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The case for Stamp Duty reform

AUGUST 2026





Key findings

Public First worked with the Land, Planning and Development Federation (LPDF) to examine how Stamp Duty affects decisions about moving and buying a home and to model the potential economic effects of reform.

Public First conducted a nationally representative online poll of 1,006 adults living in England, which was weighted by age, gender, socioeconomic grade and region. The results underpinned modelling of five options for reform against current transaction volumes, estimating the effect on transactions, housebuilding, economic output and tax revenue.

Polling fieldwork 3 to 7 July 2026, Modelling in 2025 prices. Results across a range of elasticities are shown in the appendix.

01

Stamp Duty reform would get the housing market moving again

Unlocking up to 128,500 more main residence transactions a year, 16% above current volumes, and the building of as many as 10,900 more homes every year.

02

It would support economic growth and recover a large share of the cost

Reform could add £1.8bn to £6.6bn a year to the economy and pay for between a quarter and 60% of the gross fiscal cost through additional tax receipts.

03

Stamp Duty stops house moves from happening at all

It stopped or delayed a move for almost 1 in 8 people, and 73% of homeowners call it a barrier to moving.

04

And it distorts the moves that do happen

It pushes people into a different home than the one they wanted, with 43% saying it affected the size or type of home they bought or are planning to buy, and 11% saying it was decisive.

05

It keeps people in homes that no longer suit them

47% of downsizers or would-be downsizers say Stamp Duty has affected their decision-making, and among those who considered moving for work but didn't, 17% say the cost of Stamp Duty made it not worthwhile.



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HM TREASURY



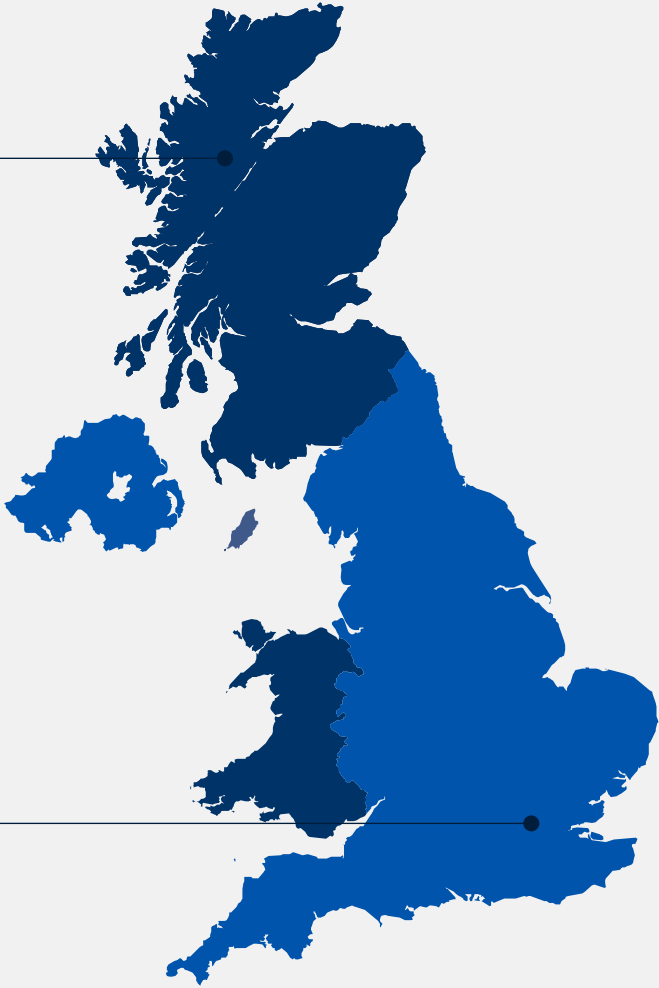
Understanding Stamp Duty

01



Stamp Duty Land Tax

- Stamp Duty is a one-off tax on property purchases in England and Northern Ireland, paid by the buyer on completion
- In 1997 the single 1% charge was **reformed into a graduated system** with a top rate of 2% and rates increasing ever since
- At the **2014 Autumn Statement** residential SDLT was reformed and moved off the 'slab' basis, where crossing a threshold taxed the whole price, onto today's **'slice' basis**



Scotland and Wales

Devolved equivalents: LBTT in Scotland since 2015, LTT in Wales since 2018

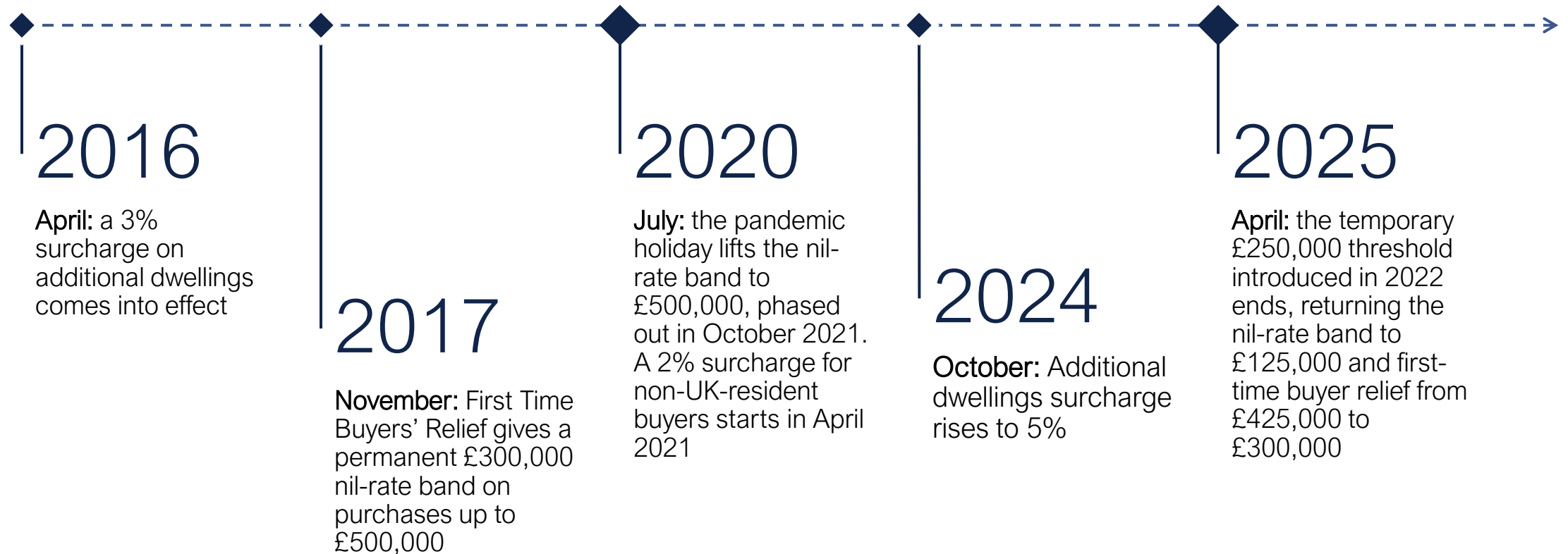
England and Northern Ireland

SDLT raised £10.4bn on residential property in 2024/25



Five major changes to Stamp Duty since 2016...

Each has widened or narrowed the reach of the tax



The reach of the tax widened sharply after April 2025, with **83% of home-movers and 41% of first-time buyers now paying SDLT**, up from 49% and 20%, rising to 97% and 79% in London



... Leaving Stamp Duty increasingly **complex** to navigate

Rates and reliefs now vary significantly between different types of buyers

Price band (£)	Standard buyer	First-time buyer	Additional dwelling	Non-UK resident
Up to £125,000	0%	0% (to £300k)	5%	+2%
£125,001 - £250,000	2%	0% (to £300k)	7%	+2%
£250,001 - £500,000	5%	5% (£300k-£500k)	10%	+2%
£500,001 - £925,000	5%	<i>no relief</i>	10%	+2%
£925,001 - £1.5m	10%	<i>no relief</i>	15%	+2%
Over £1.5m	12%	<i>no relief</i>	17%	+2%

Current rates, England and Northern Ireland, from 1 April 2025. First-time buyer relief applies on purchases up to £500,000. Additional-dwelling surcharge (+5%) applies from £40,000. Non-UK residents pay a further 2% on all bands. Sources: HMRC; Commons Library CBP-9814, 2026.



Criticism of Stamp Duty is longstanding

- The **Mirrlees Review** concluded in 2011 that Stamp Duty should be abolished, a position the IFS has held since
- Politicians from across the political spectrum have made the same case, from **Louise Haigh, Chancellor of the Duchy of Lancaster**, to Shadow Chancellor **Mel Stride**
- In June 2026 the HCLG Committee called on MHCLG and HM Treasury to **consult on alternatives** before the end of the year



Stamp Duty Land Tax reduces the affordability of home ownership, slows the property market, and ultimately damages the economy. It must not be maintained in its current form and needs to be reformed.

HCLG Committee, Affordability of Home Ownership, 2026



A healthy housing market should allow people to move to the right home, in the right place, at the right stage of life. Stamp duty locks people in place. Abolishing it would unlock Britain.

Mel Stride MP, Shadow Chancellor, The Times, 2026



Stamp Duty, as a tax on moving home, discourages people from moving and means homes are not always used in the way that best suits people's needs. It should therefore be removed.

Louise Haigh MP, Chancellor of the Duchy of Lancaster, Renewal, 2026

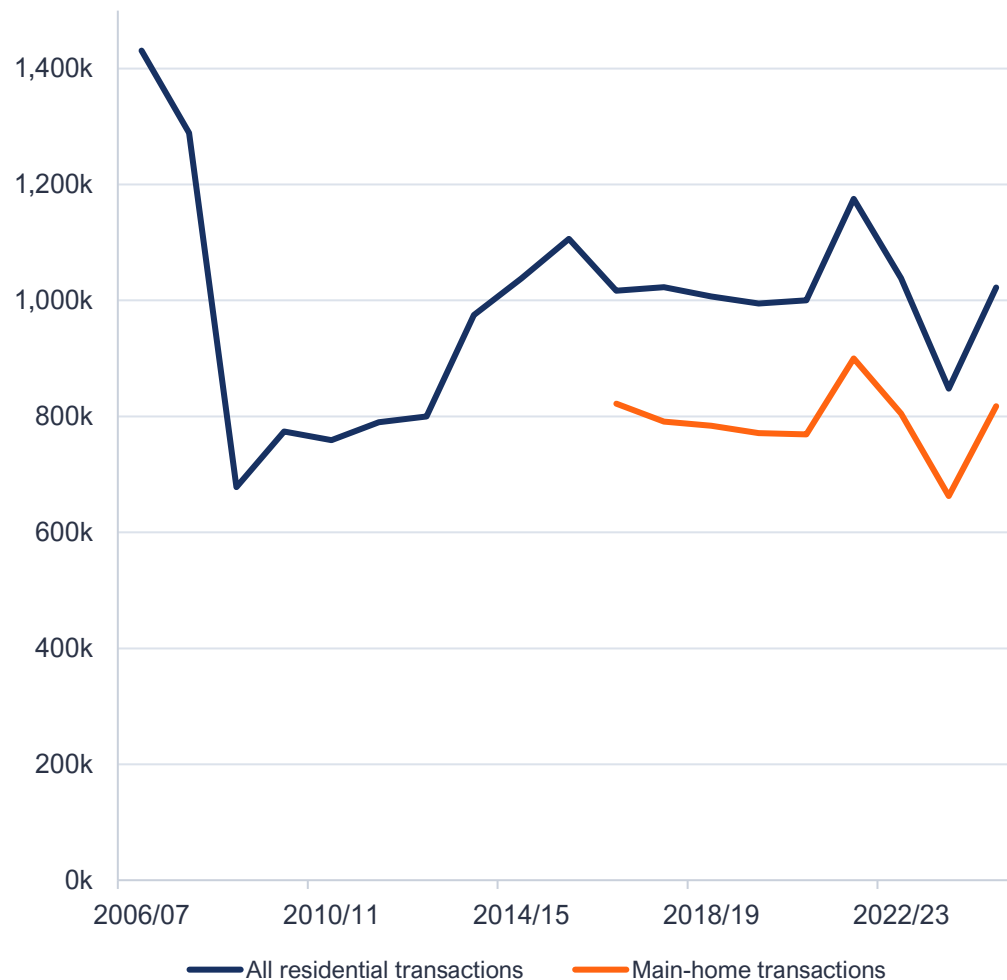


There is no sound case for maintaining stamp duty and we believe that it should be abolished.

Mirrlees Review, Tax by Design, IFS, 2011



Residential transactions a year, England



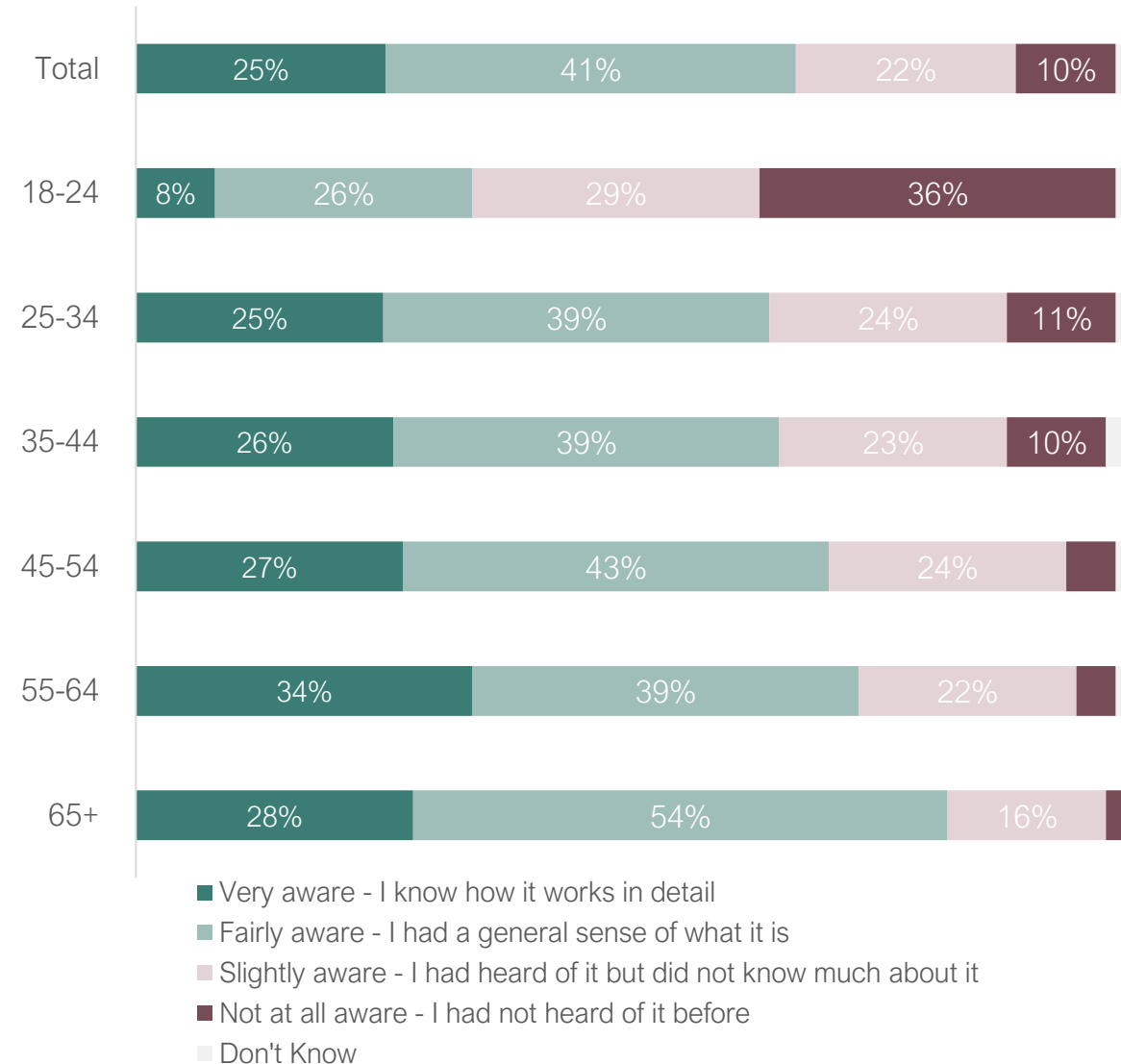
A rising tax on a market that hasn't recovered

- The £125,000 nil-rate threshold, first set in 2006, has not tracked the 84% rise in house prices, so the duty on an average priced English home has risen from £340 to £4,570
- Around 4 to 5% of the housing stock changes hands each year, down from 7 to 8% in the early 2000s
- Annual transactions have not returned to their 2006/07 peak of 1.43m

Awareness of Stamp Duty is high but **varies sharply** by age and tenure

- Our polling finds **two thirds of people** say they are at least 'fairly aware' of Stamp Duty
- However, that falls to **34% of people aged 18-24**, compared to 82% aged over 65
- Among renters the figure is 46% against 85% of homeowners
- Only 25% of people said they know how Stamp Duty works in detail, falling to 16% of renters and 8% of those aged 18-24

Before today, how aware were you of Stamp Duty?



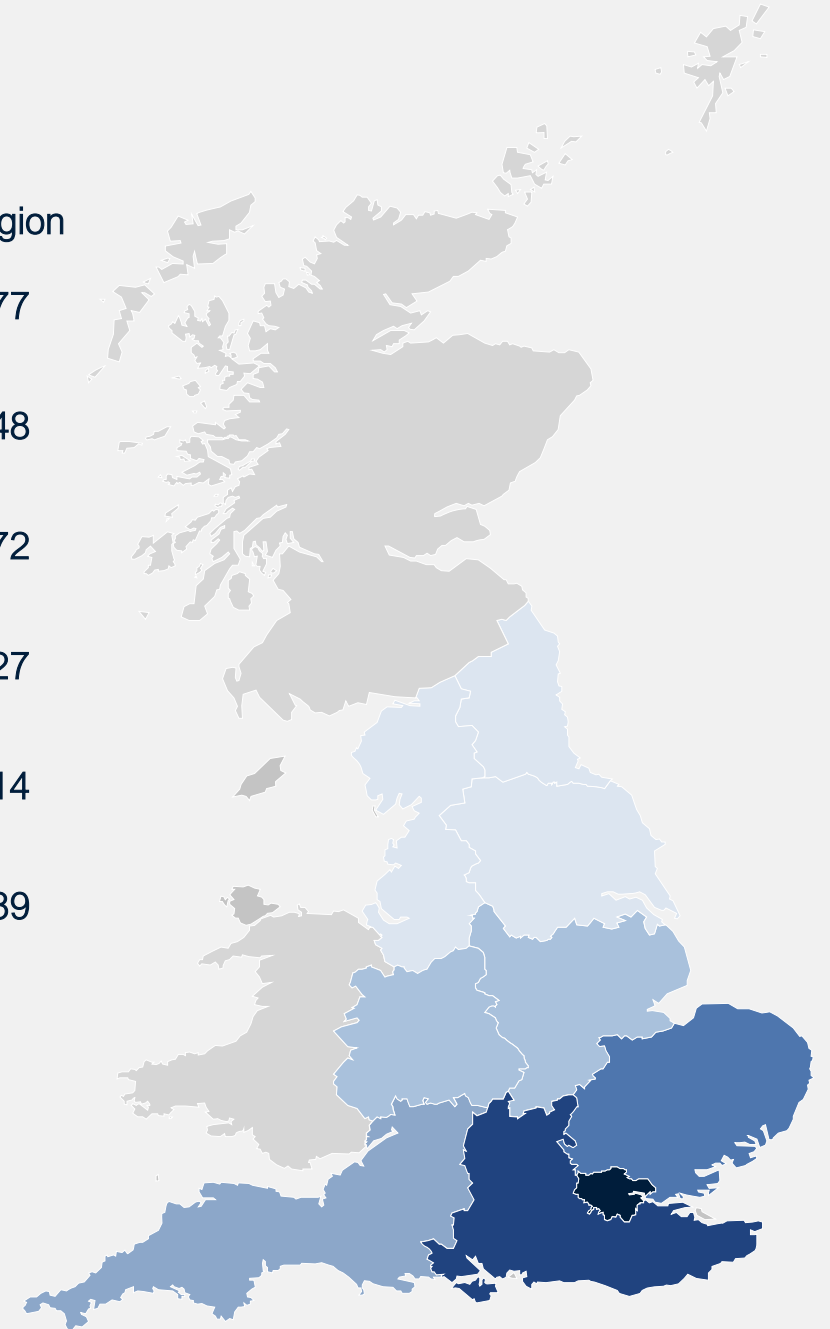


People tend to overestimate Stamp Duty costs

- More than a quarter of people cannot put a figure on the average Stamp Duty bill in their region
- Most of England expects to pay more than the duty actually payable on an average main residence in their region
- London is the only region that expects to pay less. Londoners guess £10,465, **41% below an average main residence bill** of £17,742
- In the North people guess £5,527, **178% above an average bill of around £2,000**

Gap between estimates of Stamp Duty against average main residence bill in region

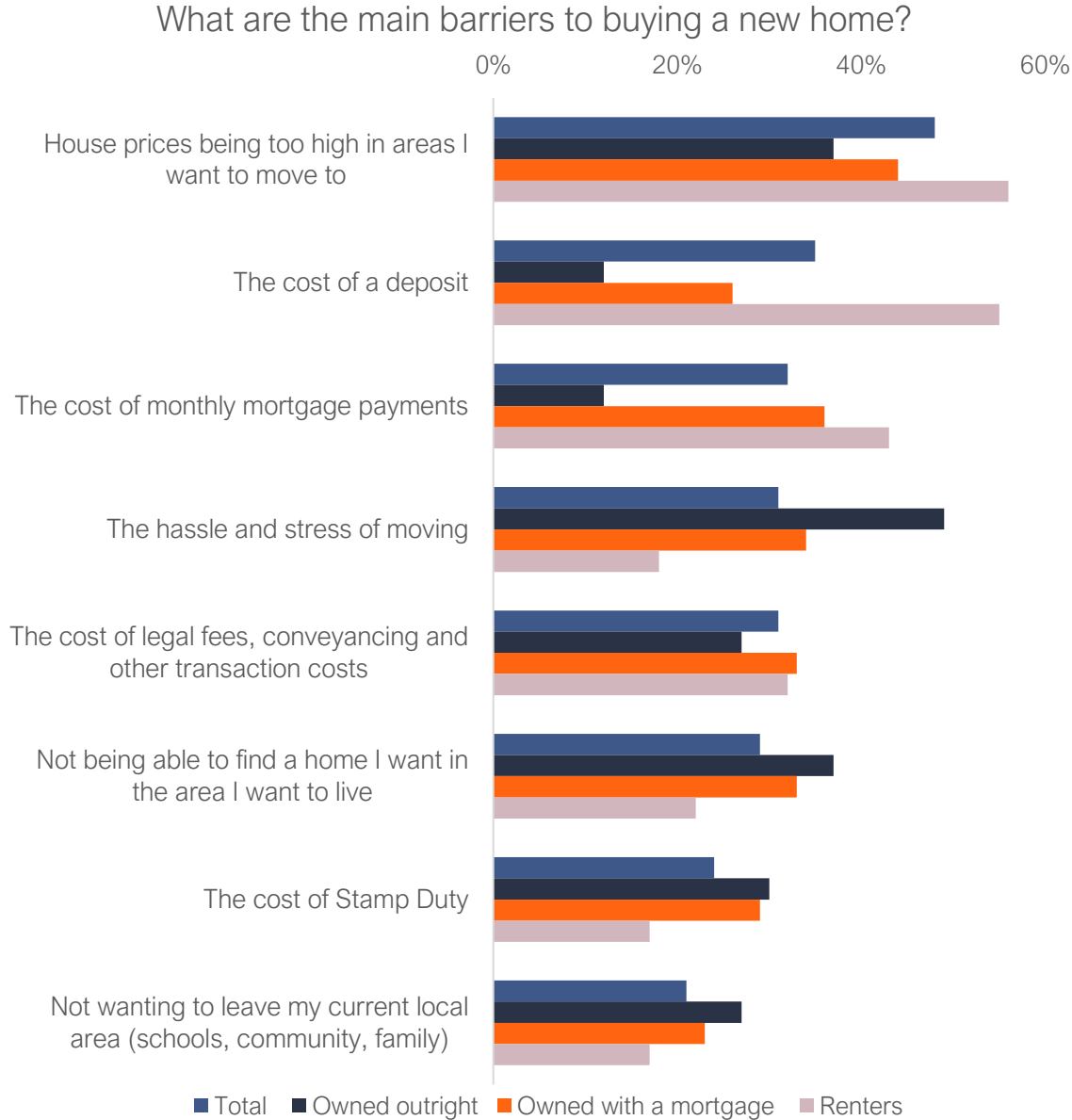
London	+£7,277
South East	−£148
East of England	−£1,772
Midlands (E, W)	−£2,727
South West	−£3,014
North (NE, NW, Yorks)	−£3,539





Its impact on mobility

02



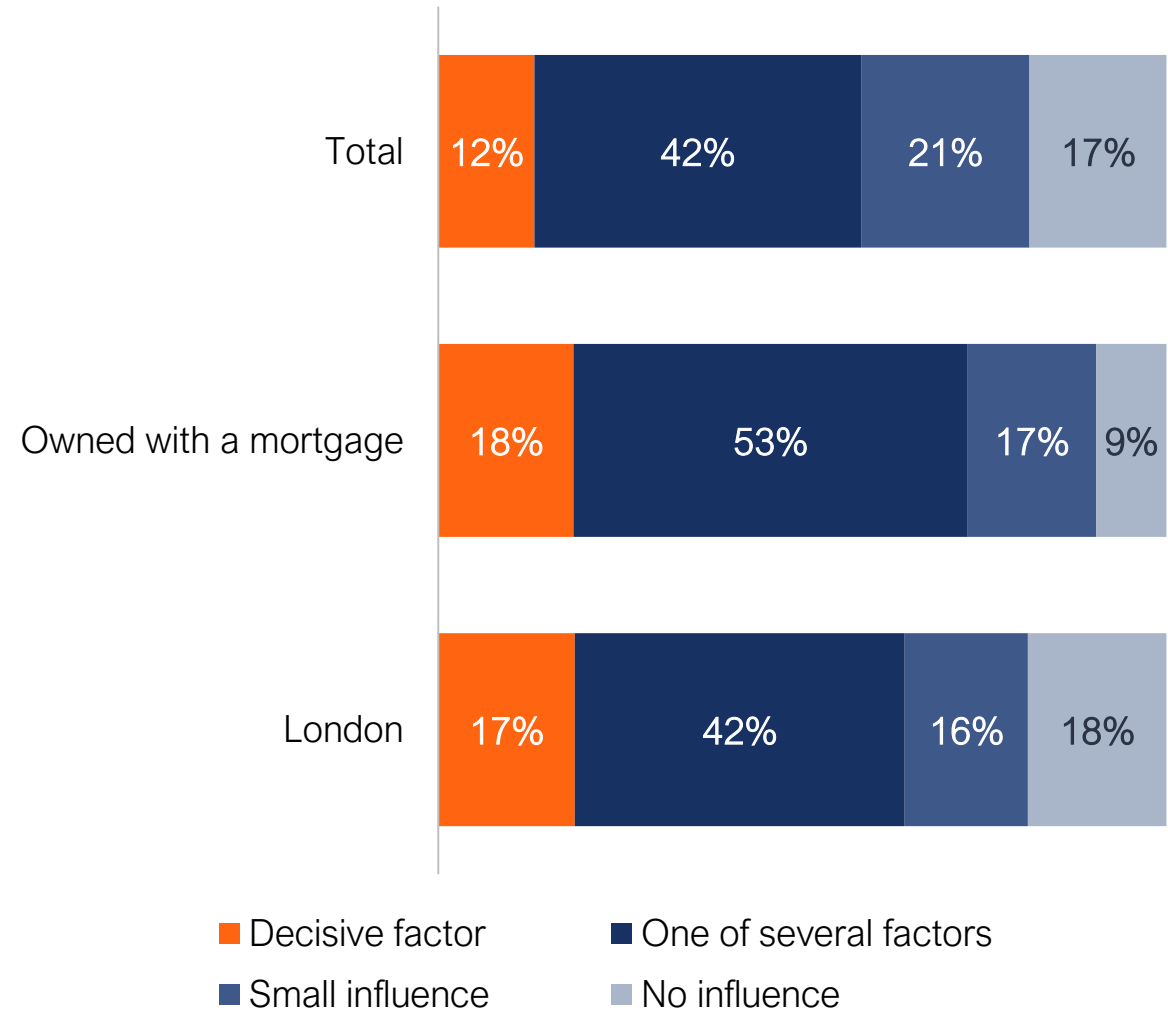
Nearly 1 in 4 people say Stamp Duty is one of the main barriers to them moving or buying a home...

- House prices are seen as the biggest barrier, named by 48%, followed by the deposit at 35% and monthly mortgage payments at 32%
- Stamp Duty is named by 24%, rising to 3 in 10 people who own their home outright
- Asked about Stamp Duty alone rather than alongside other barriers, 73% of homeowners call it a barrier
- Those aged 55-64 are most likely to name Stamp Duty as a main barrier (34%), while 18-24s are the least likely (17%). The main barrier for 18-24s is the deposit (49%)

... and Stamp Duty stopped or delayed 1 in 8 people from moving altogether

- 54% of those who have moved recently or considering moving say Stamp Duty made it less attractive or stopped them altogether, with three quarters (75%) saying it had at least some influence
- For 12% it was decisive, meaning they did not move, or delayed the move with 17% of Londoners saying it was decisive
- It was decisive for 18% of owners with a mortgage, against 5% of outright owners, so it weighs most on people most likely to still be moving up the ladder

How far has the cost of Stamp Duty affected your decision to move?

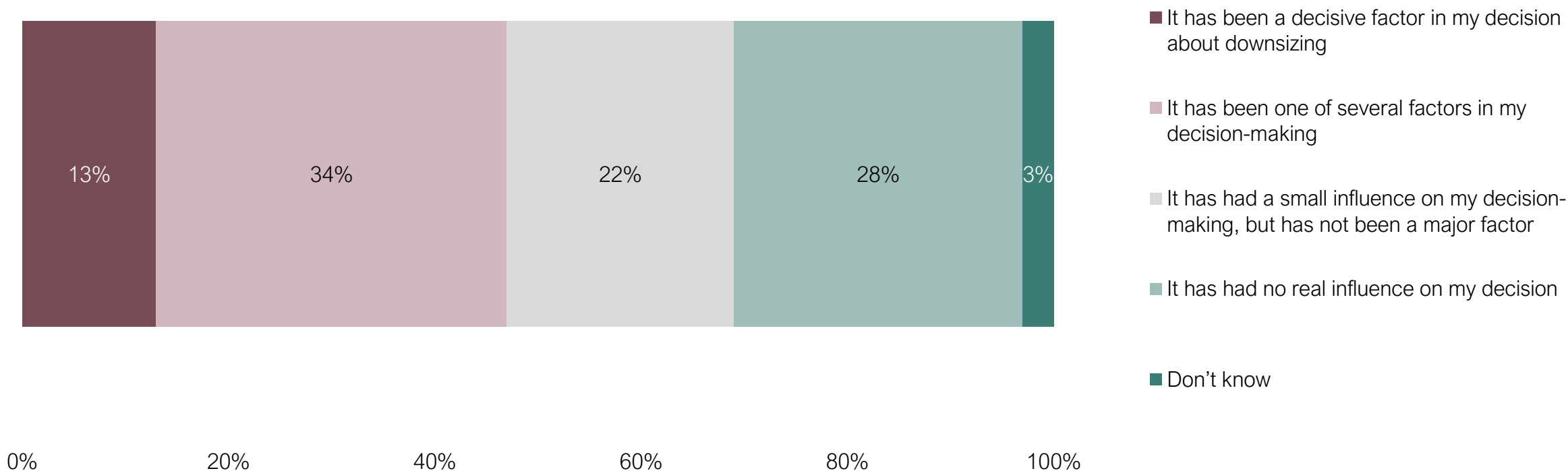




Stamp Duty also influences decisions about downsizing

More than two thirds of homeowners looking to downsize, or who have downsized in the past, say it is a decisive factor or had an influence on their decision-making

Thinking about Stamp Duty, to what extent, if at all, has the cost of Stamp Duty affected your thinking about downsizing?

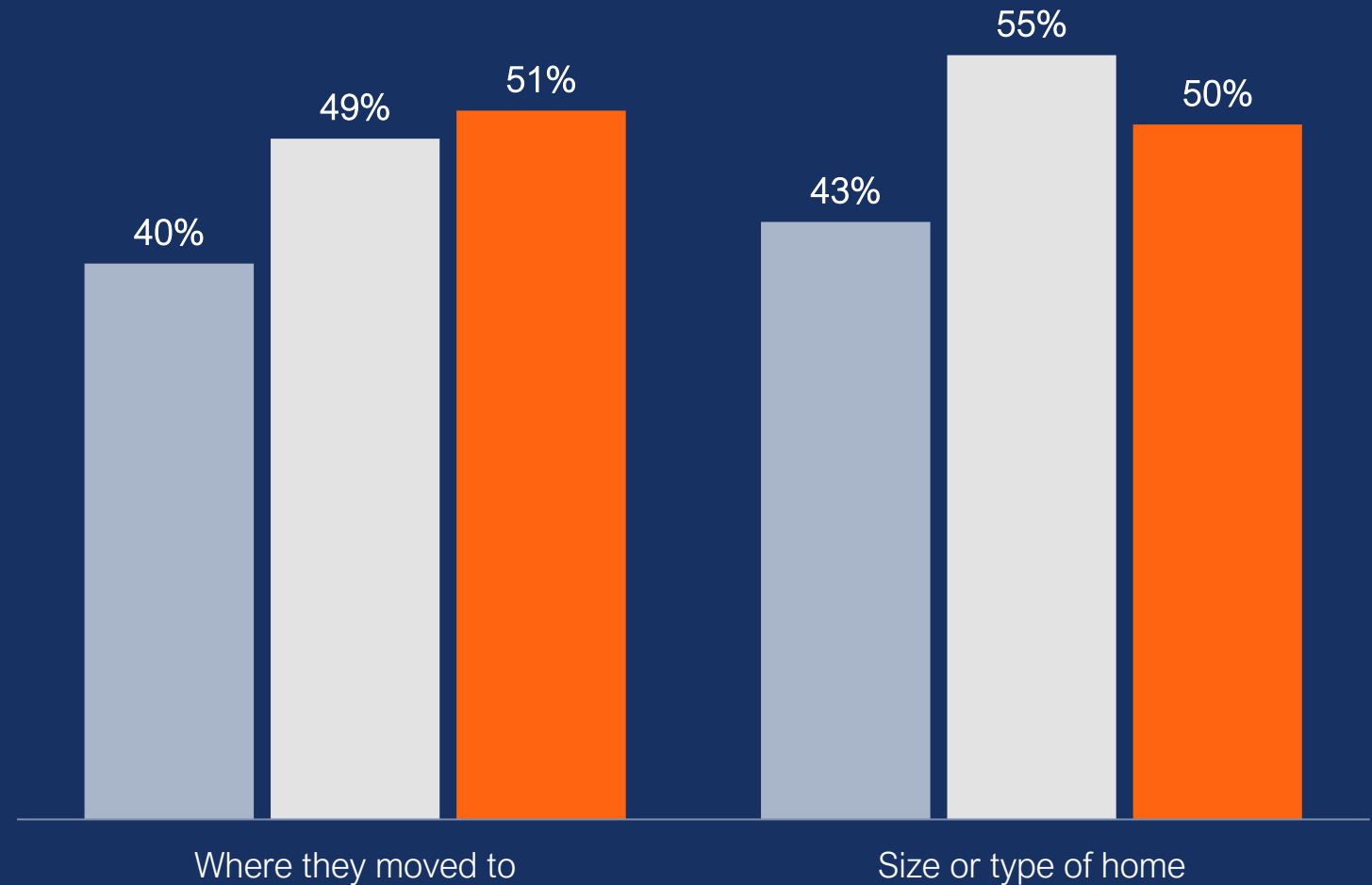


Stamp Duty changes where people move and the home they buy

- Among those who have moved or are considering moving, 40% say Stamp Duty affected where they moved to, and 43% the size or type of home
- It weighs most on owners with a mortgage, at 49% on location and 55% on size or type, against 30% and 33% for those who own outright
- There were 11% for whom it was decisive on size or type, meaning they bought or are planning on buying a different home from the one they wanted

Share saying Stamp Duty was a decisive or contributing factor

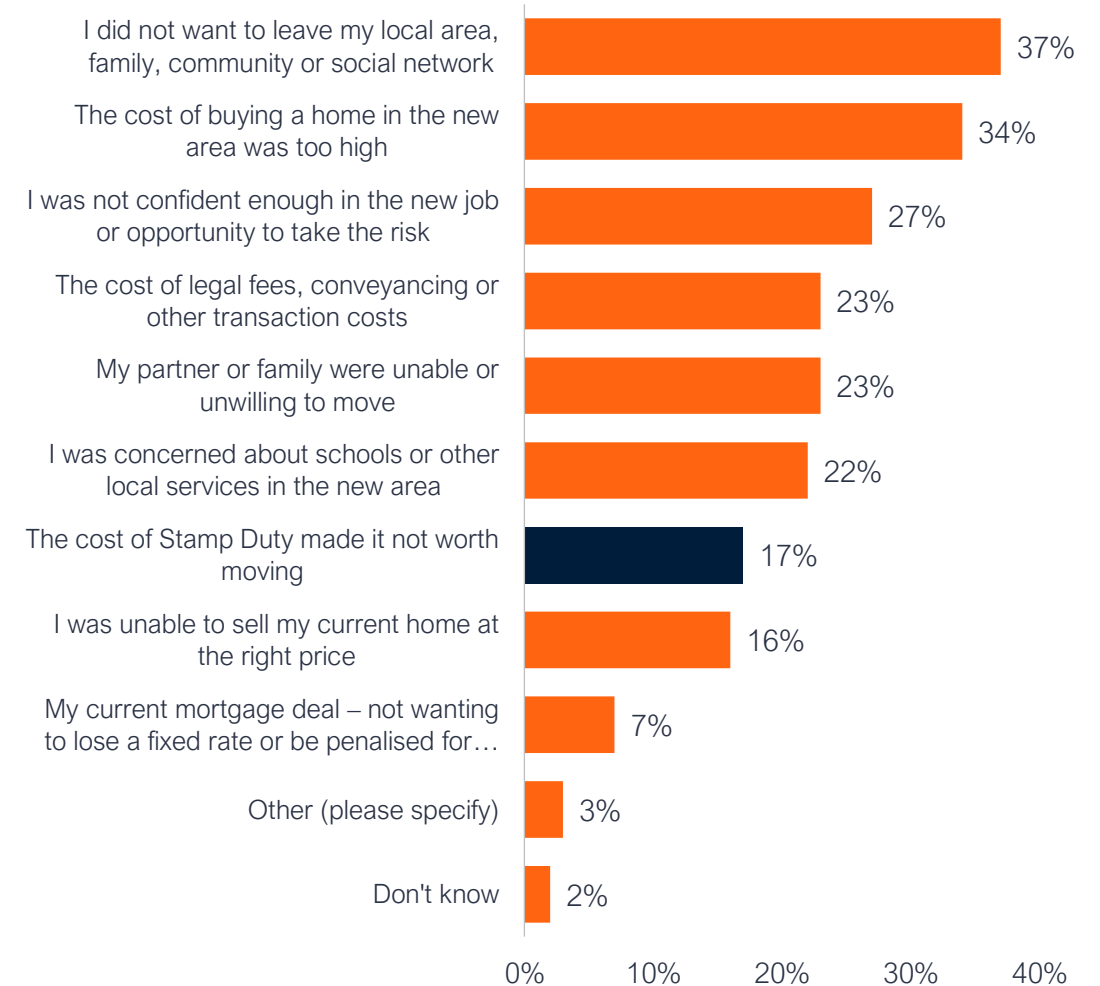
■ All adults ■ Owned with a mortgage ■ London



Stamp Duty helps stop people moving to where the best opportunities are

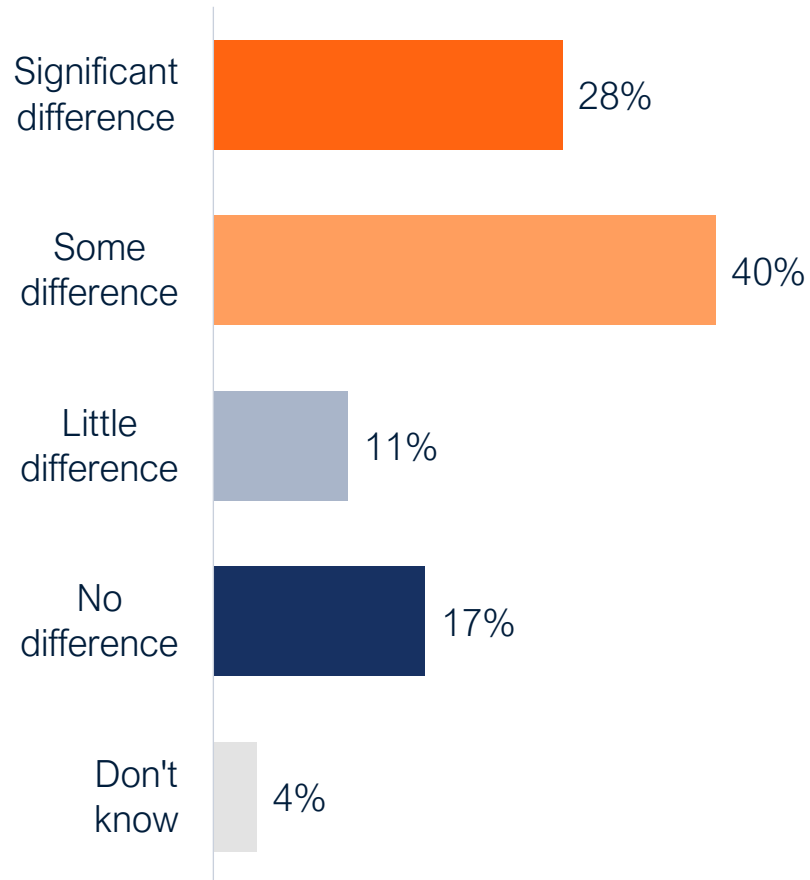
- Nearly four in ten people (39%) have seriously considered moving for work, and around half of those decided against it (54%)
- Of the people who seriously considered moving for work and decided against it, 17% name Stamp Duty as one of their top three reasons
- More cite the cost of buying in the new area, at 34%, and legal fees and conveyancing at 23%

Which of the following, if any, were the main reasons you decided not to move to a different part of the country for work or better opportunities? Please select up to three





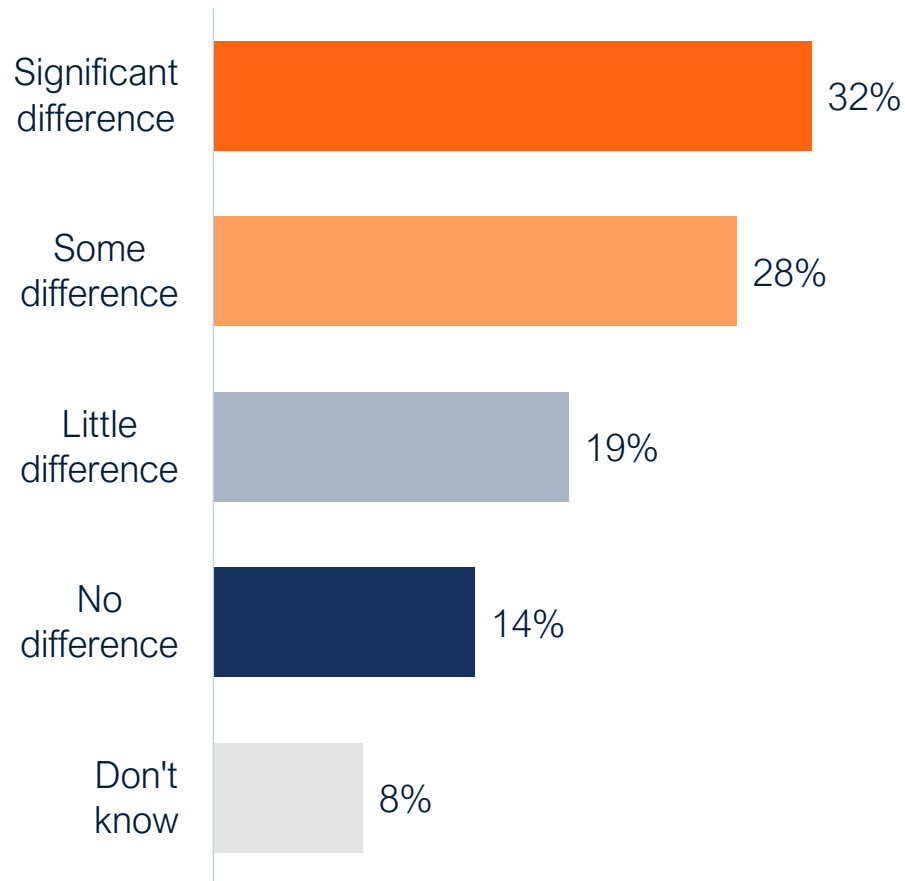
% of homeowners saying removing Stamp Duty would make a difference to their ability to move home



Removing Stamp Duty would help **7 in 10** owners move home

- **69% of homeowners** say removing Stamp Duty would make **at least some difference** to their ability to move home and 28% a significant one
- That rises to 80% of owners with a mortgage, against 60% of those who own outright

% of renters saying removing Stamp Duty would make a difference to their ability to buy a home



Removing Stamp Duty would help **6 in 10 renters** buy a home

- The most common perceived barriers to home ownership for renters are house prices (**56%**) and the cost of a deposit (**55%**). Stamp Duty is named by 17%
- **59% of renters** say removing Stamp Duty would make a difference to their ability to buy, and 32% say it would make a significant difference
- Only **46% of renters** are aware of Stamp Duty compared to 85% of homeowners. 20% have never heard of it



The economic impact of reform

03



Potential options for reform

Five commonly proposed options for reforming Stamp Duty were modelled.

Options are ordered from lowest gross fiscal cost to full abolition on primary residences.

01

Reverse the April 2025 threshold cut

Puts the nil rate back to £250,000 and raises first-time buyer relief back to £425,000, with rates and scope left as they are.

02

One point off every band

Takes one percentage point off every rate while leaving today's thresholds and scope untouched.

03

Permanent £500,000 nil-rate band

Makes the 2020/21 holiday permanent at a £500,000 nil rate, with the rates above it unchanged and first-time buyer relief folded in.

04

Simplified: £500,000 threshold, 4% and 5% above

Sets the nil rate at £500,000 and flattens everything above it to 4% then 5%, restoring the tax to its 2005 reach.

05

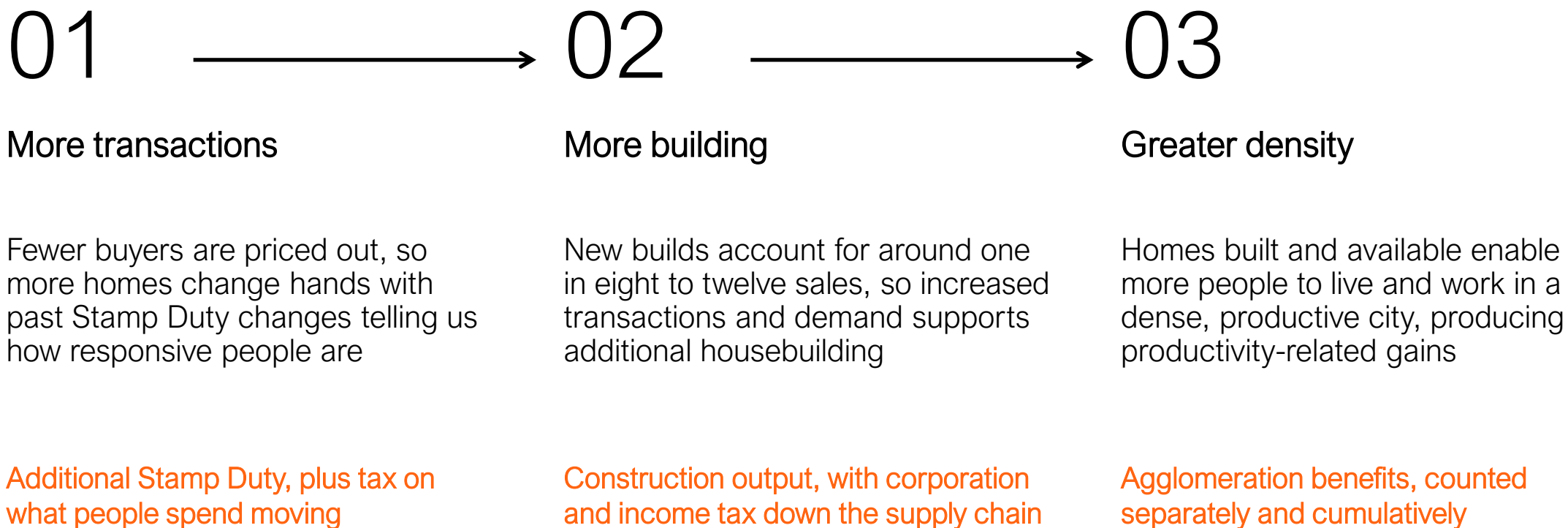
Abolition on primary residences

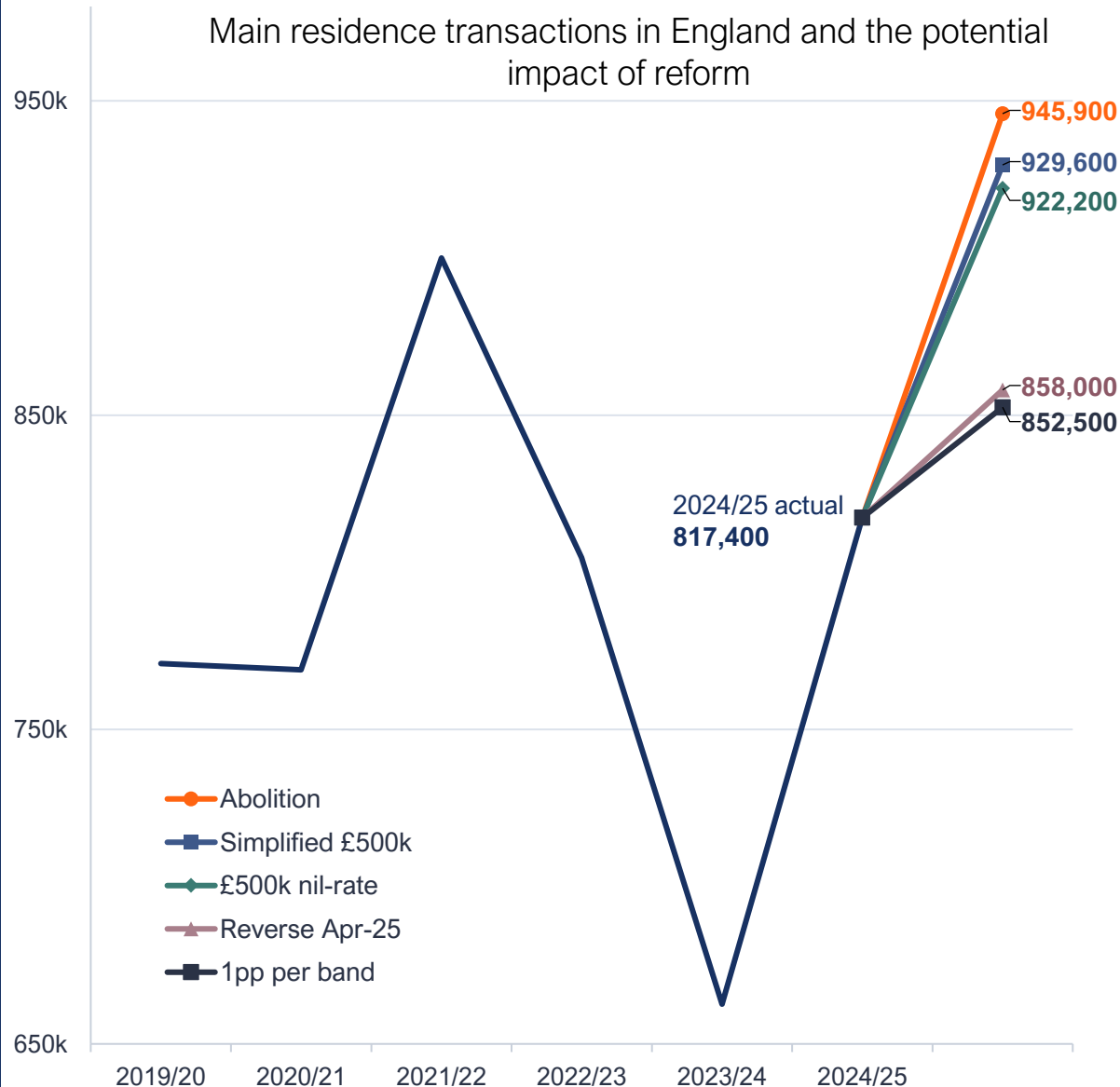
Removes the tax on the purchase of a main residence.



How impacts of reform were modelled

Each of the five options was modelled through these channels into higher transactions, more homes built and consequently greater economic output and tax receipts. A central estimate of how strongly buyers respond to policy change is used, with lower and upper cases set out in the appendix





Reforming Stamp Duty could increase transactions by 16% a year...

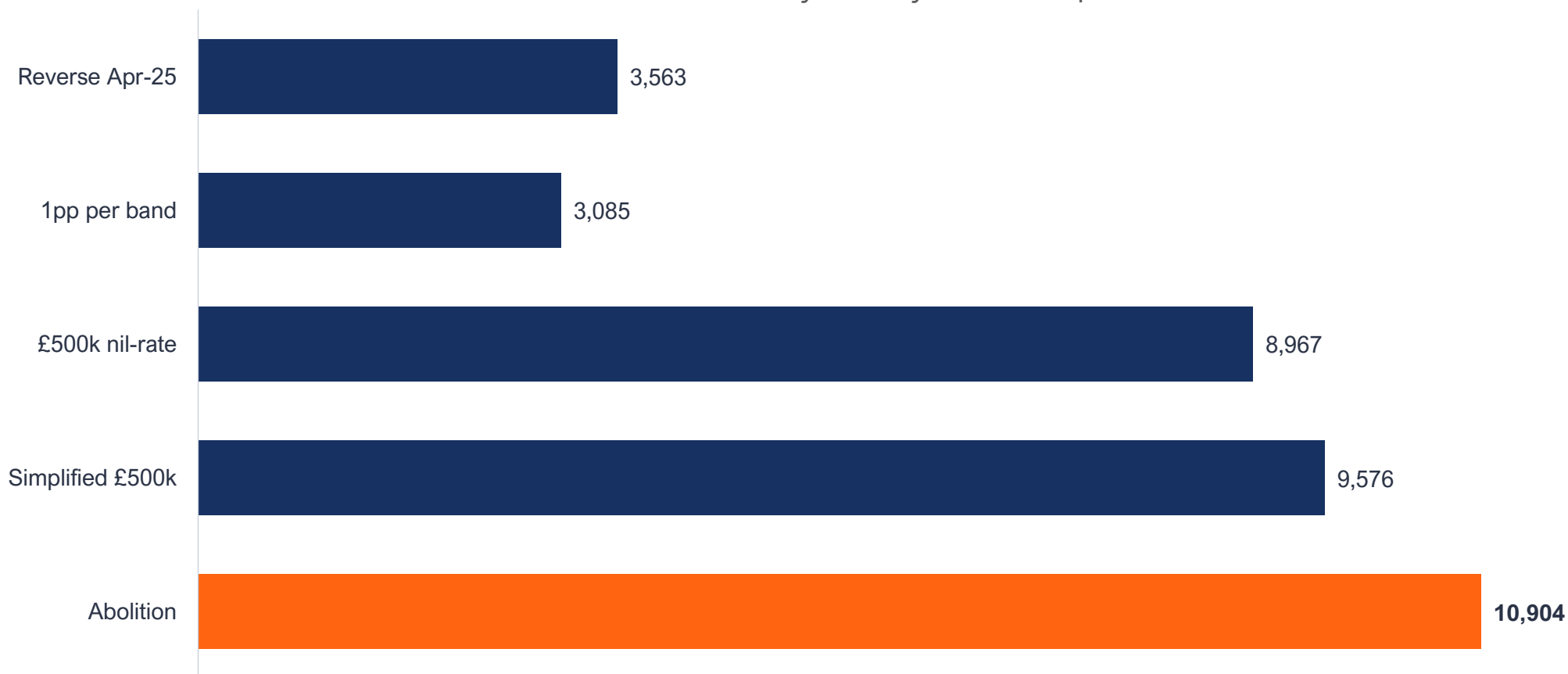
- Abolition could unlock an additional 128,500 main residence transactions a year in England - equivalent to a 16% increase on the 817,400 transactions made in 2024/25
- Lifting the nil-rate band to £500,000 could unlock 104,800 more transactions a year (up 13%), the same threshold with 4% and 5% rates above it 112,200 (up 14%) and reversing the April 2025 threshold cut 40,600 (up 5%)
- The reform with the lowest impact, one percentage point off every band, could increase transactions by 35,100 a year (up 4%)
- Estimates are based on data from real Stamp Duty changes, when prices and transactions moved together, so the methodology accounts for the share sellers take in higher prices



... and unlock the building of **10,900 more homes** every year

A 6% increase on the 190,600 homes completed in England in the year to March 2025

Extra homes built each year, by reform option





What each move and each new home is worth

GVA is gross value added, the measure of economic output used in the national accounts and is counted separately from the tax raised. Multiplied by the extra transactions and extra homes on the previous two slides, they give the output and tax on the slides that follow

PER ADDITIONAL HOUSING TRANSACTION

GVA per transaction **£27,000**

Direct £11,543: conveyancing, surveys, estate agents, removals, EPC, renovation and furnishing

Indirect £6,100: the supply chain behind those services

Induced £9,309: those workers' wages re-spent in the economy

Tax raised per transaction **£8,550**

Corporation tax and income tax on transaction spending (£7,740) plus a share of new-build tax per move (£810)

PER NEW HOME BUILT

GVA per unit **£285,400**

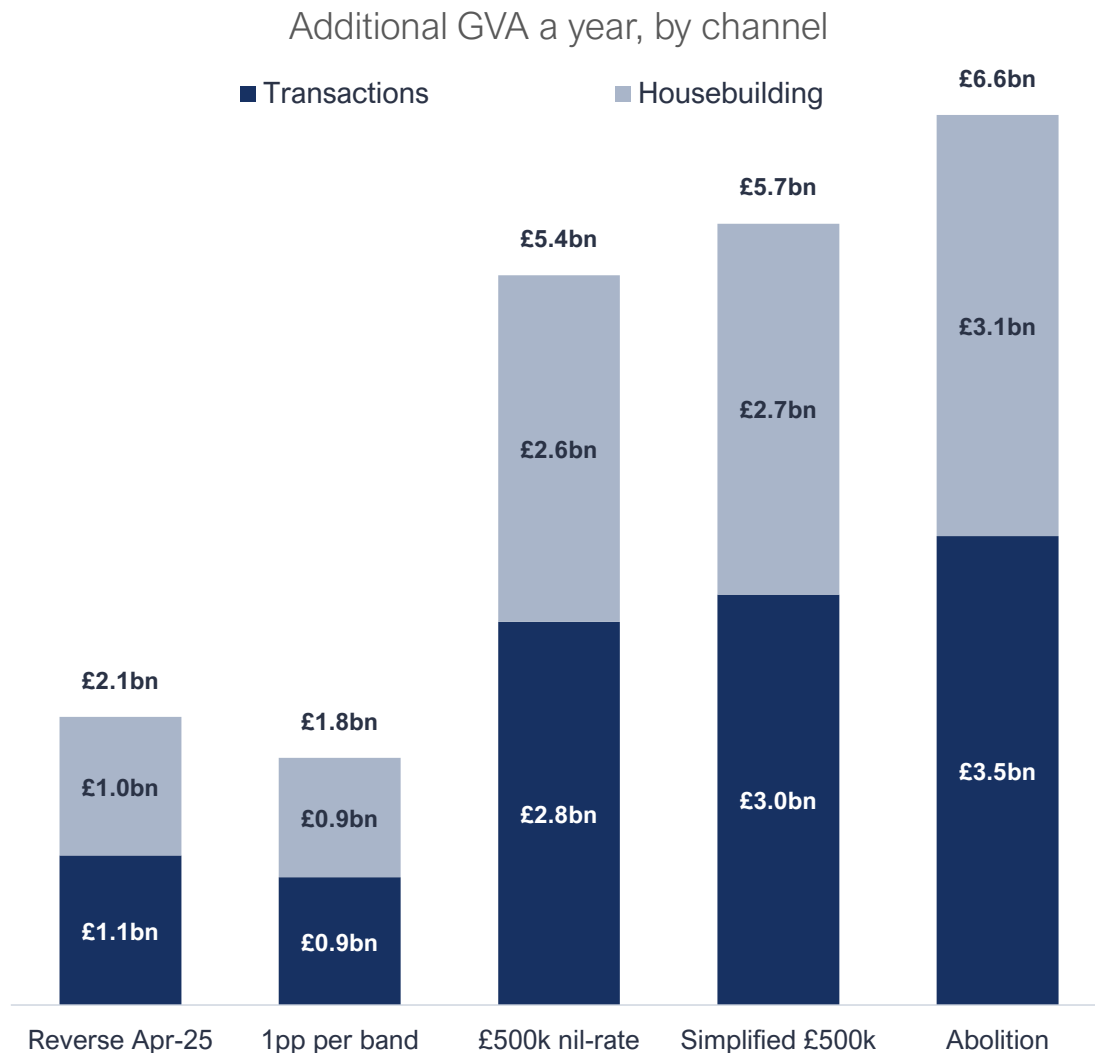
Direct £90,100: on-site construction activity

Indirect £113,550: building materials and construction supply chain

Induced £81,800: construction wages re-spent in the wider economy

Tax raised per unit **£79,300**

Tax raised by the extra construction through corporation and income tax, NICs and PAYE. Each home also makes Section 106 contributions, which are not counted



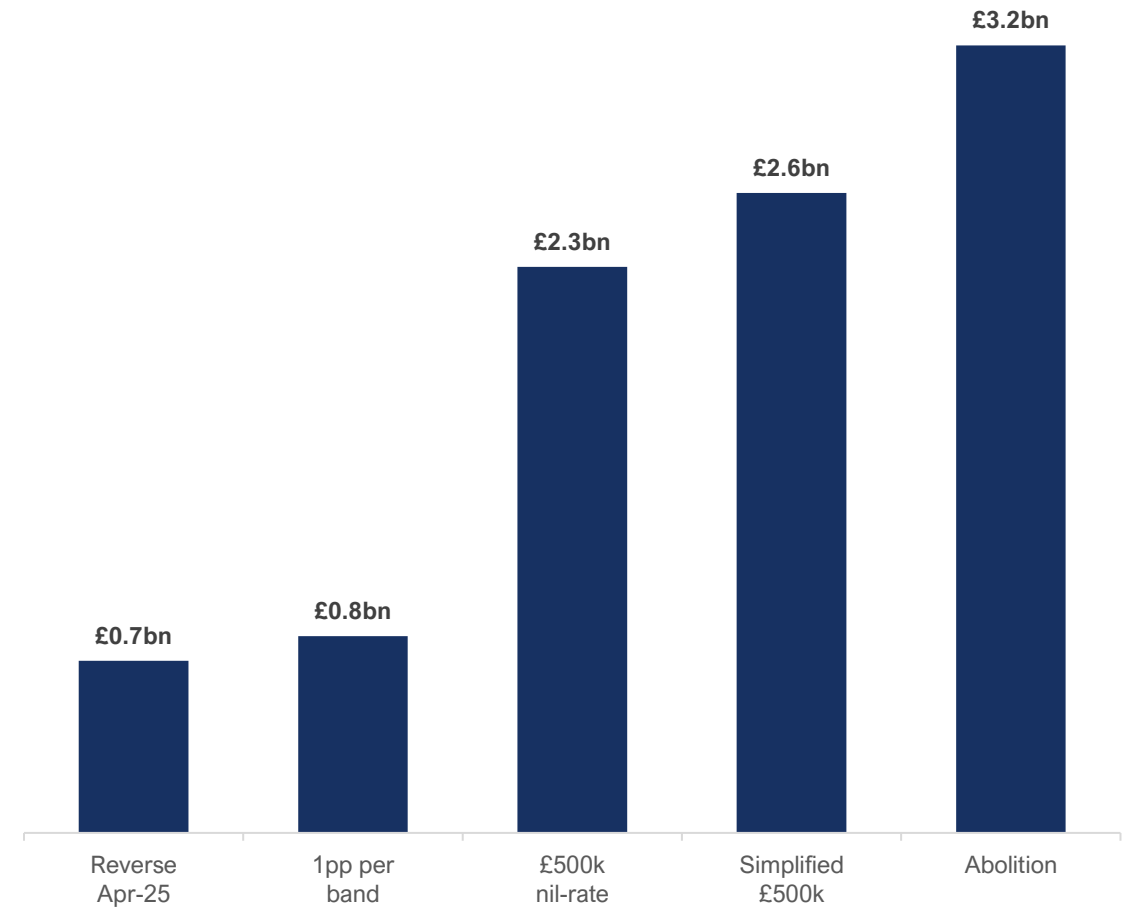
Reform could leave the economy up to **£6.6bn a year larger**

- Abolition could add £6.6bn a year of output, **an uplift of around 0.2% of GDP**
- Just over half of the additional GVA would be generated by higher levels of transactions with the rest from the extra construction they induce
- Reversing the April 2025 cut could produce £2.1bn in GVA and one percentage point off every band £1.8bn

Denser cities could add a further **£3.2bn to GVA** by 2035

- More homes delivered across London and the South East as a result of Stamp Duty reform could add £3.2bn of output by 2035, through the **productivity gains that come from greater concentration of economic activity**
- More homes let more people live within reach of London, where firms share deeper labour markets and suppliers and workers are better matched to jobs
- These gains sit **on top of the annual output modelled**

GVA agglomeration benefits from additional homes in London and the South East, cumulative to 2035

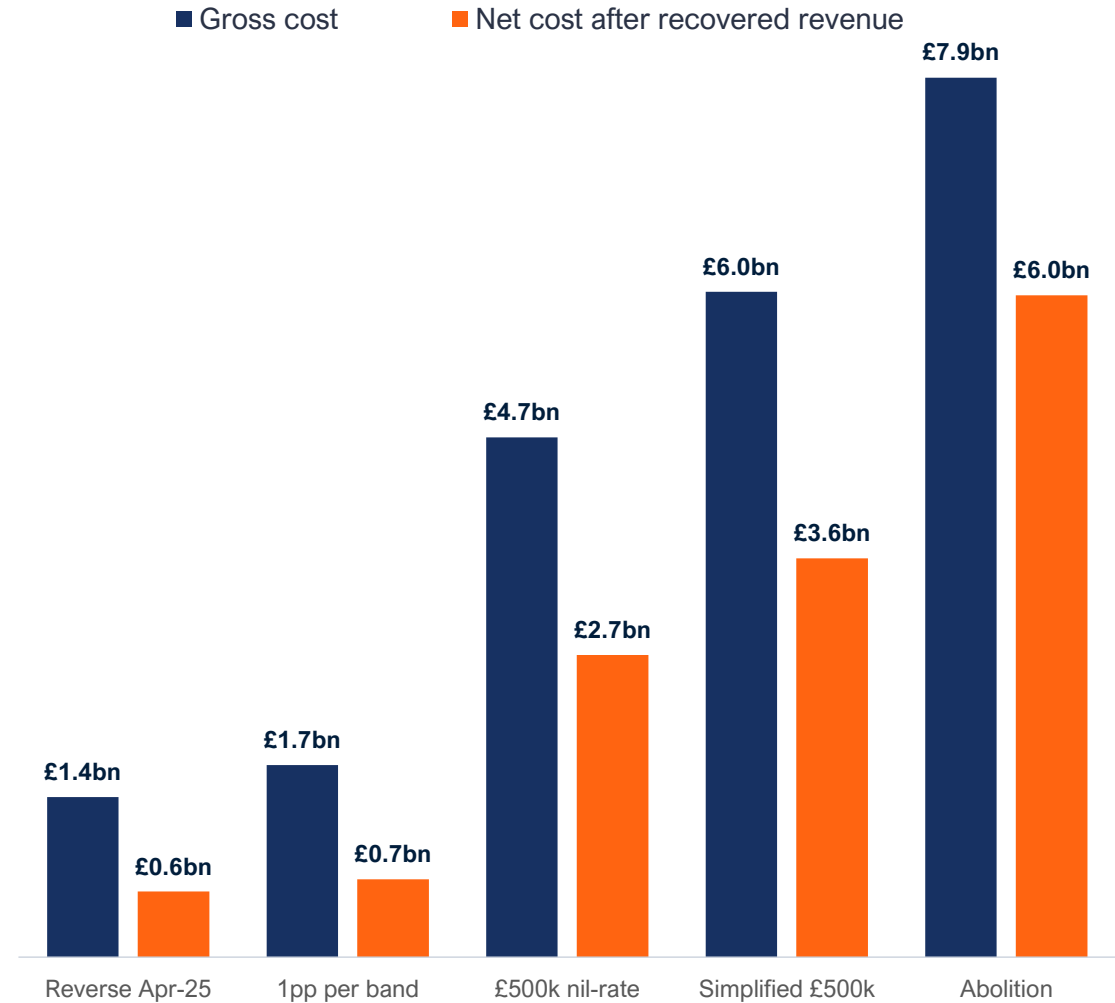


Source: Public First SDLT model (transaction-implied demand). Supply response via transaction-led elasticity. Assume: Agglomeration elasticity of 0.045 (Graham, 2007). £bn, 2025 prices.

Up to 60% of the cost could be recovered through additional tax receipts

- Abolition costs £7.9bn a year, returns £2.0bn in tax and **leaves a net cost of £6bn**, a quarter of the gross cost recovered
- Reversing the April 2025 threshold cut costs £1.4bn and returns £0.9bn, **leaving £0.6bn**
- The two £500,000 threshold options cost £4.7bn and £6bn, **leaving net costs of £2.7bn and £3.6bn**
- One percentage point off every band costs £1.7bn and leaves £0.7bn, with **nearly three fifths recovered**

Annual cost before and after recovered tax receipts



Source: Public First SDLT model, central case. Gross cost is the static reduction in SDLT receipts before any behavioural response. Net cost is gross cost less the additional tax raised. £bn a year, 2025 prices



What could replace Stamp Duty?

- The cost of reform depends on how far it goes, from £0.6bn a year for reversing the April 2025 cut to £5.9bn for full abolition, after the additional tax raised
- HM Treasury could absorb that cost, offset it elsewhere, or for the larger options replace some of the lost revenue with another tax
- Two replacement options proposed by a range of organisations are a **property tax** and a **land value tax**

Property tax

- An annual charge on what a home is worth, replacing council tax and Stamp Duty
- Onward has proposed a local rate averaging 0.44%, plus a national charge of 0.54% to £1m and 0.81% above
- Fairer Share and the IPPR proposed a 0.48% flat rate with no upper band

Land value tax

- A charge on land rather than the building, so extending or improving a home does not raise the bill
- The Adam Smith Institute would recover the cost of abolition this way
- The London Assembly has recommended assessing one for London, replacing council tax, business rates and SDLT
- Tax Policy Associates has proposed a 0.39% land value tax to replace residential Stamp Duty



Appendix



Modelling results across a range of elasticities

Scenario	Gross cost	HMRC/OBR		Best & Kleven (central estimate)		Hilber-Lyytikainen	
		Total GVA	Total tax raised	Total GVA	Total tax raised	Total GVA	Total tax raised
Reverse Apr-2025 cut	£-1.4bn	£1.2bn	£0.5bn	£2.1bn	£0.9bn	£4.2bn	£1.7bn
One percentage point off every band	£-1.7bn	£1.0bn	£0.6bn	£1.8bn	£1.0bn	£3.6bn	£2.1bn
Permanent £500k nil-rate band	£-4.7bn	£2.8bn	£1.0bn	£5.4bn	£2.0bn	£10.6bn	£3.9bn
Simplified: £500k threshold, 4% to £1m and 5% above	£-6.0bn	£3.1bn	£1.3bn	£5.8bn	£2.4bn	£11.3bn	£4.8bn
Abolition on primary residences	£-7.9bn	£3.5bn	£1.0bn	£6.6bn	£2.0bn	£12.9bn	£3.9bn

Source: Public First SDLT model. Figures are £bn per year, 2025 prices.



Methodology

Housing transactions

To estimate the additional housing transactions generated by a reduction in Stamp Duty Land Tax, we first calculate the change in each buyer's stamp duty bill across the full distribution of English house prices, reconstructed from HMRC's Annual Stamp Tax Statistics. We then apply a transaction elasticity, the percentage increase in transactions for each one percentage point reduction in the effective stamp duty rate and scale the result to the roughly 818,000 owner-occupier home purchases completed in England each year.

Because the empirical evidence on how transactions respond to stamp duty spans a wide range, we test several elasticities rather than rely on one. Our central estimate is an increase of around 10 per cent per percentage point, based on Best and Kleven's study of the UK housing market. As a conservative lower bound we use the more cautious elasticities that HMRC and the OBR apply when costing tax changes (around 5 to 7 per cent), together with an even lower case that strips out temporary bring-forward effects where buyers simply move a planned purchase earlier. At the upper end we test the larger mobility-based response found by Hilber and Lyytikäinen (around 20 per cent), the figure several reform advocates rely on. We lead with the central case and report the full range, so the headline figures remain defensible while the potential upside is clear.

Economic impact of housing mobility

We estimate the economic impact of housing mobility based on a range of standard housing transaction costs associated with moving homes, including conveyancing and legal fees, building survey, moving costs and removals, estate agents fees, average renovation costs and furniture costs. Based on these costs, we use our internal model based on published ONS Input-Output Tables to convert the spending into GVA figures.

Fiscal benefits to the government are estimated accounting for Stamp Duty Land Tax rates (calculated using average housing transaction prices using HM Land Registry Price Paid data and adapted depending on reform tested) and corporation tax rates on transaction costs.

Construction impacts

To estimate the direct, indirect, and induced effects of additional homebuilding, we first

model the uplift in homebuilding in each scenario against a fixed baseline of completions, using a three year phased ramp-up to the higher delivery rate. The model captures direct on-site activity, indirect supply-chain effects, and induced household-spending effects within Greater London. We assume a per-home construction cost of £242,000 in line with sector evidence. Annual construction spend from the uplift is calculated by multiplying the additional completions by the unit cost. We apply a construction GVA capture factor from Public First's input-output model to translate construction spend into GVA generated across England.

Tax revenue from construction activity

We estimate fiscal benefits to the Exchequer from construction-related activity across two principal channels: The direct National Insurance and Income Tax of workers associated with the direct construction spend; the Corporation Tax paid by homebuilders on profits. The SDLT channel is estimated separately through the transaction fiscal benefits chain.

To estimate NI and Income Tax revenue we first estimate total labour costs by taking the average cost of building a home and apply an estimate of labour share of construction spend. We then apply our homebuilding rate to aggregate. To estimate Corporation Tax, we estimate total industry revenue using housing delivery and average house price and apply the operating profit share of output for the construction sector, sourced from ONS input output tables. Finally, we apply Corporation Tax at 25 per cent.

Agglomeration benefits of additional housing density

Building more homes leads to a higher density of working age adults living in the capital and the South East, and so a higher effective economic density, which is in turn associated with higher productivity. To estimate this impact we use an estimated figure of working age adults per household (ONS) and a baseline estimate of number of working adults (ONS, Workforce Jobs) to estimate the percentage increase in working age adults associated with the homebuilding scenarios.

By assuming this percentage increase translates into the same increase in effective economic density, and by applying the well known agglomeration coefficient 0.045, estimated by D. Graham (2007), we estimate the productivity increase generated by this increase in population. This is applied to an estimate of London's and the South East's GDP to calculate the increase in GDP.