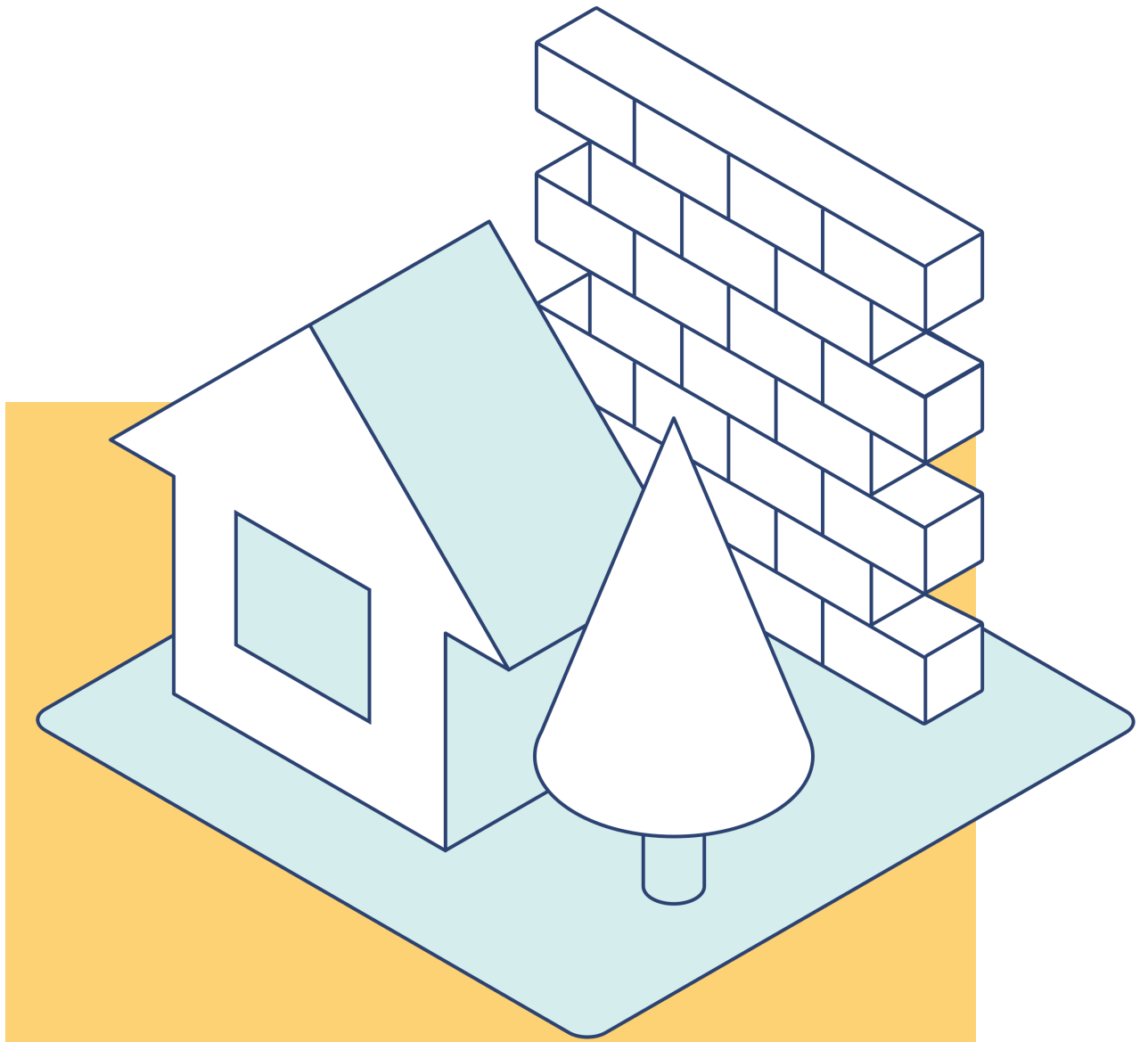


SEDDONS



# A Guide to Buying Property in the UK

— On your side

# SEDDONS

Buying a property in the UK can seem complicated and confusing. At Seddons, we make it as easy and stress free as possible. Our property experts will guide you through the whole process and give you all the advice you need, from the tax implications of when you purchase the property through to point of sale, gifting and death.

## How we can help you

We have a highly experienced property team specialising in high end residential property transactions – bespoke and high value purchases and sales, letting and funding, refinancing, and transfer of equity. We know that our clients, whether they are looking for a family home or are investors, developers or an offshore company, want deals to be done quickly and smoothly. We do everything we can to make sure this happens and to take the stress out of the process.

### Some of our key services are:

- All aspects of residential sales and purchases
- Buy-to-lets
- New builds
- Lease extensions
- Mortgages and re-mortgages
- Tenancy agreements

## Agreeing the deal

The property agent will show you many properties. Once you have decided which property you wish to buy, the agent will put forward your offer to the seller/developer.

The seller/developer may ask for proof of your funding arrangements. This might be bank statements or a bank letter confirming your cash assets, or confirmation of loan/mortgage arrangements.

Once a price and other terms (such as timescales) have been agreed, the property agent will produce a Memorandum of Sale or Reservation Form summarising the deal with both your and the seller/developer's solicitor's details.

## KYC - Know your client

Your solicitor is required under UK law to check your identity and the source of the funds you will be using to purchase the property. The documentation you will need to supply will include your Passport and a proof of address, along with other financial documents.

## The part where we come in –

### The legal process

The seller/developer's solicitor will send a contract pack to your solicitor, or we will send out a pack if we are acting for you in connection with a sale. The pack will contain the contract and title documents relating to the property. We will check all of the documents and order searches against the property. Once we are happy with the documentation and have checked

there are no legal defects, we will send a report to you. Our report will explain both the terms of the contract and the property to you, so that you have a clear understanding of the asset you are purchasing.

If you are not buying a new build property, we would recommend you have a survey and we can assist you in arranging this with our trusted surveyors.

## Exchange of contracts

If you are happy with the contents of the report, we will now be ready to exchange contracts. You will agree the completion date which will be specified in the contract, pay 10% of the purchase price (the deposit) to the seller's solicitor and enter into a binding contract with the seller/developer.

## Completion date/closing date

This is the date on which we will pay the balance of the purchase price to the seller/developer's solicitor and you will be given the keys to the property.

If you are buying a new build property from a developer, the completion date/closing date will not be a fixed date but will be set after the property is physically completed. The property agent will give you information as to when this is likely to be.

Once completion has taken place, we will ensure you are registered as the owner at the UK Land Registry.

**These steps are a basic guide to the process but each property purchase is different. We are here to help you every step of the way and give you the specialist advice you need.**

## Tax at point of purchase

Over the last five years, the UK government has enacted a number of changes to the UK property tax regime, which has led to much confusion. This guide is designed to give a basic summary of UK property taxation.

**Please note it is important that you seek local tax advice within the country/ies you are resident or tax compliant.**

The main tax at point of purchase is Stamp Duty Land Tax (SDLT).

SDLT is a one off tax charge triggered by the purchase of a UK residential property. The consideration paid for the property, together with various circumstantial factors determine the rate of SDLT payable. This is calculated in increasing portions, the basic rules for which are set out below\*:

Premium	Percentage payable
The first £125,000	0%
£125,001 - £250,000	2%
£250,001 - £925,000	5%
£925,001 - £1,500,000	10%
£1,500,001 +	15%

So, for example, if you buy a flat for £3,000,000, the SDLT you owe is calculated as follows:

0% on the first £125,000 = £0

2% on the next £125,000 = £2,500

5% on the next £675,000 = £33,750

10% on the next £575,000 = £57,500

15% on the final £1,500,000 = £180,000

Total = £273,750

### \*Important points to note

- **Since April 2016, a higher rate of stamp duty will apply to any purchases if you, or your spouse/civil partner already own residential property anywhere in the world. The higher rate amounts to a 3% increase on each band. We can discuss whether or not this will apply to you as it will depend on your circumstances.**
- If the purchase is through a company and the property is valued at over £500,000, the SDLT charge is 15% on the total value. There are reliefs available which means that this rate may not apply and this can be discussed with you.
- Since November 2017, first time buyers purchasing their first home for £300,000 or less will pay no SDLT, and if buying for less than £500,000, will only pay 5% on the amount above £300,000. We can discuss whether or not this will apply to you as it will depend on your circumstances.
- There are different SDLT rules for mixed residential and commercial purchases and purchases of multiple properties. We can discuss whether or not this will apply to you as it could result in less SDLT being payable.

## Ongoing taxes on the property or the owner

### Annual Tax on Enveloped Dwellings (ATED)

This is an annual tax payable by companies that own UK residential property valued at over £500,000. It is necessary for all companies to complete ATED returns if they own UK residential property in that bracket.

There is a full relief available to this annual charge if the property is rented out to a third party at a market rate of rent. Please contact us for further details.

### Income tax (IT)

If the property is rented out it will be subject to a UK IT charge. The rate of this will depend on how the property is owned and we can supply you with this information separately

## Taxes at point of sale, gifting or death

### Capital gains tax (CGT)

Non-UK residents are liable for CGT on the gains following the sale or a gift of UK residential property:

Non-UK resident	Rate	Reliefs and exemptions available
Individual	18% or 28%	Annual Exemption Principal private residence relief
Partnership members		As a UK non-resident-you may be able to qualify for relief under Principal Private Residence, we can advise you of the requirements.
Trustees	28%	Up to half the Annual Exemption
Companies (closely held)	20%	Indexation relief
Funds and Foundations (failing widely marketed scheme test)		
Companies with ATED regime	28%	None (gains from April 2013 onwards)

### Inheritance Tax (IHT)

It is likely that the value of the property based in UK will be liable to a 40% IHT charge on the death of the owner.

No tax is payable on the value of the nil rate band that is currently £325,000 per person. This is set to increase to £500,000 by 2020 but only if the value of the total UK estate is under £2 million. This means that only £325,000 (or £500,000) will be tax free.

# Contact Us

To discuss how we can help, or should you have any questions, please contact us on **020 7725 8000** or via email below:



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Private Legal Services

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Published: 01.08.2018

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