SDLT 1% surcharge consultation: we would like your views

General Features

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Your comments are invited on the consultation on a SDLT 1% surcharge for non-residents buying residential property. The consultation is open until 6 May 2019.

The government is consulting on a SDLT surcharge on non-UK residents purchasing residential properties in England and Northern Ireland, to be legislated for in a 'future Finance Bill'.

The consultation document is found on GOV.UK.

The surcharge will apply to freehold and leasehold purchases of residential property at a rate of 1% on top of all existing SDLT rates including those for first-time buyers' relief and the rates applicable to the rental element of leasehold property.

The surcharge will apply to purchases of residential property made by:

- non-UK resident individuals (an individual will be non-resident if they spend fewer than 183 days in the UK in the 12 months following the 'effective date' – usually completion – of the transaction)
- non-UK resident companies
- certain UK resident close companies (under the control of one or more non-UK residents – using the CTA 2010 section 450 test for control)
- partnerships (if any one of the partners is non-resident) and
- trustees (applying the existing residence tests for income tax and CGT for individual trustees but for the period of 12 months ending with the effective date instead of a tax year), or beneficiaries (depending on the type of trust)

It is proposed that a refund will be available in limited circumstances if say, a returning expat, subsequently spends 183 days or more in the UK.

The consultation includes a short survey on the potential impact of the measure and anticipated behavioural change together with 25 detailed consultation questions upon which we would like your views as the consultation proposals add significant layers of complexity to the existing SDLT code. The CIOT will be responding; please send your comments to Kate Willis kwillis@ciot.org.uk by 23 April.