



Are you aware of the New Land Transaction Tax (replacing Stamp Duty) in Wales on 1st April 2018?

Tel: 02920 766 538

Property Q&A



Get all your property questions answered with **Tony Filice**, spokesperson for the Royal Institution of Chartered Surveyors, Wales residential and Director of Multi Award Winning **Kelvin Francis Limited**, Cardiff.

Q Have there been further changes in Stamp Duty since the Chancellors Autumn Statement? I am becoming confused.

A The Welsh Government Finance Secretary, Mark Drakeford, in his draft Budget Statement of the 3 October 2017, announced that Welsh Ministers will introduce Land Transaction Tax, to replace Stamp Duty in Wales, from the 1 April 2018. Stamp Duty Land Tax (SDLT) or Land Transaction Tax (LTT) is a purchase tax on flats, houses and other land and buildings, payable by all buyers, but the percentage of the tax applicable will vary, depending on the price paid. The Chancellor, Phillip Hammond, in his Autumn Statement on the 22 November 2017, put forward many interesting and ingenious measures to assist and encourage home ownership for young people and in particular, announced that first time buyers purchasing up to £300,000 will pay no Stamp Duty on the first £300,000 of their purchase, thereafter they will be taxed at 5%, provided the purchase does not exceed £500,000.

Having made an innovative Land Transaction Tax suggestion format, on the 11 December 2017, the Welsh Minister, having regard to the UK Government Autumn Budget, decided that the starting threshold for

Land Transaction Tax rates would be set at £180,000, from the 1 April 2018, not £150,000, as he had previously prescribed in his draft budget on the 3 October 2017.

In the latest UK Housing Price Index for July, the average price of a property in Wales was £150,846, well within the Land Transaction Tax relief threshold for first time buyers.

From the 1 April 2018, home sales up to £180,000, will be tax free, but there will be higher rates above £400,000, in a progressive approach.

| NEW LAND TRANSACTION TAX RATES FOR WALES ONLY 1 APRIL 2018 (figures released 11 Dec 2017) | |
|--|----------|
| Price of property | Tax Rate |
| Up to £180k | 0% |
| £180k to £250k | 3.5% |
| £250k to £400k | 5% |
| £400k to £750k | 7.5% |
| £750k to £1.5M | 10% |
| £1.5M plus | 12% |

Example: If you purchase a residential property for £275,000, from the 1 April 2018 In Wales, the Land Transaction Tax payable is £3,700.00. Below is a breakdown of how the total was calculated.

| Price of property | Amount | Rate | LTT |
|----------------------|----------|-----------------------------------|--------|
| Up to £180,000 | £180,000 | 0% | £0 |
| £180,000 to £250,000 | £70,000 | 3.5% | £2,450 |
| £250,001 to £400,000 | £25,000 | 5% | £1,250 |
| Total £275,000 | | Total Land Transaction Tax £3,700 | |

Q What will this mean for purchasers?

A Under the new rules from 1 April 2018, announced as part of the Welsh Government Budget for 2018/19, all buyers of residential properties costing up to £400,000, will pay the same or less tax than they currently do. With purchases up to £180,000 or less, no Land Transaction tax is payable. However, buyers looking for homes in the upper band rates between £400,000 and £925,000, will pay more than at present. For example, a buyer purchasing a property in Wales for £500,000 will currently pay up to 5% Stamp Duty on the higher proportion, but from the 1 April 2018, this will rise to 7.5% under the new rules. The additional tax for buying a second property will remain the same, being 3% extra on each band. The Welsh Government have said that 9 out of 10 home owners in Wales will pay the same or less tax than they are currently paying under the old Stamp Duty Rates.

Land Transaction Tax Calculator available on our website www.KelvinFrancis.com

