

# Stamp Duty Land Tax (SDLT) Factsheet: First time buyer relief.

**In the 2017 Budget the Chancellor announced a new SDLT relief for first time buyers, buying their first home. This applies for purchases from 22 November 2017.**

This will be welcome news for those wishing to get on the first rung of the property ladder. However, there are tight restrictions as to who can qualify.

## How much is the relief?

Where the buyer(s) qualify, and the purchase is for £300,000 or less then no SDLT will be due. If the purchase price is between £300,000 and £500,000 then the SDLT will be at 5% on the excess over £300,000. This generates a saving of up to £5,000 over the normal SDLT rates. For purchases above £500,000 there is no relief. The net present value of rents under a lease is ignored when determining the purchase price.

## What must you be buying?

The subject matter of the purchase must be a single dwelling. Where there is a purchase of several dwellings in a single transaction then no relief will be available.

The purchase must be of a major interest, so be a freehold or a lease with more than 21 years left to run on the date of purchase.

Linked transactions must be included in determining the purchase price and if the £500,000 is exceeded then no relief is available. In addition unless the linked transaction is a purchase of the garden/grounds of the dwelling relief will be denied regardless of the £500,000 limit.



## Who can qualify?

In order to benefit from the relief, the purchaser (and also any joint purchasers) must be first time buyers. It must be the intention that the property being purchased will be occupied as their main residence.

To be classed as a first time buyer, the individual must not, alone or together with others, have previously acquired a major interest in a dwelling anywhere in the world.

This includes property acquired by inheritance or gift. Any commercial property can be ignored, as long as it does not include a dwelling.

The relief is not available for companies.

## Interaction with other SDLT rules

If the purchase falls into the 5% (previously 3%) surcharge for additional dwellings then relief cannot be claimed.

Where there is a purchase of a qualifying shared ownership property, there are two options.

Either the relief can be claimed on the initial share being purchased (with SDLT due on later staircasing), or an election can be made to claim the relief on the full market value upfront, meaning that no SDLT charge arises on the purchase of further shares.

In both situations, this only applies where the market value of the whole property is £500,000 or less.

**If you have any further questions on this area please do not hesitate to contact Judith Pederzoli ([jpederzoli@pem.co.uk](mailto:jpederzoli@pem.co.uk)) or Sarah Davis ([sdavis@pem.co.uk](mailto:sdavis@pem.co.uk)).**



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