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90% FIRST TIME BUYERS HAVE NOT PAID STAMP DUTY

Half of FTBs have benefited from Stamp Duty Holiday

With just over a month until the end of the Government's stamp duty holiday (24th March), new analysis from HSBC reveals nine in ten first-time buyers have not had to pay the housing tax over the past two years.

Stamp Duty Holiday

Of the 331,899 first-time buyer loans taken out between the start of the stamp duty holiday on 24th March 2010 and the end of 2011, 89% were for properties priced under £250,000. Over this period, 286,299 first-time buyers bought a stamp duty free property, with 159,872 benefitting from the stamp duty holiday by buying their first home priced between £125-250,000. This is half (50%) of all of those first-time buyers who bought a home over the past two years who would otherwise have been liable to pay the additional tax.

FTB Property Purchases April 2010-December 2011

Property Price	Number of transactions
Under £125K	126,427
£125-175K	90,027
£175-250K	69,845
£250-500K	30,026
£500K+	5,574
TOTAL	321,899

Source: CML February 2012

FTB Property Prices

Average first-time buyer property prices are under the normal stamp duty threshold of £125,000 in eight of the 12 UK regions, meaning that the majority of FTBs across the UK are still able to buy a home without having to pay the additional tax. First-time buyer house prices are lowest in the North East (£100,112) and highest in London (£268,454).

Average FTB house prices by region

Region	Average FTB house price
North East	£100,112
Northern Ireland	£104,203
Yorkshire & Humberside	£110,036
Wales	£112,157
North West	£112,411
East Midlands	£115,275
West Midlands	£121,324
South West	£152,058
East of England	£161,482
South East	£182,398
London	£268,454
United Kingdom	£153,755

Source: DCLG, Q3 2011

Peter Dockar, Head of [Mortgages](#) at HSBC commented: “We have seen a 20 per cent increase in approvals for first-time buyer loans in the first six weeks of the year as they rush to take advantage of the stamp duty holiday.

“With the deadline fast approaching, we will continue to offer a helping hand to first-time buyers. As well as offering a number of competitive deals for customers with as little as 10% deposit, we have also committed to making £3billion available to first-time buyers in 2012 whilst also offering a number of fee-free mortgages to help keep upfront costs down.”

Fast Facts on Stamp Duty – Tax Year 2010-11

- HMRC received £4billion on residential property transactions in stamp duty land tax in the tax year 2010-11.
- This was £2.6 billion or 40% less than the peak in 2007-08 (£6.7 billion) but £1billion or 37% higher than the recent trough of £3billion in 2008-09.
- The amount of stamp duty (SDLT) revenue generated by properties under £250,000 has halved since 2002 to just over half a billion.
- London yielded the highest amount of stamp duty in 2010-11, worth £1.4billion in revenue.
- Prime London councils Westminster (£229million) and Kensington and Chelsea (£219 million) yielded the most stamp duty in the UK.
- Outside of the capital, the South yielded the highest stamp duty revenue, with Elmbridge in Surrey yielding £51million alone.

Table 1: HMRC Residential SDLT receipts 2002-2011

Tax Year	SDLT
2002-03	£3.5bn
2003-04	£3.7bn
2004-05	£4.6bn
2005-06	£4.6bn
2006-07	£6.4bn
2007-08	£6.7bn
2008-09	£2.95bn
2009-10	£3,3bn
2010-11	£4bn

Table 2: HMRC Residential SDLT receipts by tax band

Tax Year	Under £250K*	£250-500K	£500K+
2002-03	£1.4bn	£1.3bn	£860 million
2003-04	£1.3bn	£1.4bn	£1bn
2004-05	£1.4bn	£1.8bn	£1.5bn
2005-06	£1.2bn	£1.9bn	£1.5bn
2006-07	£1.5bn	£2.7bn	£2.3bn

2007-08	£1.3bn	£2.7bn	£2.7bn
2008-09	£505 million	£1.2bn	£1.3bn
2009-10	£450 million	£1.4bn	£1.5bn
2010-11	£540 million	£1.6bn	£1.9bn

Table 3: Residential Stamp duty by Government Region 2010-11

Region	No. transactions	Value of transactions (million)	SDLT (million)
London	108,760	£48,860	£1,345
South East	153,465	£42,835	£955
East of England	98,215	£22,895	£430
South West	95,235	£25,510	£400
North West	78,575	£12,935	£175
West Midlands	66,650	£11,925	£175
Scotland	73,740	£12,025	£165
East Midlands	64,195	£10,650	£135
Yorkshire & Humberside	63,200	£10,125	£130
Wales	33,365	£5,305	£65
North East	27,100	£4,240	£45
Northern Ireland	14,185	£2,060	£20
United Kingdom	876,685	£205,365	£4,040

Top 10 highest yielding local authorities in London 2010-11

Local Authority	SDLT
1. Westminster	£229 million
2. Kensington & Chelsea	£219 million
3. Wandsworth	£90 million
4. Camden	£76 million
5. Barnet	£69 million
6. Richmond upon Thames	£65 million
7. Hammersmith	£63 million
8. Bromley	£41 million
9. Kingston upon Thames	£32 million
10. Southwark	£30 million

Top 10 highest yielding local authorities in 2010-11 (excl London)

Local Authority	SDLT
1. Elmbridge	£51 million
2. Wiltshire UA	£40 million
3. Cornwall UA	£39 million
4. St Albans	£33 million
5. Waverley	£30 million
6. Windsor & Maidenhead UA	£30 million
7. Brighton & Hove UA	£29 million
8. Guildford	£27 million
9. Reigate & Banstead	£26 million
10. Wealden	£24 million

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Note to Editors

*Differing thresholds for properties under £125,000 listed in history of stamp duty below

Property SDLT rates and thresholds 2011/2012

Purchase price	SDLT rate	SDLT rate for FTBs
Up to £125,000	Zero	Zero
Over £125,000 to £250,000	1%	Zero
Over £250,000 to £500,000	3%	3%
Over £500,000 to £1 million	4%	4%
Over £1 million	5%	5%

History of Stamp Duty

- From **20th December 1991** to **20th August 1992**, the Chancellor announced a "stamp duty holiday" which exempted all property sales of less than £250,000 from stamp duty.
- On **20th August 1992**, stamp duty was once again charged at 1% on property sales exceeding £30,000.
- In **March 1993**, the threshold was raised from £30,000 to £60,000 for exemption from the paying of stamp duty of 1%.
- In **July 1997**, stamp duty increased to 1.5% on properties between £250,000 and £500,000. Over £500,000 increased
- In **March 1998**, stamp duty increased to 2% on properties between £250,000 and £500,000. Over £500,000 increased to 3%.
- In **March 1999**, stamp duty increased to 2.5% on properties between £250,000 and £500,000. Over £500,000 increased to 3.5%
- In **March 2000**, stamp duty increased to 3.0% on properties between £250,000 and £500,000. Over £500,000 increased to 4%.
- On **30th November 2001**, stamp duty was abolished for all property transactions up to £150,000 in nearly 2,000 disadvantaged areas across the UK.
- On **16th March 2005** the stamp duty threshold was raised from £60,000 to £120,000 other thresholds maintained.
- On **22nd March 2006** the stamp duty threshold was raised from £120,000 to £125,000, other thresholds maintained.
- On **2nd September 2008** the stamp duty threshold was raised from £125,000 to £175,000 for 1 year, other thresholds maintained.
- On **22nd April 2009** Stamp duty holiday (£125,000 to £175,000), extended to 31st December 2009
- On **25th March 2010** Stamp duty threshold for FTB's raised from £125,000 to £250,000 for 2 years (until 24th March 2012).
- On **5th April 2011** Stamp duty on residential property sales over £1m increased from 4% to 5%.

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