



Residential Stamp Duty Factsheet

IMPACT OF RAISING THE NIL RATE THRESHOLD TO £250,000 FOR FIRST-TIME BUYERS (TABLE 1)

An extra four in ten first-time buyers (FTBs) are exempt from paying stamp duty as a result of raising the starting threshold from £125,000 to £250,000.

94% of first-time buyer purchases are below the £250,000 threshold.

At least 95% of FTB sales are below £250,000 in all regions outside Greater London and the South East.

27% of FTB purchases are above £250,000 in the capital and 8% of FTB purchases in the South East are above the starting threshold.

IMPACT OF RAISING THE NIL RATE THRESHOLD TO £250,000 FOR ALL BUYERS (TABLE 2)

45% of all house purchases are between £125,000 and £250,000.

Nearly three-quarters (74%) of all home purchases are below £250,000.

Less than one in five purchases are above £250,000 in all regions except Greater London (56%), the South East (36%) and South West (26%).

SIGNIFICANT RISE IN RESIDENTIAL STAMP DUTY REVENUE OVER THE PAST DECADE

There was a 177% increase in revenue from £1.065bn in 1998-99 to £2.95bn in 2008-09. Revenue peaked in 2007-08 at £6.68bn. (Source: HMRC)

HIGHER STAMP DUTY BANDS GENERATE OVER 80% OF REVENUE

Residential stamp duty revenue raised at the higher stamp duty bands (i.e. above £250,000) accounted for 83% (£2.4bn) of all residential stamp duty revenue in 2008-09. Five years earlier in 2003-04, the higher stamp duty bands contributed 65%. (Source: HMRC)

HIGHER STAMP DUTY THRESHOLDS UNCHANGED SINCE THEIR INTRODUCTION IN JULY 1997

If the higher stamp duty thresholds were increased in line with house price inflation since July 1997 - when the £250,000 and £500,000 stamp duty thresholds were introduced - they would now stand at £612,000 and £1,223,000 respectively. (Source: Halifax)

Table 1: First-Time Buyers (FTBs)

% of FTB Sales by Stamp Duty Thresholds					
Total for January to May 2010					
	FTB Average Price (£) 2010 Q1	<£125k	£125k- £250k	£250k-£500k	£500k
North	95,659	83%	16%	1%	0%
Yorkshire and the Humber	95,386	80%	20%	1%	0%
North West	91,662	77%	23%	1%	0%
East Midlands	105,620	75%	24%	1%	0%
West Midlands	114,777	68%	31%	1%	0%
East Anglia	125,034	53%	45%	2%	0%
Wales	109,825	80%	19%	1%	0%
South West	134,758	37%	59%	3%	0%
South East	158,678	21%	70%	7%	1%
Greater London	224,094	4%	69%	24%	3%
Northern Ireland	101,832	71%	26%	3%	0%
Scotland	93,759	76%	22%	2%	0%
UK	124,719	54%	40%	5%	1%

Source: Halifax

Table 2: All Buyers

% of All Properties by Stamp Duty Thresholds					
Total for January to March 2010					
	Average Price (£) 2010 Q1	<£125k	£125k- £250k	£250k- £500k	>£500k
North	131,407	57%	34%	8%	1%
Yorkshire and the Humber	123,356	50%	38%	10%	1%
North West	126,303	54%	36%	8%	2%
East Midlands	139,205	48%	41%	10%	1%
West Midlands	155,716	43%	43%	13%	2%
East Anglia	165,907	30%	52%	16%	3%
Wales	135,722	53%	37%	9%	1%
South West	186,214	19%	56%	22%	4%
South East	227,836	13%	52%	28%	8%
Greater London	273,647	3%	41%	39%	17%
Northern Ireland	121,129	51%	41%	8%	0%
Scotland	127,778	55%	35%	9%	1%
UK	168,105	29%	45%	20%	6%

Sources: Land Registry (England regions and Wales) and Halifax (Scotland and N Ireland)

BACKGROUND

The current* structure of stamp duty is:

Less than £175,000	zero
£175,000<£250,000	1% on entire house price
£250,000<£500,000	3% on entire house price
£500,000+	4% on entire house price

* The lowest (i.e. nil rate) threshold is due to revert to £125,000 in September 2009

The Recent History of Stamp Duty on Housing:

- From 20th December 1991 to 20th August 1992, the Chancellor announced a "stamp duty holiday" which exempted all property sales of less than £250,000 from stamp duty.
- On 20th August 1992, stamp duty was once again charged at 1% on property sales exceeding £30,000.
- In March 1993, the threshold was raised from £30,000 to £60,000 for exemption from the paying of stamp duty of 1%.
- In July 1997, stamp duty increased to 1.5% on properties between £250,000 and £500,000. Over £500,000 increased to 2%.
- In March 1998, stamp duty increased to 2% on properties between £250,000 and £500,000. Over £500,000 increased to 3%.
- In March 1999, stamp duty increased to 2.5% on properties between £250,000 and £500,000. Over £500,000 increased to 3.5%.
- In March 2000, stamp duty increased to 3.0% on properties between £250,000 and £500,000. Over £500,000 increased to 4.0%.
- On 30th November 2001, stamp duty was abolished for all property transactions up to £150,000 in nearly 2,000 disadvantaged areas across the UK.
- In the 2005 Budget the lowest stamp duty threshold was raised from £60,000 to £120,000. The lower threshold was further raised to £125,000 in March 2006.
- Between 3rd September 2008 and 31st December 2009 the lowest stamp duty threshold was temporarily raised from £125,000 to £175,000. The higher thresholds were unchanged.
- From 25th March 2010 the lowest stamp duty threshold was raised from £125,000 to £250,000 for first-time buyers for two years until 24th March 2012.
- From April 2011 stamp duty will be increased to 5.0% from 4.0% on properties over £1 million.