

Easthaus

THE IMPACT OF THE AUTUMN BUDGET ON HOME MOVERS

KEY TAKEAWAYS

STAMP DUTY

Stamp Duty on second homes will rise from 3% to 5%.

With no mention of an extension to the current Stamp Duty holiday, it is set to end on 31st March 2025.

CAPITAL GAINS TAX

Capital Gains Tax increases for sales of shares assets but remains the same for residential property (18% for lower-rate taxpayers and 24% for higher-rate taxpayers).

SCHOOL FEES

VAT will be applied to private school fees from January 2025.

The Budget also set out a series of new investments to help with housing market stability and social and affordable house building including: £500m boost to the Affordable Homes Programme to build up to 5,000 additional social homes, £3.4bn to kickstart the Government's 'warm homes plan', £1bn of investment to remove dangerous cladding from 2025. The government has also pledged to engage with the industry on plans to make the Mortgage Guarantee Scheme permanently available to support lending at 95% loan-to-value.

The temporary Stamp Duty holiday is set to end on 31st March next year, meaning thresholds will revert to previous levels. This is likely to have the biggest affect on home movers, particularly first time buyers who although will still benefit from a discount, the increase in thresholds will unfortunately mean a notable hike in the cost of Stamp Duty from April 2025 (see tables on page below setting out current and post March 2025 thresholds).

The average time to complete a property transaction once a sale is agreed (according to Rightmove statistics) is around 157 days, Easthaus currently average 130 days, a little under four and a half months, so there is still time to take advantage of the Stamp Duty discounts if a sale is agreed this side of Christmas. In turn, those thinking of selling in the New Year may benefit from coming to the market before Christmas to capture those looking to take advantage of the extra Stamp Duty Relief.

An increase in Stamp Duty on second homes has already come into effect and will likely act as another disincentive to invest. Whereas larger professional landlords may swallow these additional fees, it will be accidental landlords that will bear the brunt of this increased cost.

The much talked about VAT on school fees was confirmed and as result we are likely to see an increased interest in family homes in areas close to top rated state schools.

More positively, the latest Bank base rate cut by another 0.25% to 4.75% is good news for mortgage rates and with inflation slowly coming down, further cuts look likely into 2025.



STAMP DUTY LAND TAX (SDLT)

CURRENT THRESHOLDS AND HOW THEY ARE SET TO CHANGE AFTER 31ST MARCH 2025.

Please note, the following rates apply if it is the only single residential property you own.
You will pay an additional 5% on top of these rates if you already own another residential property.

Current thresholds up until 31st March 2025

Property or lease premium or transfer value	SDLT rate
Up to £250,000	Zero
The next £675,000 (the portion from £250,001 to £925,000)	5%
The next £575,000 (the portion from £925,001 to £1.5 million)	10%
The remaining amount (the portion above £1.5 million)	12%

After 1st April 2025

Property or lease premium or transfer value	SDLT rate
Up to £125,000	Zero
The next £125,000 (the portion from £125,001 to £250,000)	2%
The next £675,000 (the portion from £250,001 to £925,000)	5%
The next £575,000 (the portion from £925,001 to £1.5 million)	10%
The remaining amount (the portion above £1.5 million)	12%



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FIRST TIME BUYERS

If you are a first time buyer, you can claim a discount if the property you are buying is your first home.

Current discounts:

- no SDLT up to £425,000
- 5% SDLT on the portion from £425,001 to £625,000

From 1 April 2025:

- no SDLT up to £300,000
- 5% SDLT on the portion from £300,001 to £500,000

So for example, if you are a first time buyer and purchase a home for the value of £500,000 you will currently pay £3,750 in Stamp Duty.

- 0% on the first £425,000 = £0
- 5% on the remaining £75,000 = £3,750
- total SDLT = £3,750

However, from 1st April 2025 the threshold changes will see that figure more than double to £10,000.

- 0% on the first £300,000 = £0
- 5% on the remaining £200,000 = £10,000
- total SDLT = £10,000

