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## Stamp Duty

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### What is it?

Stamp duty is a tax levied when you purchase land or shares.

Technically the tax you pay when you buy land is 'stamp duty land tax' but this is commonly referred to simply as stamp duty.

### Will I have to pay it?

If you buy a property and the purchase price is £125,000 or less you don't pay stamp duty.

With some notable exceptions, if the purchase price is greater than £125,000, you pay between one and seven per cent of the whole purchase price.

Certain areas of the country are designated as disadvantaged areas. If you buy a property in one of these areas and the purchase price is £150,000 or less you don't have to pay stamp duty. The estate agents should be able to give you information regarding this but we will also check the situation for you.

Up until 24<sup>th</sup> March 2012 a further stamp duty relief existed for first time buyers. This allowed first time buyers to purchase properties up to £250,000 with 0% stamp duty. This exemption no longer exists.

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The table below summaries the situation *[last updated 24<sup>th</sup> March 2012]*.

<b>Residential property - purchase price</b>	<b>Rate of stamp duty</b>
<b>up to £125,000</b>	0%
<b>£125,001 - £250,000</b>	1%
<b>£250,001 - £500,000</b>	3%
<b>£500,001 - £1,000,000</b>	4%
<b>£1,000,001 - £2,000,000</b>	5%
<b>Over £2 million</b>	7%

Whatever band the purchase price falls into, the relevant rate will be applied to the whole of the purchase price. Therefore a purchase price of £200,000 will attract a stamp duty land tax of £2,000 – 1% of the total (or zero if a 1<sup>st</sup> time buyer). For a house purchased at £300,000 the stamp duty will be £9,000 – 3% of total.

To find out more visit [www.gardandco.com](http://www.gardandco.com).

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