

LAND TRANSACTION TAX IN WALES



Home Buyers Q&A

Get our property questions answered by **Tony Filice**, spokesperson for the Royal Institution of Chartered Surveyors (RICS), Wales residential and Director of Multi Award Winning **Kelvin Francis Ltd**, Cardiff.

Q: I am confused regarding Land Transaction Tax and Stamp Duty in Wales. Can you explain what they are and what they mean for me as a purchaser?

A: Stamp Duty Land Tax (SDLT) was abolished in Wales on the 1 April 2018 by the Welsh Assembly and replaced with Land Transaction Tax (LTT).

Land Transaction Tax (LTT) is a purchase tax on flats, houses and other land and buildings in Wales, payable by all buyers, but the percentage of a tax applicable will vary, depending on the price paid.

The Welsh Government announced that the threshold for paying Land Transaction Tax is being increased from £180,000 to £225,000, with the change coming into force on the 10 October 2022. For purchasers this means that for any property below £225,000 there is no Land Transaction Tax to pay, however over this price the Land Transaction Tax varies depending on the amount paid for the property.

The latest data from Land Registry reveals that the average house price in Wales is £220,000 (September 2022), within the Land Transaction Tax relief threshold for first time buyers. The following rates will apply to the proportion of the price you pay in each band.

New Land Transaction Tax Rates for Wales only as from 10 October 2022 (Main Residence)

Price of Property	Tax Rate
Up to £225k	0%
£225k to £400k	6%
£400k to £750k	7.5%
£750k to £1.5M	10%
£1.5M plus	12%

It should be remembered that all other elements of Land Transaction Tax will remain unchanged, meaning there are no tax reductions provided to those purchasing second homes in Wales. Therefore for second homes there is a rise in the rate of up to 5% on each of the former rate bands.

Land Transaction Tax for higher rates (second homes)

Price of Property	Tax Rate
Up to £180k	5%
£180k to £250k	8.50%
£250k to £400k	10%
£400k to £750k	12.50%
£750k to £1.5M	15%
£1.5M	17%

The guidelines detailed are for information purposes and it would be prudent to check Land Transaction Tax payable with your solicitor, before making a transactional decision. For more information visit

www.gov.wales/land-transaction-tax-guide.

Land Transaction Tax Calculator available on our website www.KelvinFrancis.com

