



NAVIGATING THE PERILS OF SDLT ON MIXED-USE NON-RESIDENTIAL RATES

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In a recent case of *C Goodfellow & another v HMRC* [2019] UKFTT 750 (TC) (16 December 2019), the First-tier Tribunal (FTT) rejected a claim that SDLT should be charged on the purchase of a family home on the basis of mixed-use.

In this case, Goodfellows purchased a property which was described by the estate agents as 'a fantastic family house in about 4.5 acres'. The property included a substantial house together with a detached garage which was used as an office as well as a stable yard and paddocks for horses.

Goodfellows argued that their garage, stable yard and paddocks were non-residential and as such the property should have been assessed at the lower mixed-use SDLT rate. They made a claim for the relief and refund for overpaid SDLT of £48,500.

The FTT considered the meaning of *residential property* and it decided that only where such land is used for genuine business purposes, it could potentially be classed as non-residential.

In this case, it found, the land formed part of a household of an equestrian character and the grazing of horses was in the very nature of this residential property. The use by neighbours of the paddocks for their horses was not enough to amount to business activity. They concluded that, if anything, the grazing contributed to the upkeep of the paddock by keeping the grass low and the property grounds appealing.

In respect of the office above the garage, as it was designated for use by the owner, they considered it no different to a home office, spare room or a dining room, and as such classed as residential.

In light of this decision, purchasers of residential properties with additional land or outbuildings should expect to pay SDLT at the higher residential rates, unless they can confidently demonstrate a genuine commercial and separate use upon which they wish to base their claim for a mixed-use non-residential SDLT relief.

For more information on SDLT non-residential and mixed use rates [click here](#).

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