

## Increased SDLT rates for additional residential properties

### Introduction

On 25 November 2015 George Osborne delivered the 2015 Autumn Statement. The statement included an announcement that from 1 April 2016 Stamp Duty Land Tax (“**SDLT**”) rates on additional residential properties such as second homes and buy-to-let properties will be set at 3% above the current rates for residential property.

### SDLT on additional residential properties

SDLT on additional residential properties will be calculated using the same “slice” method that now applies to all residential property transactions (we have written an [article](#) explaining how the new “slice” system works). The current rates for residential properties and the proposed rates for additional residential properties are set out in the table below.

Property value band	SDLT rate - residential properties	Proposed SDLT rate - additional residential properties
First £125,000	0%	3%
Next £125,000 (above £150,000 to £250,000)	2%	5%
Next £675,000 (above £250,000 to £925,000)	5%	8%
Next £575,000 (above £925,000 to £1,500,000)	10%	13%
Remaining amount (above £1,500,000)	12%	15%

Where consideration for an additional residential property is below £40,000 no SDLT will be payable but the 0% rate cannot be applied to the first £40,000 of consideration for properties where the consideration is higher than £40,000.

### Outstanding issues

On 9 December 2016 HMRC published guidance in which they stated that the government will consult on the details in due course and publish draft legislation in January 2016. Three particular areas where clarification will be needed are:

- a) How the proposed exemption for corporate or fund purchases that make significant investments in residential property will work;
- b) Whether the additional 3% will be added to the 15% rate already charged on purchases of residential properties by companies and other non-natural persons where the consideration exceeds £500,000; and
- c) What measures will be included to prevent individuals from purchasing residential properties through multiple companies to avoid the higher rates.

The new rates are intended to apply from 1 April 2016.