

# UK financial services, regulation and ethics

## CF1 2020–21 edition

### Web update 1: 18 August 2020

Please note the following updates to your copy of the CF1 study text:

#### Chapter 1, section A2, page 1/3

Please delete the final paragraph in this section.

#### Chapter 3, section A3B, page 3/6

Please delete the sentence after the first bullet list.

#### Chapter 3, section C3, page 3/14

Please delete the final paragraph in this section.

#### Chapter 4, section A5A, page 4/7, sub-head 'Help to buy ISA'

Please amend the second sentence under this sub-heading to read (amendments in **bold**):

The scheme closed to new savers on 30 November 2019. However, it is possible for existing savers to **keep saving until 30 November 2029 and the deadline for claiming the Government bonus is on or before 1 December 2030.**

#### Chapter 6, section E2, page 6/21

Please amend this section as follows:



#### Be aware

##### SDLT cuts for 2020/21

Due to the coronavirus (COVID-19) pandemic, the Chancellor has announced a temporary increase in the stamp duty land tax (SDLT) nil rate band in England and Northern Ireland from 8 July 2020 until 31 March 2021. This SDLT cut will also apply to purchases of residential properties in addition to an existing home during this period.

The temporary rates are shown in the following table.

SDLT rates from 8 July 2020 until 31 March 2021 in England and Northern Ireland		
Slice of property value	SDLT rates where no other property is owned	SDLT rates on additional properties
Up to £500,000	0%	3%
£500,001 to £925,000	5%	8%
£925,001 to £1,500,000	10%	13%
Over £1,500,000	12%	15%

Please amend example 6.19 as shown in **bold**.



**Example 6.19**

Zane buys a property costing **£1,000,000**. SDLT applies as follows:

- First **£500,000** = 0% SDLT.
- Next **£425,000** = 5% SDLT = **£21,150**.
- Remaining **£75,000** = 10% SDLT = **£7,500**.
- Total SDLT payable = **£28,750**.

**Chapter 6, section E2A, page 6/21**

Please delete the content in this section and replace it with the following.

Until 8 July 2020, a relief from stamp duty land tax (SDLT) raised the price at which property become liable for SDLT for first time buyers. As the Government’s changes to SDLT raised the 0% band above this threshold for all purchasers, this relief has been suspended. (The relief raised the price to £300,000, but the new post-COVID-19 threshold for all purchases is now £500,000.).

The relief will be reinstated in April 2021, when the thresholds for SDLT revert to their pre-COVID-19 levels.

**Chapter 6, section E2B, page 6/22**

At the time of writing (July 2020), Scotland and Wales have also announced temporary cuts to their land and buildings transaction tax (LBTT) and land transaction tax (LTT) rates.

Therefore please make the following amendments to your study text.



**Be aware**

In Scotland, the LBTT nil rate band is temporarily increased to £250,000 from 15 July 2020 to 31 March 2021. The change also applies to the additional properties, but not to non-residential LBTT.

Please amend table 6.6 to read as shown.

**Table 6.6: Scottish Land and buildings transaction tax (2020/21)**

Band	Rate
Up to £250,000	0%
£250,001 to £325,000	5%
£325,001 to £750,000	10%
£750,001 and over	12%

Please amend the sentence immediately after the table as shown in **bold**.

A 4% surcharge also applies to purchases of second properties over **£250,000** and should be added to the above LBTT rates.



**Be aware**

In Wales, the LTT nil rate band is temporarily increased to £250,000 from 27 July 2020 to 31 March 2021.

Please amend table 6.7 to read as shown.

**Table 6.7: Welsh Land transaction tax (2020/21)**

Price threshold	LTT rate
Up to £250,000	0%
£250,001 to £400,000	5%
£400,001 to £750,000	7.5%
£750,001 to £1,500,000	10%
Over 1.5m	12%

**Be aware**

The change does not apply to additional properties.

Therefore, please include an additional table as follows.

**Welsh Land transaction tax: additional properties (2020/21)**

Price threshold	LTT rate
Up to £180,000	3%
£180,001 to £250,000	6.5%
£250,001 to £400,000	8%
£400,001 to £750,000	10.5%
£750,001 to £1,500,000	13%
Over £1.5m	15%

Please also note the following.

**Be aware****VAT cuts for 2020/21**

Due to the coronavirus (COVID-19) pandemic, the Chancellor has announced a temporary cut in value added tax (VAT) for hospitality and leisure services, including food, accommodation and attractions, such as cinemas, theme parks and zoos. The rate is cut from the usual 20% to 5% from 15 July 2020 until 12 January 2021.