

# More homebuyers to benefit from changes to land transaction tax

The starting threshold for land transaction tax will increase from £150,000 to £180,000 for the residential main rates when the tax is devolved in April 2018.

The increase in the starting threshold will help everyone in Wales who is seeking to buy a home in this part of the market, including first-time buyers.

The new threshold is £55,000 higher than the starting threshold for stamp duty land tax in England and will reduce the tax burden for around 24,000 homebuyers – including first-time buyers – in Wales.

Professor Drakeford's decision to change the starting threshold for land transaction tax follows the UK Government's introduction of a stamp duty land tax relief for first-time buyers in the Autumn Budget last month.

The Finance Secretary said he has given careful consideration to the right approach for both the Welsh property market and for Welsh homebuyers. His focus is to help everyone looking to buy a home in this part of the market by increasing the progressivity of the tax overall.

The new land transaction tax rates for residential property mean:

- no one will pay more tax under the changes announced today compared to the land transaction tax rates which were announced at the time of the draft Budget in October
- the average homebuyer in Wales will pay more than £500 less tax than under stamp duty land tax
- around 90% of homebuyers in Wales will either pay the same or less tax than under stamp duty land tax
- around 80% of first-time buyers in Wales will pay no tax – the same proportion which will benefit from the Chancellor's first-time buyer stamp duty land tax relief in England.

Professor Drakeford said:

“Under the changes to the main rates of land transaction tax, which I am announcing today, around 65% of these house sales will not be liable for tax.

“The changes will benefit more buyers than the Chancellor's targeted relief for first-time buyers – more than half of buyers will benefit from a reduction in tax relative to stamp duty land tax.

“This is consistent with my aim to make tax fairer and contribute

to a more equal Wales. These improved rates will help meet Wales' needs and priorities and will make a real difference to people's lives."