

## Land Transaction Tax

We go that extra mile



# Land Transaction Tax

From 1 April 2018, a new Land Transaction Tax (LTT) replaces Stamp Duty Land Tax (SDLT) in Wales. LTT is broadly consistent with SDLT, but also introduces some key changes. Here, we outline these.

## Who pays the tax?

LTT is payable by the purchaser of residential or non-residential property in a land transaction occurring in Wales from 1 April 2018. For land transactions prior to 1 April 2018 see our factsheet on SDLT.

## What is a land transaction?

A transaction will trigger liability to LTT if it involves the acquisition of an interest in land. This will include a simple conveyance of land, such as buying a house, creating a lease or assigning a lease.

LTT is operated by the WRA, and individuals who are liable to the tax must complete and submit an LTT return (see later).

## When is the tax payable?

Individuals must send an LTT return and pay the tax due to the WRA within 30 days of the day after completion (or other effective date of the transaction). Penalties and

interest may be charged if you fail to file your LTT return or pay the necessary tax within the 30 days after the day of completion.

In some circumstances, buyers are not required to send a LTT return or pay LTT. These include instances where:

- no money has exchanged hands
- a property is left to you and you are not required to make a payment for the transfer of the property
- property ownership is transferred to you as a result of a divorce or the dissolution of a civil partnership
- freehold property has been purchased for less than £40,000
- a new or assigned lease of seven years or more is purchased, and the premium is less than £40,000 and the annual rent is less than £1,000
- a new or assigned lease of less than seven years is purchased, and the amount you pay is less than the residential or non-residential LTT zero rate threshold.

## What if my property straddles the Wales-England border?

For cross-border cases, a home buyer will only be required to pay SDLT on the English part of the transaction. An individual may have to also pay LTT to the Welsh Revenue Authority (WRA) for the Welsh part of the transaction.

## LTT rates

These are shown in the table below:

Residential (£)	Rate (%)	Non-residential (£)	Rate (%)
Up to 180,000	0	Up to 150,000	0
180,000 - 250,000	3.5	150,000 - 250,000	1
250,000 - 400,000	5	250,000 - 1,000,000	5

400,000 - 750,000	7.5	Over 1,000,000	6
750,000 - 1,500,000	10		
Over 1,500,000	12		

## First-time buyers

Unlike SDLT and Land and Buildings Transaction Tax (LBTT), LTT does not provide any relief for first-time homebuyers in Wales. However, LTT is payable from a higher threshold than SDLT and LBTT, and the Welsh government anticipates that around 80% of first-time homebuyers will pay no tax.

## How we can help

If you are planning to enter into an arrangement to purchase land, we can advise you of the precise impact of LTT on the transaction, so do please contact us.

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