

Advanced mortgage advice

R07 2022–23 edition

Web update 2: 01 December 2022

Please note the following update to your copy of the **R07** study text (corrections are underlined):

Land taxes

As a result of the Government's Growth Plan, announced on 23 September 2022, the SDLT rates for residential property have changed from that date onward as follows:

- The 0% band threshold has been increased from £125,000 to £250,000.
- The 0% band threshold for first-time buyers has increased from £300,000 to £425,000 and the maximum property value first-time buyers can claim relief on has increased from £500,000 to £625,000.
- The additional property rate is unchanged and remains at 3% over standard rates in line with the new bandings.

The Welsh Government also announced on 27 September 2022 that the land transaction tax (LTT) rates for residential property have changed from 10 October 2022 onwards as follows:

- The 0% band threshold has been increased from £180,000 to £225,000.
- A new 6% rate applies from £225,001 to £400,000. Until 9 October 2022, a rate of 3.5% applied between £180,001 and £250,000, with a 5% rate applicable from £250,001 to £400,000.

The Welsh LTT changes do not apply for additional residential properties.

Therefore, the following changes have been made to the **R07** study text:

Chapter 4, section I, page 4/19

First sentence:

SDLT is typically payable on the purchase of houses, flats, land and other buildings that are purchased for over £125,000 in England and Northern Ireland. From 23 September 2022 this was increased to £250,000.

First paragraph after the first bullet list:

SDLT may also be due if you lease a property. The lease must be for at least £125,000 (increased to £250,000 from 23 September 2022) for residential properties or £150,000 for non-residential or mixed use.

Chapter 4, section I1, page 4/19

First table and examples 4.3 and 4.4:

Slice of property value	Rate %	Rate for additional homes %
Up to £125,000 (until 23 September 2022)	0	3
Up to £250,000 (from 23 September 2022)		
£125,001 to £250,000 (until 23 September 2022)	2	5
£250,001 to £925,000	5	8
£925,001 to £1,500,000	10	13
Over £1,500,000	12	15



Example 4.3

The SDLT payable on a residential transaction of £275,000 made before 23 September 2022 is £3,750.

This is calculated as follows:

First £125,000 at 0%	0
£250,000 – £125,000 = £125,000 at 2%	£2,500
£275,000 – £250,000 = £25,000 at 5%	£1,250
Total	£3,750



Example 4.4

The SDLT payable on a buy-to-let or additional home transaction of £200,000 made before 23 September 2022 is £3,750.

This is calculated as follows:

First £125,000 at 3%	£3,750
£200,000 – £125,000 = £75,000 at 5%	£3,750
Total	£7,500

Please also note the following concerning **Question 4.9**:

You should assume that Ella purchased the property prior to 23 September 2022.

Chapter 4, section I1A, page 4/20

First sentence:

~~Following the budget in November 2017~~, First-time buyers pay no SDLT on the first £300,000 of the purchase price (if purchasing before 23 September 2022) or £425,000 (if purchasing on or after 23 September 2022).

Please replace the next two paragraphs with the following:

However, no relief is available where the total price paid is more than £500,000 (if purchasing before 23 September 2022) or £625,000 (if purchasing on or after 23 September 2022).

The rates and thresholds for residential property purchases worth £500,000/625,000 (depending upon the date of purchase) or less by first-time buyers are therefore as follows:

Slice of property value	Rate %
<u>Purchase before 23 September 2022</u>	
<u>Up to £300,000</u>	<u>0</u>
<u>Over £300,000 and up to £500,000</u>	<u>5</u>
<u>Purchase on or after 23 September 2022</u>	
<u>Up to £425,000</u>	<u>0</u>
	<u>5</u>

Chapter 4, section I1C, pages 4/20–4/21

First paragraph and the subsequent bullet list:

First-time buyers' relief in England and Wales extends to include qualifying shared ownership property purchases, whether or not the purchaser elects to pay SDLT on the market value of the property.

Main points include the following:

- The first £300,000 of an initial share purchased is not liable to SDLT (if purchasing before 23 September 2022) or £425,000 (if purchasing on or after 23 September 2022).
- The remainder of the initial share is chargeable at 5% on amounts over £300,000 (if purchasing before 23 September 2022) or £425,000 (if purchasing on or after 23 September 2022).
- No SDLT is chargeable on the lease.
- Relief is not available on any further shares purchased.
- The relief does not apply to purchases of properties valued over £500,000 (if purchasing before 23 September 2022) or £625,000 (if purchasing on or after 23 September 2022).

Chapter 4, section I3A, page 4/22

Please note the following for example 4.5:

You should assume that the purchased was completed prior to 23 September 2022.

Chapter 4, section I3C, page 4/22

Please note the following concerning Question 4.10:

You should assume that the purchased was completed prior to 23 September 2022.

Chapter 4, section I5, pages 4/23–4/24

Table 4.3: Wales – residential property LTT (2022/23)

<u>Before 10 October 2022</u>		<u>From 10 October 2022</u>	
<u>Price threshold</u>	<u>Rate %</u>	<u>Price threshold</u>	<u>Rate %</u>
<u>Up to £180,000</u>	<u>0</u>	<u>Up to £225,000</u>	<u>0</u>
<u>£180,001 to £250,000</u>	<u>3.5</u>	<u>£225,001 to £400,000</u>	<u>6</u>
<u>£250,001 to £400,000</u>	<u>5</u>	<u>£400,001 to £750,000</u>	<u>7.5</u>
<u>£400,001 to £750,000</u>	<u>7.5</u>	<u>£750,001 to £1,500,000</u>	<u>10</u>
<u>£750,001 to £1,500,000</u>	<u>10</u>	<u>Over £1,500,000</u>	<u>12</u>
<u>Over £1,500,000</u>	<u>12</u>		

A 3% surcharge on each band applies to second properties and buy-to-let properties.

Table 4.4: Non-residential – LTT

Slice of property value	Rate %
£0– £225,000	0
£225,001–£250,000	1
£250,001–£1m	5
Over £1m	6

The Welsh LTT changes do not apply for additional residential properties.

Chapter 9, section B3, page 9/5

Please note the following concerning Case study 3, Question 4:

You should assume the purchase was completed prior to 23 September 2022.

Chapter 9, section B7, page 9/7

Please note the following concerning Case study 7, Question 3:

You should assume the purchase was completed prior to 23 September 2022.