

Landlords face record stamp duty bills as Reeves prepares tax crackdown

Story by Melissa Lawford



Rachel Reeves plans to unwind stamp duty tax breaks introduced by the Conservatives in 2022 - Jonathan Brady/PA

Property landlords are braced for [record stamp duty bills](#) next year as Rachel Reeves prepares to launch a Budget tax crackdown.

The [threat to buy-to-let investors](#) has emerged as part of the Chancellor's plans to unwind stamp duty tax breaks that were introduced by the Conservatives in 2022.

This brought the stamp duty bands roughly in line with house price inflation, given that the nil-rate threshold was last adjusted in 2006 and was one of the only measures that was not subsequently reversed when Jeremy Hunt took over as chancellor in October 2022.

However, Mr Hunt said the cuts would only be temporary and would expire in April 2025.

Ms Reeves is expected to confirm that there will be no extension to these stamp duty cuts in her Budget on Oct 30, meaning that from April 2025 stamp duty will be charged at 2pc on the value of a property between £125,000 and £250,000.

This will mean an extra £2,500 bill for a home-mover.

Reverting the thresholds is expected to raise £1.8bn a year in extra tax by 2029-30.

Buy-to-let landlords and second-home buyers have bigger stamp duty bills to pay than owner-occupiers because they also pay a three-percentage-point surcharge across the entire value of the property that they are buying, a policy that came into effect in April 2016.

Ahead of the shift in policy, economists have warned that the stamp duty rises will hit the housing market and make it harder for people to move.

Adam Corlett, the principal economist at the Resolution Foundation, warned that the stamp duty rises across the market would likely trigger a 4pc drop in transactions next year.

Mr Corlett said: "Stamp duty is a bad tax as it discourages mobility."

Aneisha Beveridge, head of research at Hamptons, warned that the stamp duty rises will mean that nine in 10 movers will be hit by a stamp duty bill next year, up from just over half today.

Ms Beveridge said: "If the £125k nil-rate band had risen in line with national property prices since it was first introduced in 2006, it should be around £215,675 today to ensure that the majority of households can move tax-free."

A landlord purchasing a typical home in April will have to pay a record 4.8pc of the property price in tax, up from 4pc a month earlier.

A home-mover will have to pay 1.8pc of the property value in tax, up from 1pc if they had completed a month earlier.

Buyers in London and Southern England, where house prices are highest, have seen the biggest increases in their stamp duty bills because rates are far higher on more expensive homes. The tax is charged at 12pc on the value of a property above £1.5m.

Ms Beveridge said: "Tax rates for more expensive homes have been disproportionately hiked by successive governments over the last 20 years, dragging far more people into paying a bill."

A Treasury spokesman said: "We do not comment on speculation around tax changes outside of fiscal events."