

SDLT First Time Buyer Relief

The Chancellor announced in his Budget on 24 March 2010 that Legislation in Finance Bill 2010 will introduce relief from stamp duty land tax (SDLT) for purchases of residential property at up to £250,000 where the purchaser or all the purchasers are first time buyers and intend to occupy the property as their only or main home. This relief is time-limited to two years. The new relief will be available for residential purchases where the effective date (normally the date of completion) is on or after 25 March 2010 and before 25 March 2012. At present the SDLT rate is 1 per cent for residential purchases where the consideration is more than £125,000 and up to £250,000. Finance Bill 2010 will provide relief for residential purchases where the consideration is more than £125,000 but not more than £250,000 and the purchaser or all the purchasers have not previously acquired such property.

Questions and Answers

Q1. Who is a first time buyer?

A person who has not acquired a freehold or leasehold interest in residential property in the UK (except a lease with less than 21 years to run) or an equivalent interest anywhere in the world.

Q2. When is the relief available?

The relief is available for transactions with a completion date on or after 25th March 2010 but before 25th March 2012.

Q3. How do I claim the relief?

You must notify us by completing the appropriate Declaration on the checklist accompanying this report.

Q4. I want to buy a house with my partner but one of us has previously owned a residential property. Can we claim the relief?

No. All of the buyers, when there are more than one, must be a first time buyer.

Q5. I previously bought a house jointly with my spouse/partner. The partnership has broken up so can I be treated as a first time buyer?

No. Where the individual has previously acquired an interest in a residential property as a joint tenant or a tenant in common the individual is not a first time buyer.

Q6. Is the relief available on transfers of interests in a home between partners?

Such a transfer normally requires a transfer from the existing owner to him/herself and the partner. Even if the partner is a First-time buyer the existing owner is not. So the relief is not available.

Q7. Can I get relief if I have previously owned an inherited property?

No. In this case a person will previously have acquired a major interest in a residential property.

Q8. Can I claim the relief if I'm buying on behalf of my parents?

No. Relief is not available unless the first time buyer(s) are buying, for themselves, a property that they intend to use as their only or main residence.

Q9. Is there an age limit on claiming the relief?

No. First time buyers can be of any age.

Q10. Is there a price limit on claiming the relief?

Yes, the sum for the whole of the purchase must not exceed £250,000.

Q11. Can the relief be claimed on shared ownership transactions?

The relief can be available but only if a market value election is made. The relief is not available if taxed as a lease. Normal shared ownership rules apply on staircasing.

Q12. Can I claim the relief retrospectively?

A. No. Transactions with an effective date before 25th March 2010 do not qualify.