



Llywodraeth Cymru
Welsh Government

STATISTICS, DOCUMENT

Intent behind higher rates transactions for Land Transaction Tax: July 2023 to June 2024

This article presents new analysis on the intent behind higher rates transactions for Land Transaction Tax (LTT), including purchases of second homes and buy to let properties.

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Main points

Please see the [how to interpret this data section](#) for the limitations of the data in this article. For example, we explain that we only hold information about the intent behind higher rates transactions at the time of purchase.

For properties purchased between July 2023 and June 2024:

- Buy to let purchases make up the largest proportion out of all residential transactions (9%) followed by second homes, holiday homes or holiday lets (7%).
- Buy to let purchases accounted for 17% of residential transactions in Merthyr Tydfil, the highest percentage for a local authority. Blaenau Gwent and Rhondda Cynon Taf had the next highest percentages (16% and 15% respectively).
- Second home, holiday home or holiday let purchases accounted for 18% of residential transactions in the Isle of Anglesey, the highest percentage for a local authority. Gwynedd and Pembrokeshire had the next highest percentages (17% and 12% respectively). The two related National Parks had higher percentages than any local authority: Pembrokeshire Coast (35%) and Eryri (25%).
- Despite buy to let purchases accounting for a larger percentage of residential transactions at a Wales level, the contribution of tax revenues from purchases of second homes, holiday homes or holiday lets was nearly double that of buy to let properties.

Introduction

We've published an annual article about higher rates of Land Transaction Tax (LTT) since July 2021. This was to explain how to interpret data for local areas

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and to attempt to break higher rate transactions down further. For example, we used data on whether the purchaser is an organisation or individual to inform estimates of individuals purchasing a dwelling that is not their main residence. This aimed to inform users about how many potential second homes and buy to let properties were purchased in Wales. However, we were unable to break our data down into these categories as we had little information on the intent behind transactions.

In this article, for the first time we're publishing new data on the intent behind a higher rates transaction. We began collecting this data in summer 2023 using a new question on the LTT return. The new question applies to all purchases of residential property at the higher rates of tax. We introduced this question to help inform developments to LTT policy and to improve our information on higher rates transactions.

The new question includes the following response options:

- Bridging or haven't sold previous main residence
- Buy to let landlord
- Buying a second home or holiday home
- Buying a holiday let
- Trade or business use (not including buy to let)
- Buying for someone else (including minors)
- Buying in relation to a trust
- Transfer of equity (including with a mortgage)
- Other [if selecting this option, users are required to enter a free text response about their reason for the higher rates purchase]

Land Transaction Tax return guidance provides further information on these options.

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Analysing and quality assuring the data

With a year of data now available, we've been able to quality assure it. For example, although the data do not support a direct comparison, we have used data about properties currently on the Rent Smart Wales register to sense check our information in the buy to let category. We've also looked at the location of individual transactions which has helped inform some of the limitations we've identified in the data please see the [how to interpret this data section](#).

We are publishing data for the following types of local area:

- Local authorities
- National Parks

We have grouped the 9 possible responses to the new question into a smaller number of categories. This is to inform user need and because for some local areas, the number of responses in certain categories is too low for publication. This article uses the following categories:

- **Buy to let landlord**
- **Second home, holiday home or holiday let**
- **Higher rate refunds or bridging** (already refunded or expected to be refunded higher rates transactions)
- Other

To improve the data further, we've analysed the free text responses where the taxpayer or agent has selected 'Other' on the tax return. If the free text response is clear that the purchase is one of the other categories, for example a second home, we have moved the response into that category. For many responses, these did not clearly fit into another category. For example, 'purchasing additional property'. These responses have remained in the 'other' category.

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Relatively few responses have been re-categorised. Of the 9,900 higher rates transactions in July 2023 to June 2024, around 60 (less than 1%) were re-categorised into the 'buy to let landlord', 'second home, holiday home or holiday let' and 'higher rate refunds or bridging' categories used in this release.

How to interpret this data

Users should be aware of the following limitations to the data:

- The data published reflects the intent stated on the tax return at the time of purchase. Or as described above, where we have re-categorised a small number of responses. The current use of the property could be different to the intent stated at the time of purchase.
- We do not have any information on how the seller previously used the property. Therefore, it's not possible for us to identify if the buyer's intended use represents a change in how the property is used.
- The data is for properties purchased in a particular year. Therefore it may not be representative of the entire stock of properties in an area.
- As this is the first year of data, we do not have any earlier data points to compare against.
- The LTT return is usually completed by solicitors or conveyancers on behalf of the taxpayer. From analysing the location and other information provided to us, we believe there are some instances where agents may interpret the categories of intent differently, or even have assumed the intent incorrectly. For example, we believe "second home" is occasionally being interpreted more widely than in the "holiday" context, such as for properties bought to support a work-based location. Other categories will also have variability in their responses depending on the individual completing the tax return. This is likely to impact more in more urban areas where our analysis of location shows some clusters in or around town and city centres.

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The data used in this article was extracted from our systems on 15 July 2024. This is the same period of data extract used in our [quarterly statistics for April to June 2024](#). Therefore, total higher rate transactions presented here are consistent with the regular statistics for up to June 2024.

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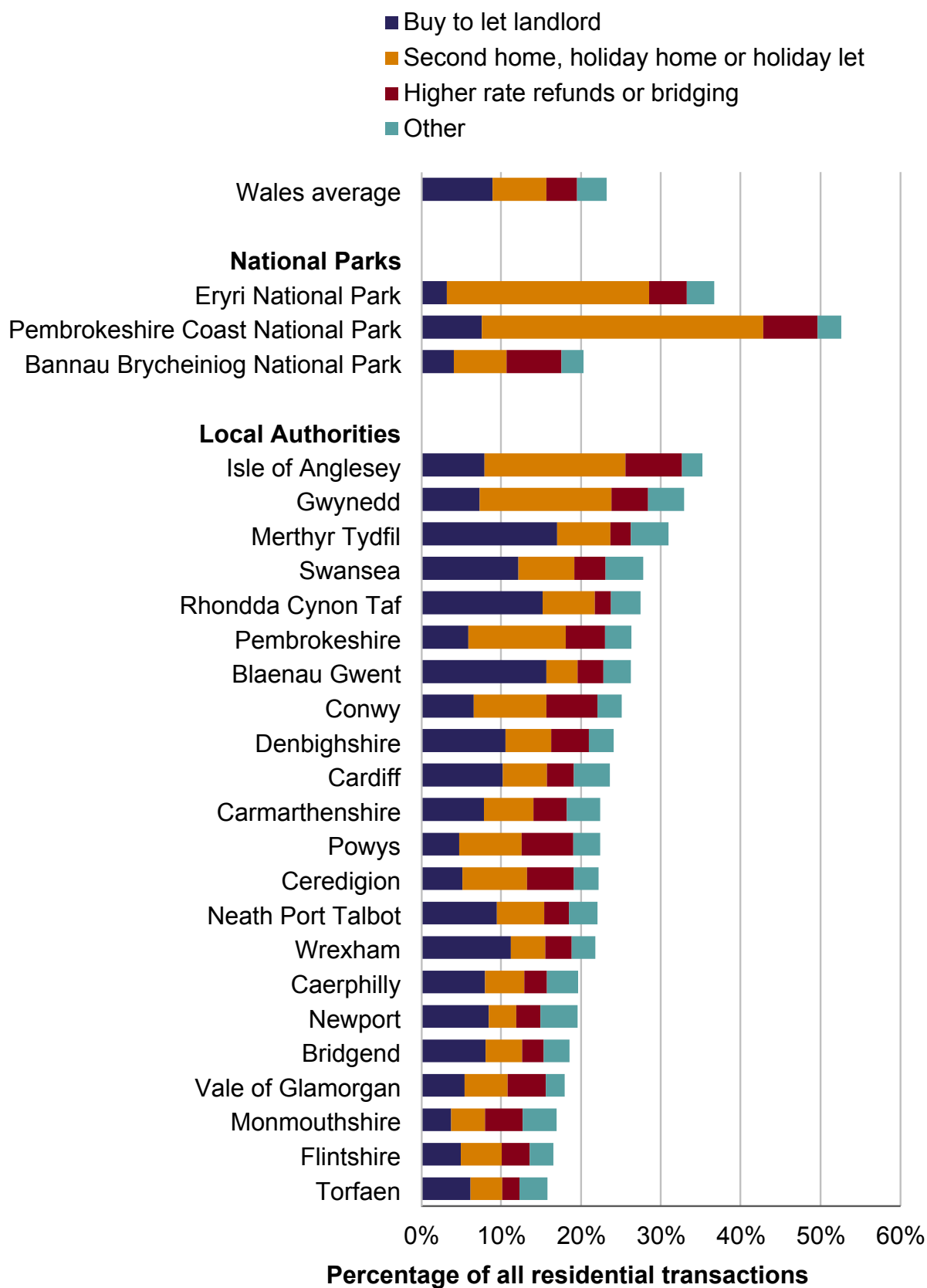
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Figure 1: Percentage of residential transactions in different categories of higher rate intent, July 2023 to June 2024

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Description of Figure 1: Higher rates transactions as a proportion of all residential transactions broken down by intent: buy to let landlords, purchases of second homes, holiday homes or holiday lets, higher rate refunds or bridging, and other.

Source: [Intent behind higher rates transactions for Land Transaction Tax \[Open Document Spreadsheet, 15 Kb\]](#)

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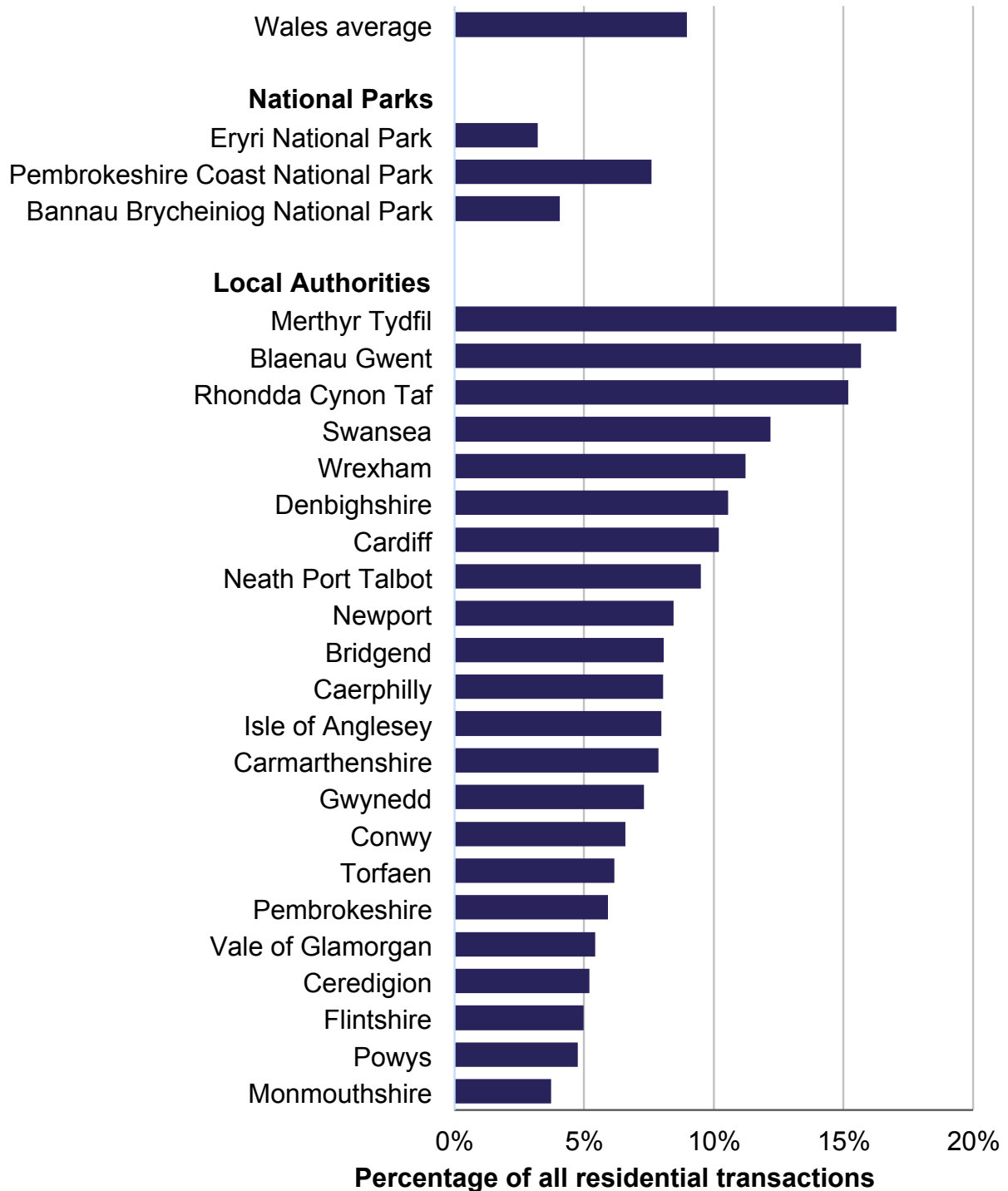
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Figure 2: Higher rates transactions with stated intent of buy to let, as a percentage of residential transactions, July 2023 to June 2024

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Description of Figure 2: Buy to let purchases accounted for 17% of residential transactions in Merthyr Tydfil, the highest percentage for a local authority. Blaenau Gwent and Rhondda Cynon Taf had the next highest percentages (16% and 15% respectively). The Wales average was 9%.

Source: [Intent behind higher rates transactions for Land Transaction Tax](#) [Open Document Spreadsheet, 15 Kb]

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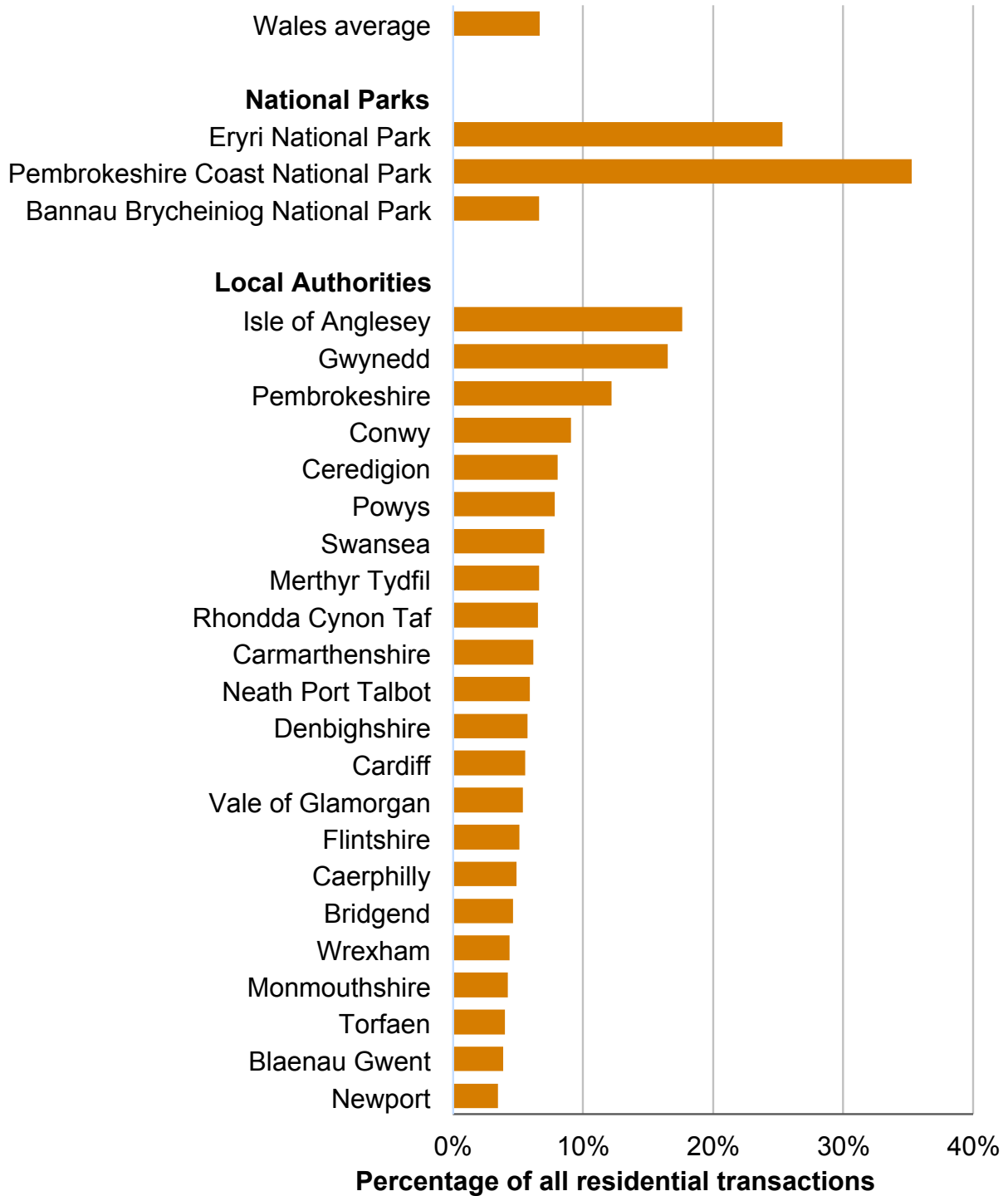
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Figure 3: Higher rates transactions with stated intent of second homes, holiday homes or holiday lets, as a percentage of residential transactions, July 2023 to June 2024

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Description of Figure 3: Second home, holiday home or holiday let purchases accounted for 18% of residential transactions in the Isle of Anglesey, the highest percentage for a local authority. Gwynedd and Pembrokeshire had the next highest percentages (17% and 12% respectively). The two related National Parks had higher percentages than any local authority: Pembrokeshire Coast (35%) and Eryri (25%).

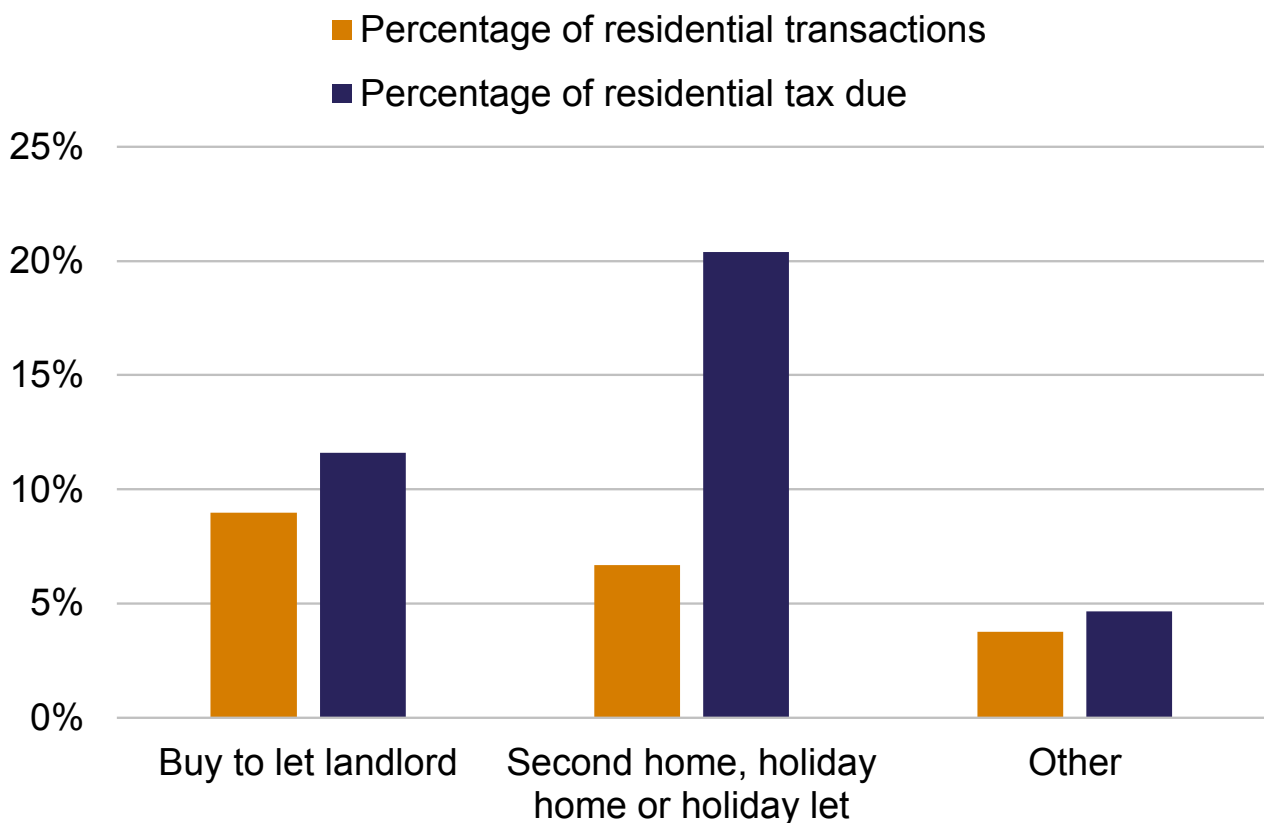
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Figure 4: Percentage of residential transactions and tax due in different categories of higher rate intent, July 2023 to June 2024 [Note 1]



Description of Figure 4: At a Wales level, buy to let transactions accounted for 9% of residential transactions and 12% of residential tax due (£26 million). Second homes, holiday homes or holiday lets accounted for a lower percentage of transactions (7%) than buy to lets but a considerably higher percentage of tax due (20% or £45 million). This reflects the higher average property values for this category, compared with buy to lets.

Note 1: This chart excludes transactions related to bridging or higher rate refunds. Transactions with higher rate refunds applied are no longer charged at the higher rates of tax, therefore are no longer relevant when considering tax due in this chart. Transactions with the intent stated as bridging are expected to be claiming higher rate refunds in due course. As at 15 July 2024, the amount of tax due for these cases was £24 million.

Further information

The [quality information for LTT statistics](#) explains how we've resolved quality issues with local area data.

The statistical article [Second homes: what does the data tell us?](#) published by Welsh Government provides further advice on how to use LTT statistics.

Your feedback

We're considering further plans for this data and welcome feedback from users on its usefulness. If there's sufficient interest in the data, we may consider including it in future quarterly releases. Send your feedback to data@wra.gov.wales.

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