



STAMP DUTY REVENUE HITS RECORD HIGH

MAY 2016

Stamp duty Land Tax (SDLT) receipts for March hit a new high of £1.2bn as buyers rushed to complete transactions before the introduction of an additional 3% levy on second homes.

Whilst buyers at lower end of the market are enjoying savings in SDLT, the increase in tax is significant at the upper end of the market. On the purchase of a home at £750,000, the tax payable almost doubles to £50,000.

The rush to complete deals before the 1 April deadline resulted in a spike in mortgage lending and house price increases of 2.5%. However, we are expecting to see a reduction in the number of deals completed in April as the SDLT increase beds in.

The buy to let market has been under sustained attack from the Conservative government in recent years in an attempt to make it easier for first time buyers to get on the property ladder. However, instead of opening up home ownership to "Generation Rent", we are seeing landlords pass on the higher purchase costs to tenants by increasing rents, making it more difficult for prospective purchasers to save for a deposit.

The gap in savings of first time buyers is being plugged by the Bank of Mum and Dad, which is estimated to be the second lender in a quarter of all property purchases in 2016. The Bank of Mum and Dad is expected to lend over £5bn in 2016, a statistic which clearly shows that Government policy on the aspiration of home ownership is not succeeding, but is being propped up by family intervention.

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