



JOHN FOWLERS

SOLICITORS

Domestic Conveyancing Useful Information and Definitions

Stamp Duty

When you buy a property you have to pay stamp duty if the price is more than the statutory amount which is currently £125,000. The amount of stamp duty is paid on the whole amount of the price on the following scale:

- Up to £125,000 – 0%
- Between £125,000 and £250,000 – 2%
- Between £250,000 and £925,000 – 5%
- Between £925,000 and £1,500,000 – 10%
- Above £1,500,000 - 12%

Capital Gains Tax (CGT)

Capital gains tax may be payable when you dispose of an asset for more than its original price. A person's main residence is usually exempt but if you have more than one property, a liability of CGT may arise. You should discuss this with your accountant at the outset.

Auctions

A property auction is not for the inexperienced buyer. As soon as a successful bid is made you are bound to complete generally within 28 days. You will have to pay a deposit at the auction of 10% of the sale price which you will lose if you withdraw.

So before you make a bid you must make sure that:

- All legal formalities including searches have been dealt with
- Your mortgage if required has been arranged
- You have the results of any private survey
- You have the deposit ready
- Most properties sold at auction will have an "Auction pack" which will include evidence of title, completed enquiry forms and searches. You should make sure your solicitor gets to see the pack before the auction so he can advise you of any issues that may affect your decision to bid for the property.

Buying Jointly

If you are buying a home with another person it may be a good idea to own the property jointly. There are two different sorts of joint ownership called Joint Tenancy and Tenancy in Common.

With a joint tenancy the property automatically passes to the other owner and is the usual way for husbands and wives to own property. Under a tenancy in common each owner has a separate share in the property which will not pass to the other owners automatically. Instead it will pass in accordance with the terms of that persons will.

This type of ownership is common where, for example, a brother and sister, or unmarried couple buy a property together, or where the buyers are paying the price in unequal shares.