

Stamp Duty Updates

In early July 2020, the Chancellor Rishi Sunak made an announcement in relation to Stamp Duty in a bid to give a boost to the property industry during the economic downturn caused by the ongoing COVID-19 pandemic ... Mr Sunak confirmed that the initial threshold for the paying of Stamp Duty has been increased to £500,000.00 until the 31st March 2021.

In the recent March Budget, the Chancellor made amendments to the above statement and has confirmed that the Stamp Duty Holiday will be extended in its current form until the 30th June 2021. Therefore any property purchases of a main residence that completes on or before that date will not pay any Stamp Duty on the first £500,000.00 of the price.

And in addition to this time extension, when the 30th June deadline passes, the Nil Rate Band for the Stamp Duty will be £250,000.00 for the period to the 30th of September. The Stamp Duty will only return to the 'pre-pandemic' usual level on the 1st October 2021.

As with his previous reasoning for the Stamp Duty Holiday, the Chancellor hopes that this break for purchasers will give the property industry a kick start and keep people moving throughout the pandemic.

Budget Property News

In the recent budget, Rishi Sunak announced a new Mortgage Guarantee Scheme, in order to assist buyers with small deposits make their way onto the property ladder. The Government are to give an incentive to the mortgage lenders to bring back the 95% mortgage products to the market for those with only a 5% deposit to pay for the property.

The idea of the Scheme is to give the mortgage lenders more confidence in making loans at a 95% level. The Scheme will give the lenders an option to purchase 'government guarantee' that would provide them with compensation for some of their losses in the event that the owner is not able to make the repayments and defaults.

The official government document states that the principles of the scheme are make it absolutely straightforward, that there is no irresponsible lending by any of the lenders, and that there are levels of risk that are taken on by the government.

In order to be eligible for this scheme, the mortgage that is to be taken out by the prospective buyers will need to be a residential property for the mortgagees to live in (therefore it cannot be a Buy-to-Let mortgage) – the mortgage must be taken out by individuals and not on behalf of or in the name of a company and it must also be a repayment mortgage (and not an interest-only mortgage).

The maximum price of the property being bought under this scheme is £600,000.00 and the mortgage must be of a value of between 91% and 95% of the purchase price.

The initial and current timescale for this Mortgage Protection Scheme is April 2021 to December 2022. It is anticipated that this will be a temporary measure as the lack of these current mortgage level products is due to the pandemic and not for any general long term changes in the mortgage market.

If you are embarking on an application that may fall within the parameters of this new scheme, it is recommended that you discuss it with your mortgage advisor to ascertain if you would qualify to go on the scheme.