

Second Home Surcharge Guide

How the additional property surcharge works across the UK, and how to avoid or reclaim it legitimately.

What the surcharge is

Every UK nation charges an additional layer of tax when you buy a residential property that means you will own two or more at the end of the day. The purpose is to discourage buy-to-let and second-home purchases in favour of first-time buyers.

Nation	Name	Current rate	Effective from
England / NI	Higher rates for additional dwellings	+5% flat	31 October 2024
Scotland	Additional Dwelling Supplement (ADS)	8% flat	5 December 2024
Wales	Higher residential rates	5%–17% band structure	11 December 2024

Threshold trigger: The surcharge only applies when the purchase price is £40,000 or more in all three jurisdictions. Below £40,000 the surcharge does not apply at all.

When the surcharge applies

You will usually pay the surcharge if, on the day you complete, you own two or more residential properties anywhere in the world worth £40,000 or more (including the one you are buying).

- Buying a buy-to-let while still owning your main residence
- Buying a holiday home
- Buying a property before selling your existing main home (even if the sale is just delayed)
- Buying through a limited company (surcharge always applies regardless of other ownership)
- Buying jointly where any co-buyer already owns property

When the surcharge does NOT apply

- **Replacing your main residence:** You have sold your previous main home on or before completion day
- **Price under £40,000:** No surcharge, no return needed
- **Shares in property under £40,000:** From 1 April 2024, Scotland now only counts your individual share if it is worth £40,000+
- **Mixed-use property:** A property that is genuinely both residential and commercial may fall outside surcharge rules
- **Non-residential property:** Commercial and land purchases never attract the surcharge

Legitimate ways to avoid or minimise the surcharge

1. Sell your main residence before completion

The simplest approach: exchange and complete on your sale before completing on your purchase. This may require bridging finance or a flexible chain but it avoids the surcharge entirely.

2. Pay the surcharge and claim a refund within 36 months

If your sale is delayed but you still want to complete your purchase, pay the surcharge up front and claim it back once your previous main residence sells. You have until whichever is later of 12 months after the sale date or 12 months after the original SDLT return filing date to make the claim.

3. Buy as a single dwelling with granny annexe

A property with a self-contained annexe may be treated as a single dwelling for SDLT purposes provided the annexe value is less than one-third of the total property value. This can avoid Multiple Dwellings Relief complications.

4. Consider a mixed-use classification

If the property you are buying has a genuine non-residential element (a shop below a flat, for example), you may pay non-residential rates, which do not carry the surcharge. HMRC scrutinises this carefully: a paddock or small office at home is not enough.

5. Keep the purchase price under £40,000

Rarely applicable for mainstream purchases, but for small investment properties, low-value plots or lock-up garages, staying under £40,000 avoids the surcharge entirely.

Scotland ADS: rate history

Period	ADS rate
Before 25 January 2019	3%
25 Jan 2019 – 15 Dec 2022	4%
16 Dec 2022 – 4 Dec 2024	6%
From 5 Dec 2024	8%

Refund claim: step by step

1. Wait until your previous main residence has sold (must be within 36 months of buying your new one).
2. Gather: SDLT transaction reference number, purchase date, sale date of previous home, both addresses, tax paid, refund sought, bank details.
3. Sign in to the HMRC online service for SDLT refund claims (you cannot save a partial application, so have all data ready).

4. Alternatively, complete form SDLT16 and post it to HMRC.
5. HMRC pays the refund directly to the nominated bank account, typically within 15 working days.

Exceptional circumstances: HMRC can extend the 36-month deadline in very narrow cases — typically government restrictions or public authority actions affecting large groups. Personal delays (struggling to sell, chain collapse) do not qualify.

Worked examples

England: £300,000 buy-to-let while owning main home

Standard SDLT: $0\% \text{ £125k} + 2\% \text{ £125k} + 5\% \text{ £50k} = \text{£5,000}$

Surcharge: $5\% \times \text{£300,000} = \text{£15,000}$

Total: £20,000

Scotland: £275,000 second home

LBTT: $0\% \text{ £145k} + 2\% \text{ £105k} + 5\% \text{ £25k} = \text{£3,350}$

ADS: $8\% \times \text{£275,000} = \text{£22,000}$

Total: £25,350

Data verified from GOV.UK, Revenue Scotland and GOV.Wales — accurate as of April 2026. This document is provided for guidance only and does not constitute tax advice. Calculate your bill at calculatemystampduty.co.uk.