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Policy paper

Stamp Duty Land Tax Factsheet

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- The government is committed to an economy based on high growth and low tax, to help people keep more of the money they earn and drive business investment as a result.
- To help achieve these aims, the government is reforming stamp duty by doubling the level at which people begin paying this from £125,000 to £250,000.
- This government is also committed to helping first-time buyers get on the property ladder in two ways. Firstly, by increasing the level first-time buyers start paying stamp duty from £300,000 to £425,000.
- In addition, the government is allowing first-time buyers to access the relief when they buy a property costing less than £625,000 rather than the current £500,000.
- These measures will reduce stamp duty bills across the board for all movers by up to £2,500 with first-time buyers able to access up to £11,250 in relief.

How will this help stimulate growth?

- Growth is this government's top priority and by taking these measures will boost the property market, in turn helping businesses expand to help fuel the wider economy's growth.
- Doubling the nil-rate band will enable up to 29,000 more people to move home each year, in turn boosting household consumption, which will increase confidence in the economy and support thousands of businesses who rely on the property market. This includes, for example, estate agents, cleaners, builders, contractors, removals companies, plumbers, decorators and others.
- This policy is a tax-cut for hard-working people and will allow them to keep more of the money they earn. This tax cut will boost household consumption, increase economic confidence and support jobs.
- The government is committed to fiscal sustainability by ensuring the economy grows faster than our debts and keeping debt as a proportion of our economy on a downward path.

How the government is helping help first-time buyers?

- For first time buyer the expenses which come with buying a new home can be off-putting, to help them the government raising the amount they can spend on a new house without paying any Stamp Duty. They will now not pay it if their first home costs less than £425,000, an increase of £125,000 on the current threshold.

- If though a first-time buyer does spend more than £425,000, they will now be entitled to relief – meaning they will pay 5% SDLT – up to £625,000, an increase of £125,000 from the current limit.
- In addition to the Growth Plan's stamp duty measures, The Lifetime ISA helps buyers save money. This is a long-term savings product intended to support younger people saving for their first home, or for later life to save up to £4,000 into their account each year until their 50th birthday, receiving a 25 per cent Government bonus on those savings. Since 2017, more than 118,000 individuals have used these accounts to help fund their property purchase.
- Since 2016, more than 1.1 million new dwellings have been built in England, increasing the supply of homes.
- Since spring 2010, over 774,000 households have been helped to purchase a home through Government-backed schemes including Help to Buy and Right to Buy. The Government operates a range of relevant schemes which make home ownership more affordable. More detail on all of these schemes and others including Right to Buy and discounted sales is available on the [Government's home ownership website \(https://www.ownyourhome.gov.uk/\)](https://www.ownyourhome.gov.uk/). The website also contains details of eligibility requirements so that people can identify the scheme most appropriate to their needs.

Table of potential savings

	SDLT charge for standard home mover (£)	SDLT charge for standard home mover (£)		SDLT charge for first time buyer (£)	SDLT charge for first time buyer (£)	
Price (£)	As at 22 September 2022	As at 23 September 2022	Saving (£)	As at 22 September 2022	As at 23 September 2022	Saving (£)
200,000	1,500	0	1,500	0	0	N/a
400,000	10,000	7,500	2,500	5,000	0	5,000
600,000	20,000	17,500	2,500	20,000	8,750	11,250

England (average house price based on July 2022 Land	312,000	5600	3,100	2,500	600	0	600
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registry data)

Case studies

Case study 1 – first time buyer in London

Average London house price (Land Registry July 2022) - £543,500

Original SDLT bill – £17,175 (the First Time Buyers would not have been eligible for First Time Buyers' Relief under the old system)

New SDLT bill – £5,925

Saving is £11,250 (-65%) (£2,500 due to nil-rate band up to £250k and £8,750 due to First Time Buyers' Relief changes)

Case study 2 – standard home mover

Average England House Price (Land Registry Data July 2022) - £312,000

Current SDLT bill - £5,600

New SDLT bill - £3,100

Saving is £2,500 (-45% of original bill)

Background on Stamp Duty Land Tax

- Stamp Duty Land Tax (SDLT) is a tax you pay whenever you purchase a house in England or Northern Ireland.
- Different rates of SDLT are paid on properties depending on their price once they pass a threshold, which from today will be £250,000.
- There are other rates for purchases of additional properties.

Property Value	Standard Residential Rates
£0 – £250,000	0%
£250,000 - £925,000	5%
£925,000 - £1,500,000	10%
£1,500,000+	12%

- This is a permanent measure and will apply only in England and Northern Ireland. Stamp duty is not charged in Scotland, instead home purchasers pay Land and Buildings Transaction Tax, with rates set by the Scottish Government. For full details, click [here \(https://www.gov.scot/policies/taxes/land-and-buildings-transaction-tax/\)](https://www.gov.scot/policies/taxes/land-and-buildings-transaction-tax/). Stamp Duty is also not charged in Wales, where purchasers pay Land Transaction Tax, with rates set by the Welsh Government. For more details click [here \(https://gov.wales/land-transaction-tax-guide\)](https://gov.wales/land-transaction-tax-guide).

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