



# Buy-to-let and second homes

Higher stamp duty payable from April 2016

Buy-to-let landlords and people buying second homes will soon have to pay more in stamp duty, Chancellor George Osborne has announced.

From April 2016, you will have to pay a 3% surcharge on the stamp duty charged for the property.

Mr Osborne said the new surcharge would raise £1bn extra for the Treasury by 2021.

Other changes announced by the Chancellor included an extended Help to Buy scheme in London and more money for the Starter Homes programme.

Buy-to-let landlords are already due to receive a lower rate of tax relief on mortgage payments.

In his summer Budget, Mr Osborne said that landlords would only receive the basic rate of tax relief – 20% – on mortgage payments, a change being phased in from 2017.

Up to £60m of the money raised from the stamp duty surcharge will go to help homebuyers in England in places where holiday homes have forced up local prices.

## HELP TO BUY

The Help to Buy (equity loan) scheme in England will also be extended to 2021, one year longer than planned.

An extension to the scheme in London will see buyers who can find a 5% deposit given a loan worth up to 40% of the property. The loan will be interest-free for five years. Elsewhere, the existing maximum loan is for 20% of the property's value.

In total, the Government will put an extra £6.9bn into housing. This includes an extra £2.3bn for the Government's starter homes programme, and £4bn given to housing associations and local authorities to build more homes for shared ownership.

Another £200m will be used to build homes for rent, which will allow tenants to save for a deposit.

There will also be a pilot scheme to trial the Government's Right to Buy programme for housing association tenants. Five housing associations will take part to help design the final scheme.

*Information is based on our current understanding of taxation legislation and regulations. Any levels and bases of, and reliefs from, taxation are subject to change. Tax treatment is based on individual circumstances and may be subject to change in the future. Although endeavours have been made to provide accurate and timely information, Gale & Phillipson cannot guarantee that such information is accurate as of the date it is received or that it will continue to be accurate in the future. No individual or company should act upon such information without receiving appropriate professional advice after a thorough review of their particular situation. We cannot accept responsibility for any loss as a result of acts or omissions.*

## ARE YOUR FINANCIAL PLANS STILL ON TRACK AFTER THE SPENDING REVIEW AND AUTUMN STATEMENT 2015?

There were some positive announcements for individuals and businesses, but it's clear that raising tax revenue is very much on the Chancellor's agenda to help balance the UK's books. To review what action you may need to take to keep your plans on track, please contact us.