

# Wollen Michelmores

## SOLICITORS

### THINKING ABOUT BUYING AN ADDITIONAL PROPERTY?

The new Stamp Duty Land Tax (SDLT) rules have been in place since April 2016 for anyone who wishes to purchase a property as a “buy to let” or an additional residential property that is not their main residence. “Additional residential properties” include buy to lets, holiday homes and second homes. If you are buying an additional residential property, then you must pay additional SDLT, charged at 3% of the purchase price of the property.

Under the new rules if you are selling a main residence and buying an alternative main residence at the same time or have already sold your main residence and are buying a replacement main residence within three years of the sale of your previous main residence, then you are exempt from the need to pay the additional SDLT, even if you own other properties.

However, if you still own your previous main residence on the day of completion of the purchase of the new main residence, you would still be obliged to pay the higher rate of SDLT. You will then be entitled to claim a refund of that additional tax if the former main residence is sold within 3 years of the completion of the purchase of the new main residence.

Being married or in a civil partnership also affects the rate of SDLT payable on the purchase of an additional property. Married couples may only have one residential property between them, so if one of them decides to buy an additional property, or if one of them already owns a property, then the additional 3% would be payable.

As an example, if you were buying a property for £150,000, the normal SDLT payment would be £500. However, if the property was an additional property, the SDLT payment would be the normal £500 plus an additional £4,500, being 3% of the purchase price. The total SDLT payable for this purchase would therefore be £5,000.

If you bought a second main residence before the sale of your first main residence but have now sold your first main residence within the 3 year timeline, you can apply to H M Revenue & Customs (HMRC) for a refund of the additional tax paid. HMRC have introduced an online service to apply for repayment of the tax and they must have your request within 3 months of the sale of your previous main residence or within 12 months of the filing date of the SDLT return, whichever’s later.

To discuss this article or any other aspect of property law, please contact, Hilary Amesbury on 01626 332266 or email [Hilary.Amesbury@wollenmichelmores.co.uk](mailto:Hilary.Amesbury@wollenmichelmores.co.uk)