

# The tax rates and tax bands for Land Transaction Tax

There are different tax rates and bands for different types of property.

## LTT main residential tax rates – freehold transactions

When you buy a residential property the following rates will apply to the portion of the price<sup>1</sup> you pay in each band.

Price threshold	LTT rate
The portion up to and including £180,000	0%
The portion over £180,000 up to and including £250,000	3.5%
The portion over £250,000 up to and including £400,000	5%
The portion over £400,000 up to and including £750,000	7.5%
The portion over £750,000 up to and including £1,500,000	10%
The portion over £1,500,000	12%

For example, if you buy a house to which the main residential rates apply for £260,000, you will pay 0% on the first £180,000, 3.5% on the next £70,000 and 5% on the final £10,000 – the total LTT will be £2,950.

You can use the WRA [tax calculator](#) to work out how much tax you will pay.

## LTT main residential tax rates – leasehold transactions

When you buy a residential leasehold property you may need to pay LTT on the purchase price of the lease (the 'lease premium') using the rates above. There is no LTT payable on rents payable under a lease for residential property.

## LTT higher residential tax rates

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<sup>1</sup> The total value you pay LTT on is usually the price you pay for the property or land, but it might include other types of payment such as goods, works or services, release from a debt, or transfer of a debt, including the value of any outstanding mortgage.

When you buy a residential property and you already own one or more residential properties you may need to pay the higher residential rates. However, if you are replacing your main residence the higher rates may not apply.

When companies buy residential properties they will have to pay the residential higher rates and when trusts buy residential properties they may have to pay the residential higher rates.

The LTT higher rates are 3% on top of the main residential rates.

For example, if you buy a second home for £260,000 you will pay 3% on the first £180,000, 6.5% on the next £70,000 and 8% on the final £10,000 – the total LTT will be £10,750.

You can use the WRA [tax calculator](#) to work out how much tax you will pay.

### **LTT non-residential property main rates – freehold transactions**

When you buy non-residential property such as shops, offices, or agricultural land the following rates will apply to the portion of the price<sup>2</sup> you pay in each band.

These rates also apply to ‘mixed use’ property such as a flat above a shop when both the residential and non-residential properties are part of the same transaction.

<b>Price threshold</b>	<b>LTT rate</b>
The portion up to and including £150,000	0%
The portion over £150,000 up to and including £250,000	1%
The portion over £250,000 up to and including £1,000,000	5%
The portion over £1,000,000	6%

For example, if you buy a shop for £400,000, you will pay 0% on the first £150,000, 1% on the next £100,000, and 5% on the final £150,000 – the total LTT will be £8,500

You can use the WRA [tax calculator](#) to work out how much tax you will pay.

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<sup>2</sup> The total value you pay LTT on is usually the price you pay for the property or land, but it might include other types of payment such as goods, works or services, release from a debt, or transfer of a debt, including the value of any outstanding mortgage.

## LTT non-residential property – leasehold transactions

When you buy a non-residential leasehold property you may be required to pay LTT on the purchase price of a newly granted lease (the 'lease premium') using the rates above. However, if you also pay rent on the grant of a lease, rules may apply that remove the 0% threshold.

The rent over the term of a newly granted lease may be liable to LTT and is calculated on its net present value (NPV). You can use the WRA NPV [calculator](#) to work out the rental figure on which you pay tax.

Where tax is payable on rents due under the term of a lease, the following rates apply.

NPV threshold	LTT rate
The portion up to and including £150,000	0%
The portion over £150,000 up to and including £2,000,000	1%
The portion over £2,000,000	2%

For example, if you are granted a new lease on an office with an NPV of £170,000, you will pay 0% on the first £150,000 and 1% on the final £20,000 – the total LTT will be £200.

You can use the WRA [tax calculator](#) to work out how much tax you will pay.

### How much tax you'll pay

You can work out how much you need to pay using the Welsh Revenue Authority's [tax calculator](#).

Further guidance on LTT, including the rules and reliefs that may be available as well as how and when to file a return and pay tax, will be available on the Welsh Revenue Authority's [website](#).