount between £250,000 and £925,000
- 10% on the amount between £925,000 and £1.5 million
- 12% on the amount above £1.5 million

For Rent

- 1% on the NPV of rent exceeding the residential threshold (£125,000)

An SDLT return must be filed even if no SDLT is due, unless the lease is for 7 years or more with a premium under £40,000 and annual rent under £1,000, or the lease is less than 7 years with no SDLT due on premium or rent.

For a residential property with a premium of £350,000 and a net present value (NPV) of rent amounting to £280,000, the SDLT calculation is as follows:

1) Premium: £350,000
   SDLT on premium:
   0% on the first £125,000 = £0
   2% on the next £125,000 = £2,500
   5% on the remaining £100,000 = £5,000

2) NPV of Rent: £155,000
   (Threshold: £125,000)
   Here, Excess NPV: £30,000
   SDLT on Excess NPV: 1% of £30,000 = £300

Total SDLT payable will be: £7,800

Non-Residential Property SDLT Rates:

For Premium

- 0% on the first £150,000
- 2% on the amount between £150,000 and £250,000
- 5% on the amount between £250,000

For Rent

- 1% on the NPV of rent exceeding the residential threshold (£150,000)

An SDLT return must be filed even if no SDLT is due, unless the lease is for 7 years or more with a premium under £40,000 and annual rent under £1,000, or the lease is less than 7 years with no SDLT due on premium or rent.

For a non-residential property with a premium of £400,000 and a net present value (NPV) of rent amounting to £6,200,000, the SDLT calculation is as follows:

1) Premium: £400,000

SDLT on Premium:

0% on the first £150,000 = £0

2% on the next £100,000 = £2,000

5% on the remaining £150,000 = £7,500

2) NPV of Rent: £6,200,000

(Threshold: £150,000)

Here, Excess NPV: £6,050,000

SDLT on Excess NPV: 1% of £6,050,000 = £60,500

Total SDLT payable will be:

£9,500 (premium) + £60,500 (rent) = £70,000

- SDLT thresholds must be carefully checked for each property type and lease terms.
- Include VAT where applicable and ensure accurate estimation for unknown or indefinite lease terms.
- Ensure timely filing of SDLT returns, even if no SDLT is due in certain cases.
- Specific rules, including overlap relief considerations, apply if an old lease is surrendered and a new lease is granted.
- A licence to use or occupy land and a tenancy at will are exempt from SDLT.

SDLT rates and thresholds

The SDLT rates vary depending on whether the property is residential or commercial and freehold or leasehold and are calculated under the 'slice' system instead of the 'slab' system. SDLTM00050 states that SDLT is calculated using a marginal rate system, where each tax rate applies to the portion of the chargeable consideration within each tax band, rounded down to the nearest pound. The applicable rates depend on whether the land is wholly or partly non-residential and the amount of the chargeable consideration. For linked transactions, the rates are based on the total chargeable consideration of all linked transactions unless multiple dwellings relief is claimed for transactions before 1 June 2024. Linked transactions can be reported on the same land transaction return, treating purchasers as joint or common purchasers.

Current Rates and Thresholds

SDLT for residential properties:

1 Rates for a Single Property

A) For UK residents

Purchase Price	Standard SDLT Rate for a Single Property	Additional Rate
Up to £125,000	0%	5%
£125,001 to £250,000	2%	7%
£250,001 to £925,000	5%	10%
£925,001 to £1.5 million	10%	15%
Above £1.5 million	12%	17%

Higher Rates for Additional Properties: An additional 5% is added on top of standard SDLT rates if you are purchasing additional residential property if you will own more than one home. Refer "Special cases and considerations" chapter to know about this in detail.

B) For non-UK residents

A 2% surcharge applies to all standard rates (for UK residents) if the purchaser has not been present in the UK for at least 183 days in the 12 months preceding the purchase of a residential property. In this scenario, the purchaser is not considered a UK resident for SDLT purposes. This surcharge is in addition to any other applicable SDLT rates.

Purchase Price	Standard SDLT Rate for a Single Property	Additional Rate
Up to £125,000	2%	7%
£125,001 to £250,000	4%	9%
£250,001 to £925,000	7%	12%
£925,001 to £1.5 million	12%	17%
Above £1.5 million	14%	19%

2 Higher rates of SDLT for additional residential properties

- when you buy **a residential property** in England or Northern Ireland
- applies only when specific criteria are met (conditional)

This is designed to target additional property owners and encourage the sale of previous homes to qualify for lower rates.

You must pay the higher SDLT rates when you buy a residential property (or a part of one) for £40,000 or more if all the following apply:

- It will not be the only residential property in which you have a major interest, for higher rates purposes, anywhere in the world.
- Your newly bought residential property is not the replacement of your previous main home.
- No one else has a lease on the property that has more than 21 years left to run

Higher rates from 1 April 2025, for UK Residents.

Up to £125,000: 5%

The Next 125,000 (£125,001 to £250,000): 7%

Next £675,000 (£250,001 to £925,000): 10%

The Next £575,000 (£925,001 to £1.5 million): 15%

The Remaining Amount (Above £1.5 million): 17%

Non-UK Residents SDLT Rate Increase:

From 1 April 2021, non-UK residents buying residential properties in England and Northern Ireland must pay an additional 2% surcharge on top of all other residential SDLT rates, including higher rates for additional dwellings.

This applies to the entire consideration (purchase price or lease premium) and is added on top of the existing higher rates.

Up to £125,000: 2%

The Next £125,000 the portion from £125,001 to £250,000): 4%

The Next £675,000 (the portion from £250,001 to £925,000): 7%

The Next £575,000 (the portion from £925,001 to £1.5 million): 12%

The Remaining Amount (the portion above £1.5 million): 14%

- The 'consideration' refers to everything you give for the purchase of the property. This includes not just the monetary price but also any other value or assets you provide as part of the transaction. The higher rates apply to the entire consideration amount.
- You may have to pay the higher rates even if you intend to live in the property you're buying (and regardless of whether you already own a residential property).
- This is because the rules do not apply only to you (the buyer), but also to anyone you're married to or buying with.

If you buy a property for £2 million, the SDLT due would be calculated as follows: 1. £125,000 at 5% = £6,250 2. £125,000 at 7% = £8,750 3. £675,000 at 10% = £67,500 4. £575,000 at 15% = £86,250 5. £500,000 at 17% = £85,000 Total SDLT due: £253,750	If a non-UK resident buys a property for £2 million, the SDLT due would be calculated as follows: 1. £125,000 at 7% = £8,750 2. £125,000 at 9% = £11,250 3. £675,000 at 12% = £81,000 4. £575,000 at 17% = £97,750 5. £500,000 at 19% = £95,000 Total SDLT due: £293,750

The higher rates for property transactions can apply under various circumstances, not just based on who is directly purchasing the property but also considering the broader context of ownership and relationships. Here's a summary of how these higher rates might apply:

If You're Married or in a Civil Partnership:

- The rules are applied as if both partners are buying the property together, regardless of who is purchasing.
- If either partner individually would incur the higher rates, then the higher rates apply to the entire transaction.

If You're Buying with Someone Else:

- Each person involved in the purchase and their spouse is considered.
- If any one person or their spouse is subject to the higher rates, then the entire transaction will be subject to these rates.

If You're Buying as a Trustee:

- The application of the higher rates depends on the type of trust.
- The higher rates may apply to the beneficiary of the trust rather than to the trustees themselves.

The key factor is not just who is directly buying the property, but also the relationships and ownership status of everyone involved in the transaction.

When determining if you need to pay the higher SDLT rates, you need to account for all residential properties you or your co-buyers own or part-own as of the end of the day you complete the purchase. Here's what you should include:

- Include any residential property you own outright or have a share in if it's worth £40,000 or more.
- Properties owned on behalf of children under 18 are treated as if you own them. This applies even if the property is held through a trust and you are not the trustee.
- If you are a beneficiary of a trust that holds residential property, include the value of these properties.
- Include your current home if you still own it at the end of the day you buy the new property.

If, after accounting for all relevant properties, you or your co-buyers will own more than one residential property worth £40,000 or more, the higher rates will be applicable.

Exceptions where the higher rates do not apply

People:	Property:	Leases:
The person buying the property will use it as their main residence. The person has sold or given away their previous main home before buying the new one (or on the same day).	Properties worth less than £40,000. Mixed residential and non-residential properties (e.g., a shop with a flat above.) Moveable properties such as caravans, houseboats, or mobile homes are not subject to the higher rates, unless they have become permanent fixtures.	Leases with a term of less than 7 years (Short-Term Leases) Purchase of a property where the lessee (other than the purchaser) under the lease has a lease term of more than 21 years.

When it comes to specific transactions, you don't have to pay additional SDLT, such as:

1. Transfers Between Spouses: If you transfer ownership (or part ownership) of a residential property to your spouse, the higher rates do not apply as long as no one else is involved in the transfer.
2. If you are increasing the amount (share in) of a residential property that you already own, the higher rates do not apply if all the following conditions are met:
   - You already own 25% or more of the property.
   - The dwelling has been your only or main home for the previous 3 years.
   - If the transaction involves extending a lease, the lease must still have 21 years or more left to run.

- The aim is to focus the higher rates on secondary and investment properties rather than primary residences and certain types of properties.
- These exemptions are designed to accommodate common property transactions between family members and adjustments to existing ownership arrangements without incurring higher costs.



3 Rates For First-Time Buyers

If you and the person you are buying with are first-time buyers of a residential property. In that case, a discount (relief) can be obtained if both conditions below apply:

- The property is purchased to occupy it as the main residence.
- The purchase price of the property is not more than £500,000.

Example:

If Joshua, a first-time buyer, buys a house in October 2025 for £350,000, what will be his SDLT liability?

Here, the SDLT rates applicable will be:

0% on the first £300,000 = £0

5% on the next £50,000 = £2,500

Total SDLT liability= £2,500

If you and the person you are buying with are first-time buyers of a residential property. In that case, a discount (relief) can be obtained if both conditions below apply:

Purchase Price	Tax Rate (UK Residents)	Tax Rate (Non- UK Residents)
Up to £300,000	0%	2%
£300,001 to £500,000	5%	7%

More about this relief is discussed in the reliefs and exemptions chapter.



4 New Leasehold Sales and Transfers

When purchasing a new residential leasehold property, SDLT is applied to the lease premium using standard SDLT rates. Additionally, if the total rent over the lease's duration (net present value) exceeds £125,000, a 1% SDLT is charged on the amount above this threshold. This rule does not apply to existing (assigned) leases. Therefore, you must pay SDLT on both the purchase price of the lease and the net present value of the total rent over the life of the lease, with each calculation done separately and then added together.

Net Present Value (NPV) of Rent	Residential SDLT Rate
Up to £125,000	0%
Over £125,000	1% of the Value that exceeds £125,000

5 Replacing Your Main Residence

There is no extra 5% SDLT if the new property replaces your main residence and the old one is sold.

If the old residence isn't sold by the completion date, you'll pay higher rates but can apply for a refund if sold within 36 months.

6 Refund for Delayed Sale

If it takes longer than 36 months to sell your old home due to exceptional circumstances (e.g., COVID-19 restrictions), you may still get a refund.

To claim, write to HMRC with details about the delay, the properties, and the amount of higher rate SDLT paid.

7 Rates for Acquisitions by Non-Natural Persons

Non-natural persons include companies, partnerships, and collective investment schemes. The following rates apply if the residential property is acquired by non-natural persons:

Purchase Price	SDLT Rate
Up to £500,000	Higher rates of SDLT
Over £500,000	17%

However, for certain transactions the higher rates will apply despite the purchase price exceeding the £500,000 threshold. These include when the property is:

- utilized in a property rental business.
- purchased by a property developer or property trader.
- utilized in a trade that includes making the property accessible to the public.
- purchased by a financial institution during lending.
- utilized by employees of the acquirer.
- a farmhouse.
- purchased by a qualifying housing co-operative.



SDLT for non-residential properties

1 Rates for Freehold Sales and Transfers

Purchase Price	SDLT Rate
Up to £150,000	0%
£150,001 to £250,000	2%
Over £250,000	5%

2 Rates for New Leasehold Sales and Transfers

Purchase Price	SDLT Rate
Up to £150,000	0%
£150,001 to £250,000	1%
Over £250,000	2%

If you purchase a new non-residential property or mixed leasehold, then you'll have to pay SDLT on both the purchase price of the lease (using the rates above) and the value of the annual rent you pay (known as net present value).
Net present value is calculated on the total rent over the life of the lease. The calculation is to be done separately and then added together.

SDLT Rates for Mixed-use Property

A mixed-use property incorporates residential and non-residential elements, such as a shop with a flat above.
SDLT rates for mixed-use property are the same as non-residential property rates

Example:

Sig Ma Chan is purchasing a property with 2 flats and 2 ground floor shop units for £400,000, what will be her SDLT liability?

Here, the SDLT rates applicable will be:

0% on the first £150,000 = £0

2% on the next £100,000 = £2,000

5% on the next £150,000 = £7,500

Total SDLT liability= £9,500



SDLT reliefs and exemptions

Reliefs

Reliefs are specific provisions that allow for a reduction or exemption from SDLT under certain conditions. They are designed to support various types of property transactions and encourage specific activities, such as first-time home buying or social housing development. You may be eligible for SDLT reliefs if you buy your first home or in certain situations. These reliefs can significantly reduce the amount of tax you pay. The reliefs from SDLT charges are provided in Sections (57 – 75) of the FA 2003.

First-time buyer's relief

An individual who wants to purchase a residential dwelling with the intention to make it their only or main residence may be eligible for the first-time buyer's relief should the individual meet other conditions set out in Schedule 6ZA of the FA 2003. The purchaser should meet different conditions to qualify for the relief, such as the purchaser should be a first-time buyer who has never owned a major interest in a dwelling in the UK or anywhere in the world; the threshold of the property should be within £500,000.

A relief for first-time buyers is available under Section 57B and Schedule 6ZA of the FA 2003 for land transactions effective on or after 22 November 2017. Depending on whether you are a UK resident or not, the SDLT rates with first-time buyer relief may vary. The SDLT rates with first-time buyer relief are as follows:

Purchase Price	Tax Rate (UK Residents)	Tax Rate (Non- UK Residents)
Up to £300,000	0%	2%
£300,001 to £500,000	5%	7%

The relief must be claimed in the land transaction return using code '32' in the SDLT1.

For new leases, SDLT depends on both the premium and any rent due. The calculation methods are as follows:

The two main criteria regarding the application of the relief are discussed below:

1 The land transaction:

- must involve a major interest in a single dwelling, its garden or grounds, and interests or rights that benefit the dwelling and its garden or grounds. 'Major interest' does not include leaseholds with less than 21 years remaining.
- should not be linked to any other land transaction unless it concerns the garden, grounds, and rights, and the total consideration is within the upper limit.
- must not involve more than one dwelling (e.g., a house with a granny flat) or include a non-residential element. It also cannot be a 'higher rates' transaction, which refers to the purchase of an additional dwelling.

2 The purchasers:

- All purchasers must be individuals and must intend to occupy the dwelling as their only or main residence.
- Relief can still be available for an individual who is a nominee or bare trustee, unless the individual is also the beneficiary. Before 6 March 2024, the relief was not available for nominees or bare trustees; where nominees and trustees acquired a new lease, they were treated as the purchaser of the dwelling for SDLT purposes, as opposed to the beneficiaries.
- Purchasers must not have owned a major interest (including a beneficial interest) in any dwelling or an equivalent interest in residential property situated anywhere in the world, regardless of the value of that interest, though leases with less than 21 years unexpired are ignored. Analysis of such arrangements is necessary to determine if the interest equates to a major interest, disqualifying them from relief.
- This includes previous acquisitions by inheritance or gift or by a financial institution on behalf of a person under an alternative finance scheme. Difficulties may arise if a buyer holds an interest in a dwelling under a usufruct or similar arrangement, deferring their rights.
- If the property is purchased jointly, all the purchasers must meet these conditions.

As per Schedule 9 of the FA 2003, relief can apply to a shared ownership lease or the declaration of a shared ownership trust.

For Example, Mark, a UK resident, is looking to purchase his first home in the UK. He has been living and working in London for the past five years and has never owned any residential property anywhere in the world. However, Mark owns a commercial property that he uses for his business. He is planning to buy a residential property priced at £300,000 on October 15, 2025. Will he be eligible for first time buyer relief and what SDLT rate will apply?

Since Mark is purchasing a residential property priced at £300,000, within the £500,000 threshold, and intends to use it as his main residence, he qualifies for first-time buyer relief. His ownership of a commercial property does not disqualify him from this relief. Therefore, Mark will benefit from the 0% SDLT rate on the first £300,000 of the property price, making his total SDLT payable £0.

Multiple Dwellings Relief (MDR)

MDR was a tax relief introduced by HMRC in 2011 (and abolished with effect from 1 June 2024) to reduce barriers to investment in residential property. It applied when a transaction involved at least two dwellings, either as linked transactions or within a single transaction. The inclusion of non-residential property, such as commercial property, did not invalidate the relief.

MDR had to be claimed and was not applied automatically. Properties that qualified included houses, apartments or flats bought in bulk, self-contained annexes purchased with a main house, and mixed-use properties (e.g., a shop with a flat above).

Although MDR was abolished for residential property transactions from 1 June 2024, claims could still be made retrospectively, provided the effective date of the transaction was before 1 June 2024. Amendments were allowed up to twelve months after the effective date of the transaction, and overpayment relief could be claimed up to four years after that date.

Group Relief

Group relief is a provision that allows companies within the same corporate group to transfer properties for commercial purposes without the SDLT liability. Companies within the same corporate group refer to those who are members of the same group as the vendor or purchaser at the effective date of the transaction. However, the relief is subject to detailed conditions and can be withdrawn. The group relief, however, must be claimed as one of the other SDLT reliefs. If a group relief claim is successful, the purchasing company do not have to pay SDLT on property transfers within the group.

Section 62 of the FA 2003 provides a provision related to group relief, which is elaborated by Schedule 7 of the FA 2003. It stipulates that if the purchaser and vendor of a chargeable interest are companies and, at the transaction's effective date, they are both members of the same group, the purchaser may claim relief from SDLT, provided certain conditions are met.

SDLT group relief eligibility under Paragraph 1 of Schedule 7 of the FA 2003:

A transaction will qualify for the SDLT group relief if both the seller and buyer (or lessor and lessee) are members of the same corporate group at the transaction's effective date.
A "company" is defined as a body corporate for the purposes of group relief.

Companies are considered part of the same group if one is a 75% subsidiary of the other, or both are 75% subsidiaries of a third company.

For instance, Company A is considered 75% subsidiary of Company B if:

- Company B has direct or indirect beneficial ownership of at least 75% of Company A's ordinary share capital.
- Company B must be entitled to at least 75% of Company A's distributable profits.
- Company B must be entitled to at least 75% of Company A's assets on winding-up.

Example 1:

A Ltd owns 90% of the ordinary share capital of B Ltd, and B Ltd owns 90% of the ordinary share capital of C ltd, even though in general law, A Ltd has no beneficial interest in the share of C ltd, A ltd is regarded as owning beneficially 90% x 90% = 81% of C ltd and A ltd, B ltd and C ltd are part of a group entity.

When Group Relief is Not Available:

- If arrangements allow a person to gain control of the purchaser company but not the vendor company at the transaction's effective date. Exceptions apply if the arrangements involve transferring a company's business where Section 96 of the Finance Act 1997 ("FA 1997") (demutualisation of insurance companies) is relevant and the conditions for relief are met.
- If any consideration is provided or received by someone outside the group. This includes arrangements where payments or dispositions involve third parties.
- If the transaction causes the purchaser to cease being a 75% subsidiary of the vendor or another group company. Exceptions apply to transactions involving a transfer of a company's business under Section 96 of the FA 1997.
- If the transaction is primarily for tax avoidance or not for genuine commercial reasons.

The clawback rule for SDLT group relief is triggered if the purchaser ceases to be a member of the same group as the vendor within three years of the effective date of the intra-group transaction, provided the purchaser or a relevant associated company still owns the property. Paragraph 5 of Schedule 7 of the FA 2003 provides when group relief is withdrawn, the primary liability to pay any resulting SDLT due falls on the purchaser. The tax originally relieved becomes payable within 30 days of the relief's withdrawal.

However, if the tax (or any part of it) remains unpaid after a period of six months, it can be recovered from several parties:

- The vendor
- Any company in the same group as the purchaser if it is positioned above the purchaser in the group structure (i.e., it owns at least 75% of the purchaser or another higher company)
- Any controlling director of the purchaser or a company controlling the purchaser.

How to claim group relief?

Section 62 (3) of the FA 2003 provides that the relief must be claimed in a land transaction return or an amendment of such a return. It can be claimed by submitting on the relevant land transaction return, SDLT1 (or its electronic equivalent), using code 12.

Other Reliefs

Various reliefs from SDLT charges are provided in Sections (57 – 75) of the FA 2003 under the following headings:

- Sales and leasebacks
- Certain acquisitions of residential property (for example, relief available to property traders when purchasing properties from probate estates)
- Relief for new zero-carbon homes
- Compulsory purchase facilitating development
- Purchases by public authorities in connection with planning agreements
- Relief for special tax sites
- Group relief, reconstruction and acquisition reliefs
- Demutualisation of insurance company
- Demutualisation of building society
- Incorporation of limited liability partnership
- Seeding relief
- Transfers between public bodies on a reorganisation
- Transfers in consequence of reorganisation of parliamentary constituencies
- Resolution of financial institutions
- Acquisitions by certain health service bodies
- Acquisitions by charities
- Acquisitions by bodies established for national purposes
- Right to buy and shared ownership transactions
- Acquisitions by providers of social housing
- Alternative property finance

Exemptions

For a land transaction to be chargeable under SDLT, it must involve the acquisition of a chargeable interest. However, certain interests are exempt from being chargeable, as outlined in Section 49 of the FA 2003 and provided in Schedule 3 of the FA 2003. Even if a transaction involves a chargeable interest, it may still be specifically exempted by legislation or qualify for one of the SDLT reliefs. If all land transactions are specifically exempted by FA 2003, or if there is no chargeable consideration, there is no need to file a land transaction return. However, a return must always be filed if a relief is claimed.

You do not have to pay SDLT or file a return if:

No chargeable consideration:

A land transaction is exempt from charge if

- No chargeable consideration is involved.
- You buy a freehold property for less than £40,000.
- You buy a new or assigned lease of 7 years or more if the premium is less than £40,000 and the annual rent is less than £1,000.
- You buy a new or assigned lease of less than 7 years if you pay less than the residential or non-residential threshold of SDLT.
- If you use alternative property financial arrangements, for example, to comply with Sharia law, where the alternative financial provider pays SDLT when they buy the property under the arrangements.



Grant of certain leases by registered social landlords:

When a relevant housing provider (such as a non-profit registered provider of social housing or a registered social landlord) grants a lease of a dwelling to one or more individuals, that lease is exempt from SDLT if it meets certain conditions. These conditions are:

- The lease must either be for an indefinite term or be terminable by a notice period of one month or less.
- The lease must be part of specific arrangements between the relevant housing provider and a housing authority. Under these arrangements, the housing provider offers accommodation to individuals nominated by the housing authority. This is done as part of the housing authority's legal duties to provide housing (statutory housing functions).
- The accommodation provided must be temporary and rented. The relevant housing provider must have obtained this accommodation on a short-term basis, meaning the provider has leased the accommodation for a term of five years or less.

The housing authority can be a principal council or the Common Council of the City of London in England and Wales, a council constituted under the Local Government etc. (Scotland) Act 1994 in Scotland, or the Department for Social Development or the Northern Ireland Housing Executive in Northern Ireland.

Transactions in connection with divorce:

A transaction between parties to a marriage is exempt from SDLT if it is carried out under certain conditions related to divorce, annulment, or judicial separation. Specifically, the transaction is exempt if it is made per a court order issued when granting a divorce, annulment, or judicial separation. It is also exempt if it is made in connection with the dissolution or annulment of the marriage or judicial separation at any time after such an order has been granted. Additionally, the transaction is exempt if it is made under specific sections of the Matrimonial Causes Act 1973 or the Family Law (Scotland) Act 1985 or if it is made pursuant to an agreement between the parties in connection with the dissolution or annulment of the marriage, their judicial separation, or the making of a separation order.

Assents and appropriations by personal representatives:

An assent is when a personal representative (like an executor of a will) formally agrees to transfer property to a beneficiary. Appropriation is when a personal representative decides to give a specific asset (like a house) to a beneficiary instead of cash.

When you acquire property through a will or because someone died without a will (intestacy), you generally don't have to pay a charge for acquiring that property. However, it does not apply if the beneficiary provides consideration other than assuming secured debt or agreeing to pay Inheritance Tax. Secured debt refers to any debt that was secured on the property immediately after the deceased's death, such as an unpaid mortgage. The exemption is applicable regardless of whether the property is transferred to a single beneficiary or multiple beneficiaries.

Transactions in connection with dissolution of civil partnership:

A transaction between two parties in a civil partnership is exempt from charge if it is carried out due to a court order made when the civil partnership is dissolved, annulled, or when the partners are judicially separated, or if it is carried out due to a court order made after the civil partnership has been dissolved, annulled, or the partners have been judicially separated. This exemption also applies if the transaction is carried out because of an order under Schedule 5 of the Civil Partnership Act 2004, which corresponds to certain sections of the Matrimonial Causes Act 1973, or an incidental order under the Civil Partnership Act 2004, which corresponds to a section of the Family Law (Scotland) Act 1985. Additionally, the exemption applies if the transaction is based on an agreement between the parties made in connection with the dissolution, annulment, judicial separation, or the making of a separation order.

Variation of testamentary dispositions:

Testamentary disposition refers to the act of distributing a person's property and assets according to their will after they die.

A transaction that varies the disposition of a deceased person's property (whether dictated by a will, intestacy laws, or other means) is exempt from the SDLT if it meets specific criteria: it must occur within two years of the individual's death, and no monetary consideration or equivalent value, aside from the variation itself, should be exchanged. It is important to note that this consideration does not include any secured debt that may be assumed. This exemption remains applicable regardless of whether the estate's administration is completed or if the property has been distributed according to the original dispositions.

Special Cases and Considerations

Linked transactions

Linked transactions, as defined in Section 108 of the FA 2003, are those that form part of a single scheme, arrangement, or series of transactions between the same vendor and purchaser or their connected persons, as per Section 1122 of the Corporation Tax Act 2010.

"Connected persons" is defined under Section 1122 of the Corporation Tax Act 2010. It includes relatives, business partners, and companies with shared control. For example, if a vendor sells a house and its gardens separately to a husband and wife, these transactions are considered linked. Transactions involving land in Scotland or Wales are excluded.

SDLT implications: The rate of SDLT is determined by the total chargeable consideration for all linked transactions combined. This means that the SDLT liability could be higher than if the transactions were considered separately.

How to determine linked transactions?

SDLTM30100 explains whether transactions are linked is essentially a factual question, requiring a thorough examination of all circumstances. Just because two transactions are between the same purchaser and seller does not necessarily mean they are linked. The transactions will be linked, however, if they are part of the same deal. Also, in cases where they share the same effective date, they can be reported as a single notifiable transaction using one land transaction return.

When two transactions are treated as linked for SDLT purposes, their total consideration is combined, and SDLT is calculated on the aggregate amount as if it were a single transaction. The resulting tax liability is then apportioned between the transactions based on their respective values. In practice, this means that for SDLT purposes, the total consideration from both transactions is combined, and SDLT is calculated on the aggregate amount as if it were a single transaction, with the resulting tax liability then being apportioned between the transactions based on their respective values.

Moreover, reliefs that apply to the purchase of a dwelling can also apply to linked transactions involving gardens or grounds related to the dwelling.

SDLTM29841 has outlined the details regarding the linked transactions discussed below:

Relief Application:

- Normally, it applies to the purchase of a dwelling but can apply to non-dwelling transactions if linked with a dwelling purchase.

Conditions for Relief:

- The main subject is gardens or grounds related to the dwelling or interests benefiting the dwelling.
- All purchasers of the linked transaction must also be purchasers of the dwelling.

Loss of Relief:

- Relief may cease if a later linked transaction involves non-garden/grounds or interests not benefiting the dwelling.
- Relief may also cease if the total consideration for all linked transactions exceeds £500,000.

Reporting Linked Transactions:

- If linked transactions occur on the same day, they can be reported on the same return.
- Relief should only be claimed if due, considering all transactions.

Later Linked Transactions:

- If a later linked transaction occurs before submitting the original return, all transactions up to the submission date must be considered for relief eligibility.
- If a later linked transaction occurs after the original return, a further return must be submitted within 30 days to recalculate SDLT based on the new total consideration.

Further Return Requirements:

- Must be submitted within 30 days of the later transaction.
- Any additional tax due must be paid by the same date.

SDLTM29835 explains the Conditions for Claiming the First Time Buyer's Relief on Linked Transactions

If the purchase of a dwelling is linked to another transaction, relief is only available if the other transaction involves the purchase of a garden or grounds or interests or rights in land that benefit the dwelling. purchases an adjoining garden. The total consideration for SDLT purposes would include both the house and the garden. If the combined value exceeds £500,000, the first-time buyer relief would not apply. Therefore, while first-time buyers can benefit from SDLT relief, linked transactions involving additional purchases must be carefully considered to ensure the relief remains applicable.

Example:

Let us consider a company that purchases an office building for £1,500,000 and, as part of the same deal, also buys an adjacent parking lot for £300,000 from the same seller. These transactions are linked because they form part of a single scheme between the same vendor and purchaser. The total consideration for SDLT purposes would be £1,800,000, and the SDLT rate would be based on this combined amount. Despite being documented separately, the transactions are treated as linked due to their connection within the overall arrangement.



SDLT on the Transfer of Equity

The amount of SDLT depends on the circumstances of the property transfer. Such as, for:

- Marriage, Civil Partnership, or Cohabitation: SDLT may be payable when transferring a share in a property to a spouse or partner upon marriage, entering a civil partnership, or moving in together if the chargeable consideration exceeds the SDLT threshold.
- Divorce, Separation, or End of Civil Partnership: No SDLT is payable when transferring property to a partner as part of a divorce, dissolution of a civil partnership, annulment, or legal separation, even if the value exceeds the SDLT threshold. HMRC does not need to be informed.
- Jointly Owned Property: Unmarried Couples and Others: Unmarried joint owners may need to pay SDLT when transferring property interests. No SDLT is due if the property is divided equally. If one person takes a larger share and pays chargeable consideration, SDLT may be payable if it exceeds the threshold.
- Gifts: No SDLT is payable if the transfer is a gift with no chargeable consideration.
- Larger Share as a Gift in the jointly owned property: No SDLT is payable if a larger share is taken as a gift without chargeable consideration, including mortgage liability. HMRC does not need to be informed.
- Transferring Outstanding Mortgage: If one joint owner takes over a property and its mortgage, SDLT is payable on the total chargeable consideration if it exceeds the threshold.
- Inheritance and Gifts: No SDLT is payable on property inherited through a will, even with an outstanding mortgage, provided no other chargeable consideration is given. For gifted property, SDLT is payable if the outstanding mortgage value exceeds the threshold. HMRC must be informed if SDLT is due.

Example: SDLT Payable Without Money Exchange

If a property owner transfers half of a property valued at £700,000 with a £600,000 mortgage to their partner, who takes on 50% of the mortgage (£300,000) and the rest of the mortgage is undertaken/ retained by the property owner, SDLT is charged on the £300,000.

Example: No SDLT Payable

For a property valued at £180,000 with £90,000 equity and a £90,000 mortgage, if the owner transfers half to their partner who pays £45,000 in cash and takes on £45,000 of the mortgage, the £90,000 chargeable consideration is below the SDLT threshold, so no SDLT is due. However, HMRC must be informed.

Example: SDLT Payable on Larger Share

If two people own a farm valued at £2 million and split it in 50:50, then no SDLT is payable.

However, real-life situations may not always be straightforward. For example, if there is an uneven split where one owner takes more land, as follow:

Value of land split and owned by Person 1: £1,250,000

Value of land split and owned by Person 2: £750,000

Person 1 compensates person 2 and pays them £250,000 (i.e. £1,250,000 – £1,000,000). The chargeable consideration for SDLT will be £250,000.

Example: SDLT Payable on Ownership Transfer

For a house valued at £550,000 with £350,000 equity and a £200,000 mortgage, if one owner takes sole ownership, paying £175,000 in cash and taking on £100,000 of the mortgage, the £275,000 chargeable consideration results in £3,750 SDLT.



Filing and Payment

SDLT Return Process

The HMRC Manual "Stamp Duty Land Tax Online and Paper Returns," published on 28 November 2018, states that you must inform HMRC about most land and property transactions in England and Northern Ireland using an SDLT return within 14 days of the transaction's effective date, even if no tax is owed.

The effective date is typically the transfer completion date but can be earlier if the contract is substantially performed. Substantial performance is when one of the following happens:

- most of the buying price is paid (normally 90%), and payment can be in cash or something else of economic value.
- the buyer is entitled to possession of the property.
- the first payment of rent is made.

Who is responsible for sending a return?

The purchaser is responsible for informing HMRC and paying any SDLT owed, though most people use a solicitor or legal conveyancer to handle this. Solicitors or conveyancers can submit your return online and pay any tax due once they have your authority on record and know the transaction's effective date.

- If you are a solicitor or legal conveyancer, you must send an online return to HMRC.
- If a solicitor or legal conveyancer does not represent you, you must use the SDLT1 paper return.

Note:

Some transactions do not require an SDLT return, such as where no money changes hands, property left in a will, or property transferred due to divorce or civil partnership dissolution. (Refer to the "transactions exempt from SDLT" sub-heading above.)

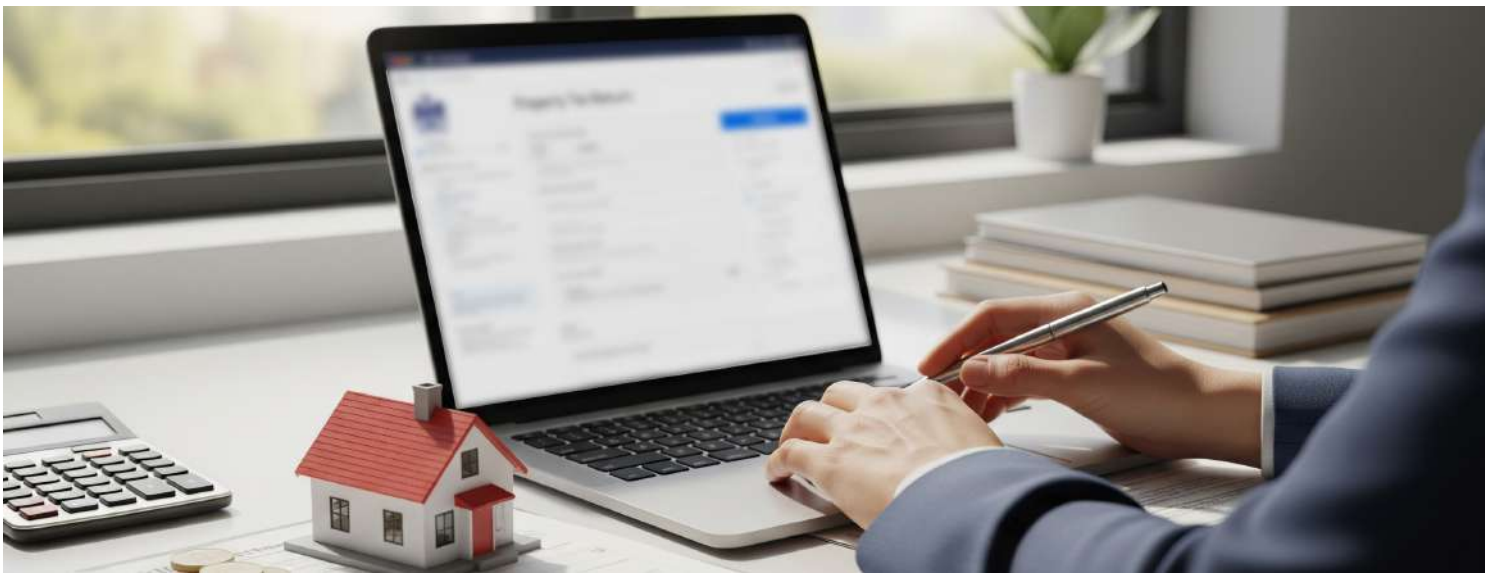
Paragraph 1 of Schedule 10 of the FA 2003 requires that the return must:

- Be in the prescribed form.
- Contain the prescribed information.
- Include a declaration by the purchaser (or each of them) that the return is correct and complete to the best of their knowledge.

Sending an online return

If you are a solicitor or legal conveyancer, you must log in to HMRC's Stamp Taxes Online service to file your SDLT return. After submitting the return, you will receive an online SDLT5 certificate and a Unique Transaction Reference number (UTRN), which you should send to the HM Land Registry with the application for registration. It is important to note that if you use the HMRC Stamp Taxes Online service, you must complete and file the SDLT return electronically, as HMRC will reject returns that are electronically filled in and then printed and posted, as well as electronic forms that are printed and filled in by hand.

The electronic SDLT5 certificate shows details of the first property address for any transaction. If there are multiple addresses or more than one seller or buyer, you need to access the 'view, print and store' section of the online SDLT return and print PDF versions of forms SDLT2, SDLT3, and SDLT4, which should be sent to HM Land Registry along with a copy of the electronic SDLT5. It is important to save a copy of the return and the certificate, as well as keep a record of the UTRN for every transaction. For transactions involving a large number of properties or multiple sellers or buyers, you can still file the return online, entering up to 99 entries (any combination of buyers, sellers, or properties). If the system indicates that no more entries can be added, use a separate schedule for further entries, including the details for each additional property, seller, or buyer, and enter the UTRN.



Sending a paper return

If you need to send HMRC a paper SDLT1 return for a straightforward transaction, such as a simple residential conveyance, you can order the SDLT1 form online or by phone.

Then, send the completed SDLT1 along with any SDLT payment due, ensuring no other correspondence is included to avoid delays in receiving your SDLT5 certificate. Each SDLT1 form and payslip has its own UTRN printed, so it can only be used for that specific transaction. You cannot use photocopies of the SDLT1 return for different transactions, and you must include a valid local authority code to avoid rejection. Allow at least three working days for your return to reach HMRC, and send it within 14 days of the transaction's effective date to:

BT Stamp Duty Land Tax
HM Revenue and Customs
BX9 1LT.

Only use this address for submitting SDLT1.

Additional forms may be required if there are multiple addresses or more than one seller or buyer. For the following paper transactions, you may need to fill out extra forms along with the SDLT1 return:

- SDLT2 form: Use the SDLT2 form if there are more than two buyers or sellers. If the combined number of additional sellers or buyers exceeds 99, complete a separate schedule for the rest, including all details asked for on the SDLT2 form.
- SDLT3 form: Use the SDLT3 form when the transaction involves more than one property. Fill in the SDLT1 for the first property and an SDLT3 form for each additional property. If there are more than 100 properties, complete a separate schedule for the rest, including all details asked for on the SDLT3 form.
- SDLT4 form: Use the SDLT4 form for complicated leases, commercial transactions, and some residential situations. Fill in the SDLT4 form along with the SDLT1 if any of the following apply:
    - The land or property transaction is part of a business sale agreement.
    - The buyer is a company.
    - You have asked HMRC for advice on how the law applies to the transaction, using Clearances and Approvals 1 (CAP1) or another route.
    - Any part of the consideration is dependent or uncertain.
    - Arrangements have been made with HMRC under the deferment provisions.
    - There are mineral rights reserved.

You may also need to fill in this form if the transaction

- Involves the grant of a new lease or exchange of missives of let.
- Relates to the grant of multiple leases.

You can order forms SDLT2, SDLT3, and SDLT4 online or by phone.

If your submitted return is correct and complete, **HMRC will send you an SDLT5 certificate,** which you should send to the HM Land Registry with your registration application.

- If there are mistakes in your paper SDLT1 return, HMRC will send you the SDLT8 form to request the correct or missing information, and they will not issue the SDLT5 certificate until they receive this information.
- Pay your SDLT using the reference number on your payslip. The UTRN for the transaction is in the reference box on the payslip and is needed for payment and for HMRC to trace your return and payment if you have a query.

SDLTM50200 highlights the registration procedure for land transactions with HM Registry.

- After receiving the SDLT5 certificate from HRMC, the certificate must accompany the relevant application to register the land transaction at the HM registry.
- All purchasers must keep and preserve, for at least six years after the transaction's effective date, such records as may be needed to enable them to deliver a correct and complete land transaction return or certificate.

To register land or property with the HM Land Registry, solicitors and legal conveyancers with access to the HM Land Registry's Business Gateway or portal can submit the SDLT5 certificate and other SDLT forms online along with the registration application.

Suppose you have not used a solicitor or legal conveyancer. In that case, you must post the SDLT5 certificate and other SDLT forms to the HM Land Registry's standard address with your application to register the land or property.

Deadlines and Penalties

Deadlines

According to SDLTM00060, the purchaser must file a land transaction return (SDLT1 form or its electronic equivalent) with HMRC and pay the SDLT within 14 days of the transaction's effective date.

The payment deadline is the same as the return. You can pay any SDLT as soon as you have submitted the return.

You will be liable to pay the penalty if you miss the filing date.

Special rules apply if the purchaser is not an individual. Joint purchasers are collectively liable for the tax, and in partnerships, all partners at the transaction date or any new partners are responsible. Trustees of a settlement are also liable for any tax, interest, or penalties, regardless of when they became trustees. If a return is amended before or on the filing date, the payment is due at the original filing date. However, if amended after the filing date, payment is due immediately, and late payments attract interest and potential penalties. If reliefs such as Group, Charities, or First-time buyers' relief have been claimed but later withdrawn, or if HMRC issues a determination or assessment, a revised return and any additional tax due must be submitted within 30 days. Special provisions apply for deferring or postponing tax payments, such as when contingent consideration is involved or an appeal is pending.

Penalties

The penalties for late filing of an SDLT return are as follows:

1 Flat-Rate Penalty/ Automatic fixed penalty
(Paragraph 3 of Schedule 10 of the FA 2003)

A person required to deliver a land transaction return who fails to do so by the filing date is liable to a flat-rate penalty of:

- £100 if the return is delivered within three months after the filing date
- £200 in any other case (if the return is delivered more than three months after the filing date.)

They may also be liable to a tax-related penalty as well as a fixed penalty if you do not file your return within 12 months after the filing date.

2 Tax-Related Penalty
(Paragraph 4 of Schedule 10 of the FA 2003)

A purchaser who fails to deliver a land transaction return within twelve months after the filing date is liable to a tax-related penalty in addition to any flat-rate penalty. The tax-based penalty can be up to the full amount of the tax due on the return.

3 Daily Penalty
(Paragraph 5 of Schedule 10 of the FA 2003)

If it appears to the Inland Revenue that a purchaser required to deliver a land transaction return for a chargeable transaction has failed to do so and the filing date has passed, they may issue a notice requiring the purchaser to deliver the return. The notice must specify the transaction it relates to and the period for compliance, which must be at least 30 days from the notice's issue date. If the purchaser does not comply within the specified period, the Inland Revenue may apply to the tribunal for an order imposing a daily penalty. The tribunal may then direct that the purchaser is liable for a penalty of up to £60 for each day the failure continues after notification. This daily penalty does not affect any flat-rate or tax-related penalties for failure to deliver the return.

Appeal against a penalty

You can appeal against a late filing penalty if you could not file your return by the deadline due to an unusual event that was unforeseeable or beyond your control. HMRC will accept a reasonable excuse for missing the deadline if this event prevented you from either filing the return yourself or making arrangements for someone else to file it.



Interest Charges

If you do not pay your SDLT due within 14 days after the transaction's effective date, interest will accrue from the day after the due date until the day you pay. HMRC charges interest if they have not received your payment or if there is no evidence proving beyond reasonable doubt that you sent your payment when you filed your return. HMRC will inform you and your agent of the underpaid tax, and the interest charged. It is advisable to pay the tax and interest as soon as possible. The interest is calculated using the official rate set by HM Treasury.

You cannot appeal against a late payment interest charge because it is not considered a penalty; it compensates HMRC for not having the money when it was due, so you must pay it. If you believe HMRC caused your late payment, explain in writing why you think their actions led to the delay, including any supporting evidence. If you think you should not pay interest, have been charged too much, or want a full interest breakdown, write to:

BT Stamp Duty Land Tax
HM Revenue and Customs
BX9 1HD
United Kingdom.

How to Amend a Return

You have 12 months from the filing date, which is 14 days after the effective date of your transaction, to amend your return. Minor errors can be corrected by phone, while more substantial errors require writing to HMRC and possibly submitting a new SDLT return.

Amending via Phone: You can amend minor changes (e.g., vendor details, spelling errors in property address) by calling the Stamp Duty Land Tax helpline.
You can also change the transaction's effective date, but not to a date that would mean HMRC received the return before the completion date. If this applies, you'll need to send a new SDLT1 return and write to the Stamp Duty Land Tax office to cancel the wrong return.

Amending via Post: For certain changes, you need to write to the Stamp Duty Land Tax office and send a copy of the contract. These changes include:

- Changing the name of the buyer (unless correcting a spelling mistake)
- Changing the property details
- A new effective date after the date of notification

For substantial errors, you must submit a new SDLT return with the correct information and write to the Stamp Duty Land Tax office explaining the reasons for the new return, including the UTRNs of both the incorrect and correct returns

Amending a Return During a Formal Enquiry: You can amend your return even after HMRC has started a compliance check. However, the amendment will not take effect until the check is completed. If your return is incorrect, HMRC will guide you on how to amend it.

If You've Sent a Return in Error or Duplicate: If you have sent a return for a transaction that does not require one or sent a duplicate return, write to the Stamp Duty Land Tax office to request that they disregard it. Include the UTRN, the reason for disregarding the return, and whether you have used the SDLT5 certificate to register the transaction with HM Land Registry.

If you received a penalty charge for an unnecessary or duplicate return, you can appeal in writing within 30 days of the penalty notice date.

Mistakes on Your SDLT Return More Than 12 Months Old: HMRC can make minor corrections, such as spelling mistakes in a buyer's name, but cannot amend details that change the underlying identity of any buyer or property details. For these errors, you will need to submit a new return. Other mistakes on your SDLT return cannot be corrected more than 12 months after the filing deadline, but you may still be able to claim a refund if you overpaid SDLT. To request an amendment for a return older than 12 months, write to the Stamp Duty Land Tax office explaining the error and how it arose, and include a copy of your original return.

If You've Underpaid SDLT: If you realize you have underpaid SDLT, inform HMRC immediately and pay the additional amount as soon as possible, quoting the transaction's UTRN. Failure to do so may result in a penalty, and you will have to pay interest on any late SDLT payments.

Refund of SDLT

You can apply for a refund of the higher rates of SDLT for additional properties if you've sold your previous main home within 3 years of buying a new one. You must be either the main buyer or their agent. For properties sold on or after 29 October 2018, HMRC must receive your refund request within 12 months of the sale date or the SDLT return filing date for your new home, whichever is later. If it took longer than 3 years to sell your previous home due to exceptional circumstances (e.g., government restrictions or public authority actions), you can still apply for a refund if you bought your new home on or after 1 January 2017 and have now sold your previous home. You must sell your previous home without further delay once the reason for the delay has ended. To request a refund, write to HMRC with an explanation of the delay and the required information and send it to:

BT Stamp Duty Land Tax
HM Revenue and Customs
BX9 1HD

Resources for further reading

Legislation

FA 2003: Part 4 of this legislation, along with its relevant Schedules, outlines the legal framework for SDLT, including the main charging provisions and specific sections related to SDLT. (Available at: FA 2003 (legislation.gov.uk))

HMRC guidance

HMRC Stamp Duty Land Tax Manual: This comprehensive manual provides detailed guidance on SDLT, including scope, chargeable transactions, reliefs, and exemptions. (Available at Stamp Duty Land Tax Manual - HMRC internal manual - GOV.UK (www.gov.uk))

Useful websites and tools

a. UK Property Accountants Website (Resources)

- Complete Guide on Stamp Duty Land Tax (ukpropertyaccountants.co.uk)
- A Complete Guide on First Time Buyer Relief (ukpropertyaccountants.co.uk)

b. Definitions in SDLT - Stamp Duty Advice Bureau | Stamp Duty Rebates

c. LexisNexis: Tolley's Stamp Taxes 2023-24, "Part One: Stamp Duty Land Tax"

Note:

All the information provided in this article are extracted from the above-mentioned resources.

UK Property Accountants

Let's Talk

SCAN ME!

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