# SDLT advice for landlords and property investors

By **Paul Attridge, Partner at GERALD EDELMAN**

**If you're considering buying a property, either as an investment or to earn rental income, then Stamp Duty Land Tax (SDLT) will be one of your main financial concerns.**

With changes to SDLT rates set to take effect from 1 April 2025, there is more interest than ever in mitigating the costs. We've noticed a large increase in the number of landlords and investors speaking to our tax advisers about the potential impact on their purchase plans.

In this article, we'll explain the latest rates and provide **three key tips** for dealing with SDLT – including possible changes in your investment strategy.

## SDLT rates and thresholds (residential property)

Simply put, Stamp Duty Land Tax (SDLT) is payable to the government on the purchase of any land or property, subject to certain conditions.

As a seasoned landlord or investor in residential property, we're sure you're familiar with how SDLT works.

Nonetheless, there have been several changes recently, many of which come into effect later this year, so we'll quickly recap the latest rates and thresholds below.

## What are the SDLT rates for UK residents?

For residential properties in England or Northern Ireland, SDLT will be charged as follows for UK residents from 1 April 2025:

| Purchase price | Rates for a main residence | Rates for an additional property |
|---|---|---|
| Up to £125,000 | 0% | 5% |
| The next £125,000 (from £125,001 to £250,000) | 2% | 7% |
| The next £675,000 (from £250,001 to £925,000) | 5% | 10% |
| The next £575,000 (from £925,001 to £1.5 million) | 10% | 15% |
| The remaining amount (anything above £1.5 million) | 12% | 17% |

## What are the SDLT rates for non-UK residents?

If you spend at least 183 days outside of the UK in the 12 months before buying a residential property, then you'll likely classify as a non-UK resident for SDLT purposes.

That comes with an extra 2% surcharge on top of the rates listed in the table above. So, the rates are as follows:

| Purchase price | Rates for a main residence | Rates for an additional property |
|---|---|---|
| Up to £125,000 | 2% | 7% |
| The next £125,000 (from £125,001 to £250,000) | 4% | 9% |
| The next £675,000 (from £250,001 to £925,000) | 7% | 12% |

| | | |
|---|---|---|
| The next £575,000 (from £925,001 to £1.5 million) | 12% | 17% |
| The remaining amount (anything above £1.5 million) | 14% | 19% |

## What about Scotland and Wales?

Scotland and Wales have their own forms of SDLT, which we won't cover in this article.

If you're considering buying an investment property in either country, we suggest reading the following for more information:

- Scotland – Land and Buildings Transaction Tax
- Wales – Land Transaction Tax

## SDLT advice for landlords and property investors

### Share the burden

The SDLT rates change from 1 April 2025. The key change is that the threshold for the lowest rates (0% for main residence or 5% for additional properties) will half from £250,000 to £125,000.

As a result, as a landlord or property investor, you will likely face higher costs when purchasing additional properties.

However, you might be able to soften the impact by negotiating with the seller.

Sellers will often want to avoid delays or the hassle of relisting their property, which gives you some leverage. So, if the new SDLT rates push the tax burden higher than you've budgeted for, you could use this as a point of discussion to agree on a reduced price that helps offset the additional cost.

For instance, if the increased SDLT adds £10,000 to your total expenses, negotiating a £5,000 reduction in the purchase price means you share the burden with the buyer and keep the process moving smoothly.

### Adjust your property investment strategy

If higher SDLT rates make investing in property more expensive, then adapting your strategy can help maintain profitability. Here are three approaches you could consider:

- **Focus on lower-value residential properties:** Since SDLT is a progressive tax, charged in bands based on price, then simply reducing your budget can offset the increase. Areas with strong rental demand but relatively affordable prices could become a more attractive option – think regional cities and commuter towns as opposed to flashy city-centre apartments.
- **Consider commercial or mixed-use properties:** SDLT rates for commercial and mixed-use properties are lower than residential-only (the highest SDLT rate for commercial properties is 5%). If you're open to diversifying your portfolio, look at retail units with flats above, office-to-residential conversions, or even full commercial assets.
- **Purchase off-plan properties directly from developers:** Most landlords and investors stick to the secondary market, but property developers will offer incentives to attract buyers to new

builds (usually before construction is finished, known as an "off-plan property"). Incentives can vary but sometimes include discounts on the price that will offset the cost of SDLT. That said, due diligence is essential: check the developer's track record, ensure the project is progressing as planned, and make sure your funds are protected.

**Consider derelict or uninhabitable properties**

If a property is deemed uninhabitable at the time of purchase, it may be classified as non-residential, meaning it is subject to commercial SDLT rates (capped at 5%) instead of higher residential rates.

So, if you're the type of property investor interested in full-scale renovations and "property flipping", then this approach could save you thousands.

Of course, buying a derelict or uninhabitable property comes with clear risks and issues, and HMRC may ask for solid evidence (e.g. surveyor reports) to justify non-residential classification for SDLT purposes.

## FAQS

## As a landlord, is there any way to buy property without paying SDLT?

Yes, but options are limited. SDLT doesn't apply if you buy property under £40,000, as long as it's not part of a larger transaction. You can also avoid SDLT by purchasing mobile homes, caravans, or houseboats, which could prove excellent holiday lets.

## Do I pay the higher rates of SDLT if I sell my main residence?

If you sell your main home and buy another to replace it, you do not pay the higher rates of SDLT – even if you own multiple properties as part of a rental portfolio.

There are some conditions though. You must complete the sale of your home and the purchase of a new one within three years.

Plus, if the dates don't line up (i.e. you buy a new home before the sale of your old one is completed), then you will pay the higher SDLT rates. You can then request a refund once the sale completes if it's within the three-year window.

## Can I benefit from Multiple Dwellings Relief?

Multiple Dwellings Relief (MDR) was abolished from June 2024. This means investors can no longer use it to reduce SDLT when buying multiple residential properties in a single transaction. Previously, MDR allowed SDLT to be calculated based on the average price per dwelling, often lowering tax liability.

## Need more help with SDLT?

Hopefully, this article will help you make informed decisions regarding SDLT and stay ahead of shifting tax policies. If you need further help, then why not get in touch?

Our experts in property tax work with hundreds of landlords and property investors each year. Whether you want someone to manage your annual self-assessment or you want to better understand the tax implications of expanding a rental portfolio, we can help.

To get started, use the contact form below or call 020 7299 1400 and book a consultation with one of the team.