



SDLT relief for purchases involving multiple dwellings

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Details of a new stamp duty land tax (SDLT) relief for purchasers of residential property who acquire interests in more than one dwelling were announced in the March 2011 Budget. The Finance Bill 2011, published on 31 March 2011 includes provisions (clause 83 and Schedule 22) to give effect to the relief.

Under the current rules, the amount of SDLT payable on the acquisition of multiple dwellings is determined by the total value of the dwellings purchased. In contrast, where the new relief is claimed, the amount of SDLT payable will be determined by the average value of the dwellings, that is the total value of all of the dwellings divided by the number of dwellings. This is subject to a minimum SDLT rate of 1 per cent.

By reducing the rate of SDLT payable on purchases of multiple dwellings so that it is more in line with that charged when purchasing the properties separately, it is hoped that the relief will help to stimulate the residential property market.

Further important points to note about the relief are as follows:

- Whereas the purchase of six or more dwellings is currently treated as non-residential, the new relief will be available no matter how many dwellings are being purchased.
- There are a number of exclusions where the relief will not apply. These include the exercise of collective rights to buy by tenants of flats (section 74, Finance Act 2003) or crofting community rights to buy (section 74, Finance Act 2003) or where group relief (Schedule 7, Finance Act 2003) or charities relief (Schedule 8, Finance Act 2003) is available or has been withdrawn.
- Where an event occurs within three years of the purchase which would have resulted in more SDLT being payable had it been known at the time, a further payment of SDLT will become due.

The new relief will apply to transactions where the effective date is on or after the date of Royal Assent to the Finance Bill 2011.

HMRC has published draft guidance on the relief, together with a number of examples to show how the relief will apply in practice.