



Autumn Budget 2017

Stamp Duty Land Tax relief for first-time buyers

- **First-time buyers will benefit from a permanent stamp duty land tax (stamp duty) relief worth £1,660 to someone buying the average first-time buyer property.**
- **All first-time purchases below £500,000 will benefit from the relief.**
- **This will come into effect on Budget day and provides immediate support for first-time buyers while the government's wider housing reforms take effect.**

1. First-time buyers are more cash constrained than other buyers and stamp duty land tax (stamp duty) can represent an upfront cash burden on top of a deposit and conveyancing fees. This will mean 80% of first-time buyers pay no stamp duty, helping them get on the housing ladder.
2. Previously, first-time buyers paid stamp duty on purchases above £125,000. On and after Budget day, stamp duty will be abolished for first-time purchases up to £300,000 – the largest ever increase in the point at which first-time buyers become liable for the duty – and they will pay £5,000 less on purchases between £300,000 and £500,000. To focus this relief on those who need it most, it will not apply on purchases above £500,000.
3. The table below sets out how much first-time buyers will pay before and after Budget:

	Before Budget	22 November Onwards
£200,000	£1,500	£0
<i>£208,000 – average first-time buyer property in the UK</i>	<i>£1,660</i>	<i>£0</i>
£300,000	£5,000	£0
£400,000	£10,000	£5,000
<i>£410,000 – average first-time buyer property in London</i>	<i>£10,500</i>	<i>£5,500</i>
£500,000	£15,000	£10,000
Above £500,000	Stamp duty due is unchanged on purchases above £500,000	

4. As a result of these changes:
 - in every region of England outside London, and in Wales and Northern Ireland, the average first-time buyer property will pay no stamp duty
 - the stamp duty bill of the average first-time buyer in London will nearly halve, from £10,500 to £5,500
 - 95% of first-time buyers who pay stamp duty will benefit, including almost 80% in London
 - Over the next five years, this relief will help over a million first-time buyers get onto the housing ladder

5. To ensure that all first-time buyers purchasing a house on Budget day benefit and to avoid disruption, the relief will take effect from Budget day (00:01 hours November 22nd).

How this will work in practice

6. First-time buyers (or their solicitors, who generally complete the stamp duty return) have to enter a code on their stamp duty return indicating that they are first-time buyers, and calculate the stamp duty due according to the new rates.
7. The definition of a first-time buyer for this relief is in line with the definition for previous reliefs. A first-time buyer is someone who has never owned freehold or leasehold interest in a dwelling before and who is purchasing their only or main residence. Residential property anywhere in the world is counted when determining whether someone is a first-time buyer. Where there are joint purchasers, all purchasers would need to be first-time buyers.
8. Stamp duty is devolved in Scotland and it applies in Wales until April 2018, when it is devolved and the Welsh Government’s new Land Transaction Tax is introduced. Welsh First Time Buyers will benefit from this stamp duty relief until then. It will be for the Welsh Government to make any decisions about introducing future reliefs in Land Transaction Tax.

New rates for first-time buyers

Purchase price	Stamp duty charged on the proportion of price in band
Up to and including £300,000	0%
£300,000-£500,000	5%
Above £500,000	SDLT is paid at standard rates on whole price

Standard rates for residential property

Purchase price	Stamp duty charged on the proportion of price in band
Up to £125,000	0%
£125,000-£250,000	2%
£250,000-£925,000	5%
£925,000- £1.5 million	10%
Above £1.5 million	12%