



## BRIEFING NOTE JANUARY 2016

### SDLT Consultation on higher rates for additional residential properties

The government proposals for implementing an additional SDLT rate of 3% on the purchase of additional residential properties was released on the 28 December 2015 following the Chancellor's initial announcement in the 2015 Autumn Statement. The higher rate is due to apply to all contracts entered into on or after 26 November 2015, where completion takes place after 1 April 2016.

#### Consultation Key Points

- The higher rate will only apply to additional residential properties in England, Wales and Northern Ireland
- The higher rate will not apply
  - to an individual's "first property"
  - to an additional property where being purchased to replace an individual's "main residence" as long as made within 18 months
  - to caravans, mobile homes, houseboats or if the property is less than £40,000
- Non-UK Property will be included in calculating whether the property being purchase is a "first property"
- A husband and wife are entitled to only one "main residence" between them
- The whole value of jointly owned property will be subject to the higher rate where any of the joint purchasers have more than one property
- Purchases by Interest in Possession trusts will be treated as though the purchase was made by the life beneficiary
- All purchases by companies, discretionary trusts and collective investment vehicles will be subject to the higher rate
- The government is considering an exemption for "large scale investors" where the purchaser has an existing portfolio of 15 or more properties. The exemption may be restricted to companies and funds
- The existing system of "Multiple dwelling relief" is proposed to continue in its current form

#### Comment

There are likely to be significant areas of uncertainty with regards to how the legislation will operate due to the short nature of the consultation period (which is closing on the 1 February 2016) and the speed with which the new proposals are due to pass through parliament and become law (scheduled for 1 April 2016).

In view of the above, whether you are a non-UK resident looking to purchase your first UK property or a UK-resident looking to purchase an additional property, advice should be sought as to whether the purchase will be subject to the higher SDLT rate and also to ensure the compliance and administration aspects are correctly observed.

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