

Stamp Duty Land Tax (SDLT) – Multiple Dwellings Relief (MDR)

In this article, we will focus on *multiple dwellings relief*, which can be a valuable relief for purchasers of UK residential real estate.

What is MDR?

As the names suggests, MDR is an SDLT relief available to purchasers of UK residential real estate who are acquiring more than one dwelling in a single transaction (or in a series of linked transactions).

A linked transaction is where multiple property purchases are made between one buyer and one seller or persons connected with them (these need not occur simultaneously).

MDR works by dividing the total consideration payable by the number of dwellings being purchased and then applying the appropriate SDLT charges to the average purchase price. This SDLT charge is then multiplied by the number of dwellings to give the total SDLT payable.

The effect of MDR on a purchase of multiple properties is best illustrated by an example:

[Example 1](#)

Dave, a property investor, is purchasing two buy-to-let properties from Steve, another property investor who is looking to downsize his portfolio. One of the properties is valued at £400,000 and the other at £600,000.

Because the transactions are linked (i.e. Dave and Steve are common buyers and sellers in respect of both transactions), ordinarily, the SDLT payable would be based upon the total consideration being given by Dave of £1,000,000. This would give rise to an SDLT charge of £71,250.

However, with a claim for MDR, the total SDLT payable would be reduced to £55,000, a saving of £16,750.

Who can benefit from MDR?

In short, MDR is available to any purchaser, whether they are individuals or companies, whether they already own residential real estate or not, and whether they are UK resident for SDLT purposes or not.

For purchasers of additional residential property, and non-resident purchasers, the respective 3% and 2% surcharges above the standard rates will still apply in the calculation of the SDLT payable under a claim for MDR.

An overview of the various types of purchasers and the rates of SDLT payable by each of them is covered in our recent article, ***Stamp Duty Land Tax (SDLT) – The Basics***.

There are, of course, some exceptions and these are covered below.



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What are the conditions for multiple dwellings relief to apply?

The relief applies where the main subject matter of a transaction contains at least two dwellings. These can be purchased in linked transactions or one transaction. The purchase of property other than the dwellings (e.g. commercial property) will not invalidate the relief.

The relief cannot be claimed where:

- The dwelling is a higher threshold interest such as an ATED related 15% SDLT
- SDLT group relief, reconstruction relief, and acquisition relief could be claimed
- There is an exercise of collective rights to buy by tenants of flats

Is there a minimum rate of SDLT payable under MDR?

Yes, the legislation imposes a minimum SDLT rate of 1%.

This minimum rate would become relevant where the average consideration falls within the 0% SDLT threshold or only slightly reaches the 2% threshold.

For purchasers subject to the higher 3% rate additional property surcharge and/or the 2% non-resident surcharge, no 0% rate will apply, so the minimum 1% rate under the MDR legislation is not in point.

One final curveball.....

If a purchaser is buying 6 or more residential properties in a single transaction, or a series of linked transactions, then not only could MDR apply, but they also qualify for the non-residential rates of SDLT.

Suppose that Dave, from example 2 above, now has the opportunity to acquire 6 flats within a block for £500,000 each, so a total consideration of £3,000,000.

Under the normal SDLT rules, the Stamp Duty payable on this purchase would be £361,250. With a claim for MDR, the SDLT payable would be reduced to £165,000. If instead, Dave applied the non-residential rates, the SDLT payable would be reduced further to £139,500.

It is worth noting that Dave has a choice over whether to claim MDR or the non-residential rates, and it is not a given that one of these options will always be the most beneficial. If, for example, the purchase price for each property was only £300,000, then a claim for MDR would have given a more favourable result.

The logo for verFides, featuring the word 'verFides' in a white, sans-serif font. The 'v' and 'F' are lowercase, while 'erFides' is uppercase. The background of the logo is a dark, blue-tinted image of a modern bridge structure with a city skyline in the background, including a prominent domed building on the right.

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How can Verfides help?

Our team of experts is ready to help you with:

- Preparing computations of the SDLT payable for a given real estate acquisition
- Identifying your residence status for SDLT purposes
- Advice on structuring the acquisition of real estate to minimise the SDLT payable
- All aspects of the taxation of UK real estate ownership, acquisition, disposal and succession planning

Please speak to your usual contact if you have any questions about Stamp Duty Land Tax or email tax_team@verfides.com.

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This document has been prepared as a general guide and is based on the latest legislation and guidelines. Whilst every care has been taken in its preparation, Verfides cannot accept any responsibility for any person relying on this publication. Professional advice should be obtained before undertaking transactions and Verfides will be pleased to provide such advice where appropriate.