



On the 3rd of March 2021, Rishi Sunak addressed the Nation on the UK's economic recovery plan and announced several measures to continue stimulating the various sectors. The UK economy is anticipated to rebound 4% this year, after contracting in 2020, and is forecast to reach pre-crisis levels by as early as mid-2022. A return to normal, post-vaccinations, and continued government fiscal support largely underpin a positive trajectory for the UK housing market.

The UK economic growth forecasts

4%

2021

7.3%

2022

Stamp Duty Land Tax

Stamp Duty Land Tax (SDLT) is a progressive tax paid when purchasing leasehold, freehold or shared ownership real estate over £125,000 in England, Northern Ireland, and Wales. In Scotland it is called Land and Buildings Transaction Tax (LBTT). Everyone who purchases a property in the UK whether residential or non-residential, pays this tax, including corporate bodies, overseas citizens, and non-natural persons.

Save up to
£15,000 in Stamp
Duty

Stamp Duty Land Tax holiday

In the summer of 2020, a temporary Stamp Duty holiday was declared to support the housing market amidst COVID-19 and Brexit discussions. The result was soaring property price growth and a surge of new activity. The announcement was made to extend the Stamp Duty holiday in the 2021 Budget Address, adopting a phase-out approach with periodic surcharges until the Stamp Duty is back to original rates by October 2021.

What are the changes to the Stamp Duty holiday?

The Stamp Duty holiday stipulates that first-time buyers will pay zero Stamp Duty up to the value of £500,000. The threshold for zero Stamp Duty will be reduced to £250,000 from July 1st and reach pre-holiday rates at the original £125,000 threshold by October 1st. However, buy-to-let and second home buyers receive a 3% surcharge and thus the calculations for Stamp Duty payable based on property value bands can be further explained in the table below.

Buy-to-let and Second Home Stamp Duty

Property Value Band	Stamp Duty Rate Pre-Holiday	Stamp Duty Rates from 8 July 20 to 30 June 21	Stamp Duty Rates from 1 July 21 to 30 Sept 21	Stamp Duty Rates from 1 Oct 2021
£0 - £125k	3%	3%	3%	3%
£125k - £250k	5%	3%	3%	5%
£250k - £500k	8%	3%	8%	8%

The extension of the Stamp Duty holiday will also offer some latitude to the industry as conveyancers have been overwhelmed with the sheer volume of transactions. It is advised that investors act sooner rather than later to avoid missing the deadline, as previously seen the surge in activity may delay legal completions.

Additional government initiatives to encourage home buyers

Rishi Sunak announced a new initiative to encourage first-time home buyers by offering access to 95% mortgages. Starting in April, new UK buyers will need as little as 5% deposits up to a purchase price of £600,000. Banks offering 95% mortgages include Lloyds, NatWest, Santander, Barclays, and HSBC. This change is anticipated to further fuel price growth in UK property.