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The Ultimate Guide to First Time Buyer Stamp Duty



When it comes to buying property, one of the most confusing aspects can be stamp duty.

With the amount of stamp duty tax payable changing depending on location and property type, you may be overwhelmed with the available information.

This can be especially true for first time buyers.

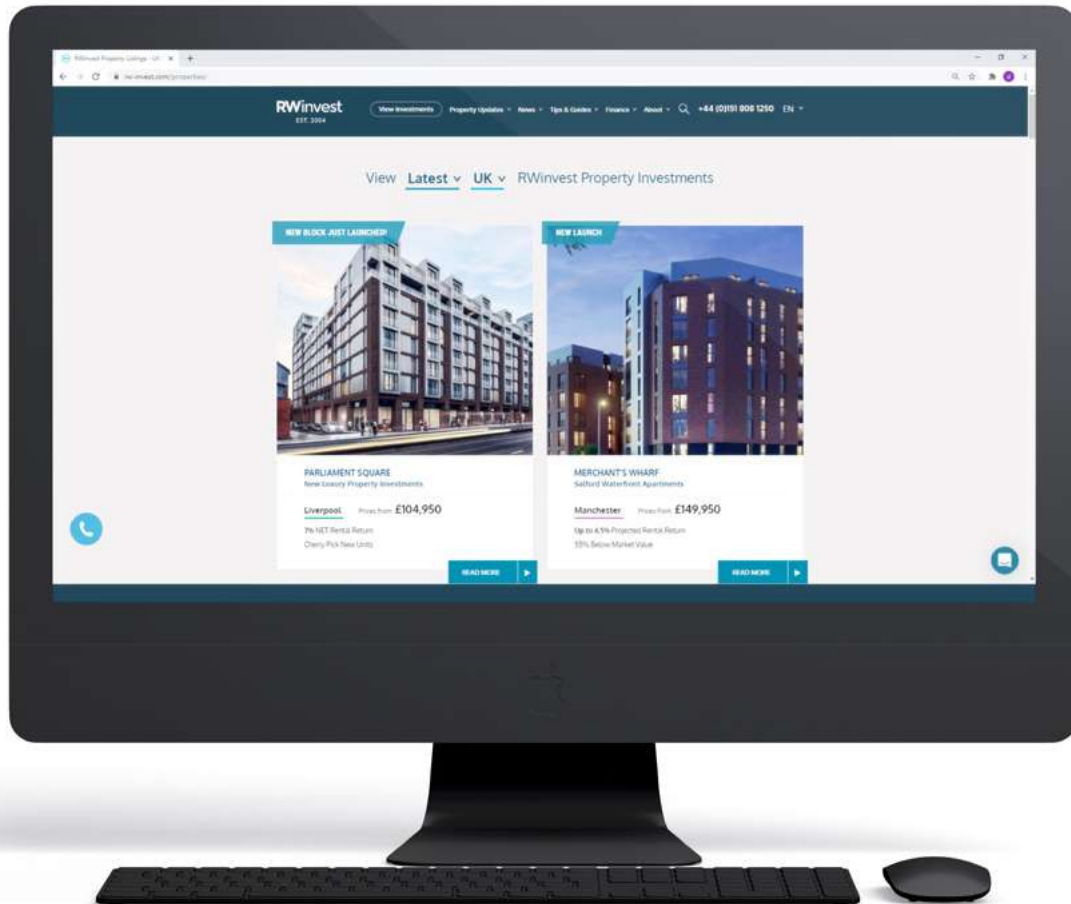
Not only do first time buyers pay different levels of tax, but they also get some stamp duty relief in most UK countries.

With this in mind, we have crafted an easy-to-understand comprehensive guide to first time buyer stamp duty.

'Not only do first time buyers pay different levels of tax, but they also get some stamp duty relief in most countries'



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What is Stamp Duty and How Does it Work?

Stamp Duty Land Tax is a tax payable on the purchase price of a property in England and Northern Ireland.

A similar tax is also paid in Scotland and Wales.

However, it has a different name in both countries, being known as Land and Buildings Transaction Tax in Scotland and Land Transaction Tax in Wales.

While the names differ, so do the rates, as each home nation has different rules in 2021, which we will address in a later section.

Stamp Duty Land Tax or SDLT needs to be paid within 14 days of completing a property sale and needs to be paid by the party purchasing the property.

Ever since 2014, the UK has had a progressive stamp duty rate system.

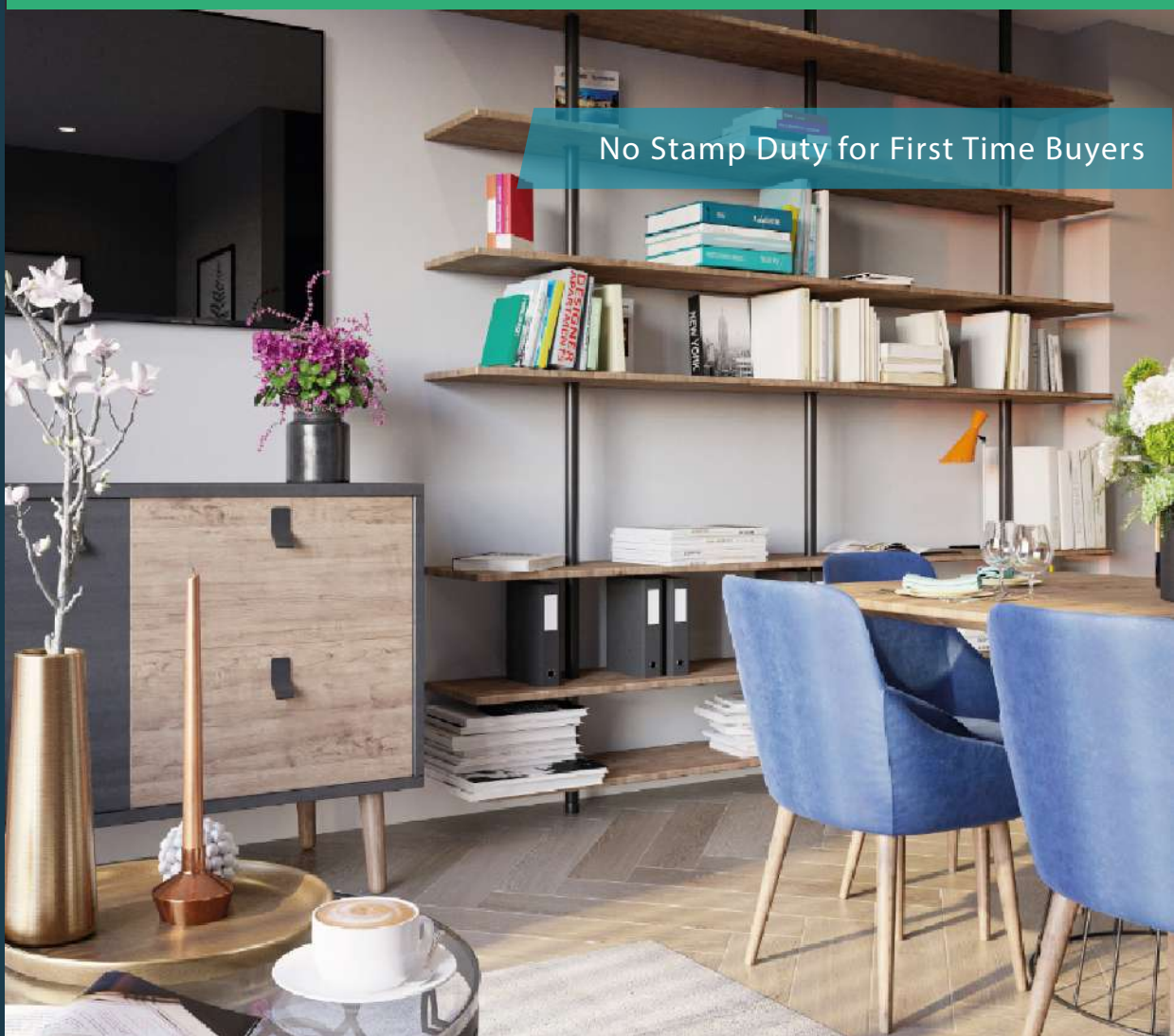
This means instead of paying one rate on the total purchase price, you will pay differing rates on a certain proportion of the property price.



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Current Stamp Duty Tax Rates in England and Northern Ireland

Despite the main stamp duty tax holiday ending in England and Northern Ireland, there are still savings to be made with reduced rates available until 30 September.

Currently, those buying a primary residential property will not pay stamp duty on the first £250,000 of a property purchase. This is slightly different if you're a first time buyer with stamp duty not due on the first £300,000 instead.

This means until October, the stamp duty threshold for first time buyers is £300,000. So, if you're asking "do you pay stamp duty as a first time buyer" the answer is yes, but only

on property worth over £300,000 in England and Northern Ireland.

However, this first time buyer stamp duty relief is only available if the property costs £500,000 or less.

It's a bit confusing, isn't it? And if that wasn't enough of a headache, from 1 October, these rates will change again, and regular stamp duty rates will return.

To make this as simple as possible, take a look at the stamp duty table to break down the current stamp duty tax rates in England and Northern Ireland.

Property Purchase Price	Residential Buyer	Additional Property Buyer (Investor)
Up to £25,000 (£300,000 for first time buyer)	0%	3%
The next £675,000 (£250,001 to £925,000)	5%	8%
The next £575,000 (£925,001 to £1.5million)	10%	13%
The remaining amount (above £1.5million)	12%	15%

Stamp Duty Example: July 1st 2021 to September 31st 2021

Imagine three people are looking to buy a property in August 2021 in England worth £350,000.

'Currently, those buying a primary residential property will not pay stamp duty on the first £250,000 of a purchase.'

One is a first time buyer, and another is buying a new home to live in after just selling their first-ever home. The last is a property investor looking to buy a property and rent it to a tenant for a profit.

Each buyer will pay a different amount as per the latest tax rules in England.

Stamp Duty First Time Buyer UK

£350,000 Property Example

0% on the first £300,000 = £0

5% on remaining £50,000 = £2,500

Total SDTL Payable = £2,500

Those Buying a Main Residence

£350,000 Property Example

0% on the first £250,000 = £0

5% on remaining £100,000 = £5,000

Total SDTL Payable = £5,000

Buy to Let Investor

£350,000 Property Example

3% on the first £250,000 = £7,500

8% on remaining £100,000 = £8,000

Total SDTL Payable = £15,500



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