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**Stamp Duty Land Tax (SDLT)  
First Time Buyers**

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**Question and Answer Briefing and Technical Note  
24 March 2010**

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## Introduction ; The Chancellor`s Budget Announcement

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### Background

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.

If you have any questions about this change, please telephone ;

- The Stamp Taxes Helpline on **0845 603 0135**. or write to ;
- HM Revenue & Customs  
Birmingham Stamp Office  
9th floor City Centre House  
30 Union Street  
B2 4AR
- Information about all Budget measures is available on the HM Revenue & Customs website at [www.hmrc.gov.uk](http://www.hmrc.gov.uk)

## Chapter 1 ; Technical Note

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### Background

The starting threshold where the purchaser is a first time buyer of residential property is raised from £125,000 to £250,000.

The increased threshold applies where the effective date of the transaction is on or after 25<sup>th</sup> March 2010 but before 25<sup>th</sup> March 2012. The effective date is normally the date of completion although there are some exceptions: see SDLTM 07600.

This is a relief which must be claimed on a land transaction return by entering relief code 28 at box 9 of the return.

The relief may be claimed if the following conditions are met.

### The Land

- The subject-matter of the transaction consists wholly of an interest in land which is residential property. (Residential property is defined at FA03/S116.) Non-residential or mixed use property does not qualify.
- The acquisition must be of a major interest in land – that is, a freehold or leasehold interest. In the case of a grant or assignment of a lease, the lease must have at least 21 years to run.
- The purchaser or purchasers must intend to occupy the property as their only or main residence
- The transaction must not be linked with any others for SDLT purposes (linked transactions are defined at FA03/S108) unless it is an acquisition of a separate interest associated with the same residence (e.g. a separate lease of a garage).

### Chargeable Consideration

- must not exceed £250,000 for a freehold interest or the assignment of a lease
- other than rent (i.e. premium), for the grant of a lease, must not exceed £250,000. The relief does not apply to any tax which is payable on the rent.

### The Purchaser

- must be a person who intends to occupy the property as his or her main residence. This excludes purchases by corporate bodies, partnerships or trustees, with limited exceptions.
- the purchaser must not, either alone or with others, have previously acquired a major interest in land which includes residential property, or an equivalent interest in land situated anywhere in the world. This includes previous

acquisitions by a financial institution on behalf of a person under an alternative finance scheme referred to in FA03/S71A-73.

- This restriction does not apply where the interest acquired was the grant or assignment of a lease with less than 21 years to run.

### **Other Reliefs**

The relief may not be claimed in conjunction with any SDLT relief apart from those which are in existence for Alternative Property Finance, the market value election for Shared Ownership Leases and the discounted sale price under Right to Buy.

## Chapter 2 : Questions and Answers

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**Q1. What is a first time buyer?**

A. 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?**

A. The relief is available for transactions with an effective date on or after 25<sup>th</sup> March 2010 but before 25<sup>th</sup> March 2012.

**Q3. How do I claim the relief?**

A. The relief must be claimed on a land transaction return by entering relief code 28 at box 9.

**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?**

A. 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?**

A. 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?**

A. 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?**

A. 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?**

A. 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?**

A. No. First time buyers can be of any age.

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

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

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

A. 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. How does the relief apply to alternative finance arrangements?**

A. Special rules apply to put this form of finance on a level playing field. Under these schemes relief for first time buyers is available for the first purchase by the financial institution, where the person(s) entering into the arrangements meet(s) the qualifying conditions for relief.

**Q13. Can I claim the relief retrospectively?**

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

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