

# FINANCE ACT 2010

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## EXPLANATORY NOTES

### INTRODUCTION

#### *Section 7: Rate in Respect of Residential Property Where Consideration Over £1m*

##### Summary

1. [Section 7](#) provides for a new higher rate of stamp duty land tax (SDLT) for purchases of residential property where the consideration is more than £1 million. This will apply where the effective date of the transaction is on or after 6 April 2011.

##### Details of the Section

2. Subsection (1) amends Table A at section 55 of the Finance Act 2003 (residential property) to provide a higher rate of 5 per cent for transactions where the relevant consideration is more than £1 million.
3. Subsection (2) provides for commencement.
4. Subsections (3) and (4) are transitional provisions. They provide, subject to certain exclusions, that the new 5 per cent rate of SDLT will not apply to transactions where a contract was entered into before 25 March 2010.

##### Background Note

5. SDLT is a tax on land transactions. Purchasers are charged a percentage of the consideration they pay for an interest in land. Currently, the percentage can be 0, 1, 3 or 4 per cent depending on the amount of consideration.
6. The 4 per cent rate currently applies to transactions where the consideration exceeds £500,000. This section introduces an additional, higher, rate of 5 per cent for residential transactions where the consideration exceeds £1 million.