



shire
FINANCIAL SERVICES LIMITED

Buy to Let/Second Homes Stamp Duty Explained

From the 1st April 2016, Stamp Duty rates for Buy to Let and Second Homes increased.

If the property you are purchasing is a second home or you will be renting out, you will be charged a higher rate of Stamp Duty. For further clarification please visit the Government's Stamp Duty Guidance note on gov.uk

The higher rates sit 3% above the current rates of Stamp Duty that apply to standard residential purchases. These new costs are worked out slightly differently and each rate will apply to the portion of the consideration that falls within each band.

The Higher Stamp Duty Rates for Buy to Let/ Second Properties from 1st April 2016 are as follows:

Purchase price of property	Rate paid on portion of price within each band
Up to £125,000	3%
Over £125,000 and up to £250,000	5%
Over £250,000 and up to £925,000	8%
Over £925,000 and up to £1,500,000	13%
Over £1,500,000	15%

Examples – How to work out the new higher rates of Stamp Duty

The Stamp Duty due on a purchase of buy to let/second home for £300,000 that is liable to the higher rates would be **£14,000**. This will be calculated as follows:

Charge	
3% on the first £125,000	£3,750
5% on the next £125,000	£6,250
8% on the final £50,000	£4,000
Total Stamp Duty Due	£14,000

Please note that every scenario is different, here is an example of where the higher rates may be applicable:

- A Remortgage with a Transfer of Equity (Residential or Buy to Let) where the chargeable consideration is £40,000 or over.

There are also other circumstances where the higher rates are not applicable:

- A First time buyer will not have to pay the higher stamp duty rates when their first property is a Buy to Let property.

**For further information or help with a calculation, please visit the Government's tax calculator on gov.uk
For tax planning we act as introducers only**

Your property may be repossessed if you do not keep up repayments on your mortgage