

## Buyers may be owed £2bn in stamp duty



Stamp duty on properties brought in £13 billion for the Treasury last year  
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Homebuyers may be owed up to £2 billion in tax because the government's online calculator is getting its sums wrong.

The tool, provided by HM Revenue & Customs, fails to factor in stamp duty discounts worth thousands of pounds if a buyer has a "granny annexe", a commercial building or farmland attached to their property.

Cornerstone Tax, an advice company based in Leicestershire, said it had dealt with a 400 per cent increase in refund claims in the past three months because solicitors were using the faulty tool to make final calculations. It said that it has been told that HMRC was dealing with 900 cases a month.

It said that one in six transactions was calculated wrongly and up to £2 billion could be owed in England and Wales.

HMRC disputes the figures and claims that most buyers pay the correct amount. It says the online calculator is meant to be a guide, not a final figure.

Solicitors, however, said that they frequently used the online calculator. They complained that the taxman was treating them like accountants, relying on expertise they did not have.

At the heart of the problem is that the calculator does not take into account mixed-use properties, on which stamp duty of up to 5 per cent is paid, compared with 12 per cent on homes worth more than £1.5 million. Cornerstone featured an example in which a couple bought a property with a field for £1 million. The calculator put their stamp duty at £43,750. They should, however, have been given a commercial land discount because the field had been rented by a farmer, putting their tax bill at £39,500.

One woman paid £500,000 for a block of five flats above a café. She paid £14,500 stamp duty but it should have been £8,400 because she was entitled to multiple dwellings relief. A man who paid £30,000 in stamp duty for a £500,000 property with an annexe should have been charged £10,000 because of the annexe exemption.

"A lot of the calculators are not up to it," Sarah Dwight, a solicitor on the Law Society's conveyancing and land law committee, said. "We write to HMRC for guidance but we're finding a long turnaround time, often 28 days, and that doesn't help the chain if someone is moving house."

Stamp duty has become a major source of income for the Treasury, bringing in £13 billion last year, 95 per cent more than five years ago.

HMRC said: "All reliefs are clearly signposted on stamp duty land tax returns. Our 'ready reckoner' provides a guide only." The onus is on the purchaser to claim a refund if too much has been paid, via [www.gov.uk](http://www.gov.uk).