

What is stamp duty and who pays for it?

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Stamp Duty Land Tax, commonly just referred to as Stamp Duty, is a tax that you pay to HM Revenue & Customs when you are buying a home.

Stamp Duty is paid by the buyer of a property.

It is always the home buyer who pays stamp duty, not the seller. When buying a property, stamp duty payments should always be budgeted for.

How much is stamp duty?

The amount of stamp duty that you pay depends on the price of the property you are buying.

It also depends if the property is in England, Wales, Scotland or Northern Ireland as the rates will differ. A breakdown of the rates for England are below.

Other factors that will influence the rate you pay are whether you are purchasing a buy-to-let or a second home.



What is first-time buyer relief?

First time buyer relief means that if you and anyone else you are buying with, are both first-time buyers, you do not have to pay stamp duty on properties up to a certain value (higher than the standard scales). For example, on the standard scale, a property will not be eligible for stamp duty up to the value of £250,000, however as a first time buyer – you would not have to pay stamp duty on a property up to the value of £300,000. The set rates are detailed on the tables below.

Stamp duty rates in England and Northern Ireland:

Purchase Price of Property	Stamp duty rate	Stamp Duty Rate for Additional Properties
Up to £125,000	0%	3%
Over £125,000 to £250,000	2%	3%
Over £250,000 to £925,000	5%	8%
Over £925,000 to £1.5 million	10%	13%
Over £1.5 million	12%	15%

First-time buyer relief in England and Northern Ireland is on properties up to £300,000 and pay 5% on the portion from £300,001 to £500,000. There is no relief on properties over £500,000.

Stamp duty rates in Scotland:

Purchase Price of Property	Stamp duty rate	Stamp Duty Rate for Additional Properties
Up to £145,000	0%	4%
Over £145,000 to £250,000	2%	6%
Over £250,000 to £325,000	5%	9%
Over £325,000 to £750,000	10%	14%
Over £750,000	12%	16%
First-time buyer relief in Scotland is £175,000		

Stamp duty rates in Wales:

Purchase Price of Property	Stamp duty rate	Stamp Duty Rate for Additional Properties
Up to £180,000	0%	4%
Over £180,000 to £250,000	3.5%	7.5%
Over £250,000 to £400,000	5%	9%
Over £400,000 to £750,000	7.5%	11.5%
Over £750,000 to £1.5m	10%	14%
Over £1.5m	12%	16%
There is no first-time buyer relief in Wales.		

How to calculate the amount of stamp duty payable

Stamp duty is calculated in the same way as income tax is calculated.

For example (using the England and Northern Ireland tax brackets): The first £125,000 is not included. The value over this amount is subject to the tax in each subsequent bracket.

So if a home is valued at 500,000;

- The first £125,000 = 0% tax
- The next 125,000.00 up to 250,000.00 would be charged at 2%
- The remaining 250,000 = 5% tax = £12,500.00
- Total stamp duty payable = £15,000.00

You can use an online stamp duty calculator here;

<https://www.tax.service.gov.uk/calculate-stamp-duty-land-tax/#/intro>

