

Research, by BUTTERFIELD.



Stamp Duty Land Tax (SDLT) is not only a central pillar of the UK's taxation system, but it has also been the subject of a great deal of media attention over the past 18 months. The stamp duty holiday, which offered potential tax savings to property buyers of up to £15,000, resulted in a significant uptick in both house prices and residential transactions.

Now, as the dust settles on the initiative, which ended on 30 September 2021, discussions have resumed about the future of SDLT. As a tax that has been reformed regularly over recent decades, stamp duty is a source of near constant speculation, with stakeholders from across the real estate sector offering their perspectives on what could or should happen next.

In light of SDLT's prominent position as a talking point in the property industry, Butterfield's UK team commissioned an independent study among 1,125 homeowners in England and Northern Ireland (NI) to examine the current sentiment towards this form of taxation, its current impact on the market, and to assess their views on how the tax should evolve going forward.

Carried out in early November 2021, the research revealed:



58% of homeowners believe stamp duty is an outdated tax in need of a reform



67% believe the Government should come up with a fairer property taxation system



36% feel a SDLT surcharge should be introduced for properties that are less energy efficient



The most popular option among homeowners is for SDLT rates and bands changing so that property buyers pay less tax – 46% favour this approach



23% believe stamp duty should be scrapped and replaced by an annual tax for the landowner, based on the value of the land that a property is built on



22% of respondents would be in favour of SDLT to be made payable by the seller

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Demand for a fairer system, but how?

“The stamp duty holiday has placed property taxation firmly in the limelight, and our timely research shows there is significant demand among homeowners across England and NI to see a major overhaul of the tax.

Primarily, the majority are hoping for a fairer alternative to be implemented, which would likely translate into additional surcharges or exemptions for particular demographics of buyers.

Needless to say, such changes would need to be handled with care. International buyers and those investing in a second home, for instance, already pay surcharges of 2% and 3% respectively. The Government will likely be mindful of not introducing much higher taxes for fear of harming the health of the property market or deterring too many prospective buyers, which would thereby reduce HMRC’s SDLT receipts.

It is interesting to note that many homeowners would favour more radical reform. For instance, around a quarter (23%) would like to see SDLT replaced with an annual tax for the landowner, based on the value of the land that a property is built on—an approach taken by other countries. A similar number (22%) would like to see SDLT payable by the seller, which would likely replace capital gains tax as a mean of taxing those who benefit from increases in property values.

Ultimately, as the dust settles on the stamp duty holiday and the market re-adjusts to the new normal, it will be interesting to see how the tax evolves. Stamp duty is always seen as somewhat controversial and therefore subject to continuous reform or speculation of reform.

We must wait to see what changes are in store next. But if history tells us one thing, it is that SDLT never remains stagnant for long.”



Alpa Bhakta
CEO, Butterfield Mortgages Limited

Butterfield in the UK operates as a London-based prime property mortgage provider with a particular focus on domestic and international high net worth individuals. For more information about our prime property mortgages, get in touch with a member of the team today.

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About the research

The market research was carried out between 5th and 10th November 2021 among 2,000 UK adults via an online survey by independent market research agency Opinium.

Opinium is a member of the Market Research Society (MRS) Company Partner Service, whose code of conduct and quality commitment it strictly adheres to. Its MRS membership means that it adheres to strict guidelines regarding all phases of research, including research design and data collection; communicating with respondents; conducting fieldwork; analysis and reporting; data storage.

The data sample of 2,000 UK adults is fully nationally representative. This means the sample is weighted to ONS criteria so that the gender, age, social grade, region and city of the respondents corresponds to the UK population as a whole. These questions focus on a collection of 1,125 people who own a property in the UK or plan to buy one before the end of 2022.

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