

Chapter 8 - The key Stamp Duty Land Tax questions to ask before you buy

Stamp Duty Land Tax can be one of the biggest upfront costs in a property deal.

It is easy to focus on deposits, refurbishments, legal fees and finance, then treat SDLT as a number to be dealt with near completion. That is a mistake. In many deals, SDLT has a direct effect on how much cash is needed on day one, on the real return from the purchase, and on whether the structure still makes sense once all the costs are included.

These are the considerations this chapter addresses.

This is the main SDLT chapter in the book. The detailed rates and thresholds are located in the appendix. The purpose here is different: to explain the **main planning points that still matter** and to cut through a lot of old or outdated SDLT thinking.

Start with the right question

Most SDLT planning does **not** come from clever schemes.

It comes from getting the **classification of the transaction** right.

In broad terms, the key questions are:

- Is the property **residential, non-residential or mixed-use**?
- Is the purchase caught by the **higher residential rates**?
- Is there a **non-UK resident surcharge**?
- Are **six or more dwellings** being bought in one transaction?
- Is someone still relying on **Multiple Dwellings Relief**, even though it has now largely gone?

Those are the questions that usually bring about the best result.

Additional residential property

For many investors, the starting point is the higher residential rates.

Guidance on higher SDLT rates says that where you buy an **additional residential property**, the purchase is usually charged at rates that are **5 percentage points higher** than the standard residential SDLT rates. HMRC's policy paper on the increase confirms that the higher rates on additional dwellings were increased from **1 April 2025**.

That means SDLT on ordinary buy-to-let and second-home purchases can be materially higher than many people first expect.

The detailed residential bands are best kept in the appendix. For this chapter, the practical point is enough:

If you are buying an additional residential property, SDLT is often one of the largest acquisition costs in the transaction.

Residential, non-residential and mixed-use

This is one of the most important distinctions in SDLT.

A transaction is not taxed just because it involves “property”. It is taxed according to the type of property involved.

If the purchase is genuinely **non-residential** or **mixed-use**, the SDLT treatment can be much more favourable than it would be for a standard residential purchase. GOV.UK’s residential property rates page distinguishes residential rates from other rates, and HMRC’s guidance on higher rates confirms that mixed-use transactions are outside the additional dwelling surcharge regime where the purchase is genuinely mixed-use.

This matters because a genuine mixed-use purchase does **not** simply get treated as a normal residential acquisition with a small adjustment. It can fall into a different SDLT regime altogether.

Typical examples might include:

- A shop with a flat above
- A building with commercial and residential space
- Land where the non-residential element is real and forms part of the transaction

But this is also an area where people get carried away.

A property is not mixed-use just because that would produce a better SDLT result. The non-residential element has to be real and supportable by the facts. That is why the classification question needs to be considered properly before exchange, not argued backwards after completion.

Six or more dwellings

This remains one of the more important current planning points.

HMRC's published SDLT guidance says that where **six or more residential properties** are bought in one transaction, the purchase is treated as **non-residential** for SDLT purposes. That can mean a materially lower SDLT result than applying the ordinary higher residential rates to each property in the usual way.

This can be important in:

- Portfolio acquisitions
- Larger block purchases
- Some restructuring exercises
- Certain incorporation or group planning situations

So, although many older SDLT relief discussions are no longer useful, the six-or-more rule remains very much worth checking.

Multiple Dwellings Relief has largely gone

This is one of the biggest changes in the SDLT landscape.

For years, **Multiple Dwellings Relief**, often shortened to **MDR**, was a major planning point where two or more dwellings were bought in one transaction or in linked transactions.

That is no longer the general position.

HMRC's relief guidance says MDR **has been abolished** and can no longer be claimed for transactions which complete, or are substantially performed, on or after **1 June 2024**. HMRC's SDLT manual also confirms that purchasers who exchanged contracts on or before **6 March 2024** may still qualify under limited transitional rules, provided the contract was not later varied in a disqualifying way.

That means for most current deals, MDR should **not** be treated as a live planning route.

This is important because a lot of older property articles, calculators and sales pitches still talk about MDR as if it were part of ordinary SDLT planning. For most current transactions, it is not.

So, if someone is still comparing:

- Standard residential treatment against
- MDR treatment

They are often asking the wrong question for the current context.

The more useful current question is usually whether the purchase is:

- Standard residential
- Genuinely mixed-use
- Or a six-or-more transaction that falls into the non-residential regime

That is now a much narrower planning landscape than it used to be.

A note for non-UK residents

GOV.UK states that there is a **2% surcharge** on residential properties in England and Northern Ireland bought by **non-UK residents**, and that this applies **on top of all other residential SDLT rates**, including the higher rates for additional dwellings. For this purpose, an individual is generally treated as non-UK resident if they are not present in the UK for at least **183 days** during the relevant 12-month period before the purchase, subject to the detailed rules.

This book is aimed mainly at UK-based investors, so this will not apply to every reader.

But where it does apply, it can materially increase the acquisition cost. It should be checked early, not picked up as an afterthought once the figures are already being relied on.

Why timing still matters

Whatever the SDLT position, this is not a tax to review casually at the end of the transaction.

The classification of the property, the number of units, the residency position and the structure of the deal all need to be reviewed **before exchange and completion**.

That is especially true because old assumptions are still surprisingly common. A buyer may assume that a purchase is mixed-use when it is not, or assume MDR is available when it is not, or forget that the six-or-more rule may matter.

Those errors are easier to avoid before the transaction than to repair afterwards.

Practical advice

SDLT planning is no longer a wide-open relief exercise.

For most current deals, the main value comes from asking the right classification questions early and not relying on outdated ideas.

The strongest practical checkpoints are usually:

- Is this really a residential purchase?
- Is there a genuine mixed-use argument?
- Are six or more dwellings being bought?
- Is the buyer caught by the higher residential rates?
- Is the buyer caught by the non-UK resident surcharge?
- Is someone mistakenly relying on MDR?

That is where the real decision-making now sits.

Chapter takeaway

Stamp Duty Land Tax can be one of the largest upfront costs in a property transaction, especially where the higher residential rates apply. The higher rates on additional dwellings are now **5 percentage points above** the standard residential rates, following the increase effective from **1 April 2025**.

The main current SDLT planning points are not about elaborate schemes. They are about getting the **nature of the transaction** right.

In particular:

- Genuinely **mixed-use** property can fall outside the higher residential surcharge regime
- **Six or more dwellings** in one transaction can still be treated as **non-residential** for SDLT purposes
- **Multiple Dwellings Relief** has been abolished for most current transactions from **1 June 2024**, subject only to limited transitional rules
- **Non-UK residents** may face a further **2% surcharge** on residential purchases in England and Northern Ireland

So, the right question is not:

“How do I avoid SDLT?”

It is:

“What is this transaction actually classed as, and what SDLT treatment follows from that?”