



Liz Truss cuts stamp duty as mini budget is announced

In a move that some property experts are branding 'well overdue', Prime Minister Liz Truss announced a cut to stamp duty property tax as part of the mini budget announced on September 23rd. Chancellor Kwasi Kwarteng announced a variation of new stamp duty thresholds on a permanent basis, with stamp duty set to be eradicated entirely for purchases of land buildings for commercial or new residential development. These announcements came alongside a string of other tax cuts as the new chancellor attempts to boost economic growth in the UK.

In England, the stamp duty cut comes in the form of a raised threshold. Homebuyers will now not have to pay stamp duty on the first £250,000 of the property they're looking to purchase – double the original pre-budget threshold. For first-time buyers, that threshold has been raised from £300,000 to £425,000 to encourage those without homes to invest in assets in the form of property. The relief can be claimed for first-house purchases costing up to £625,000.

Following the announcement, the first £250,000 of a property price is exempt from stamp duty. The portion of the price from £250,001 to £925,000 incurs 5%, from £925,001

to £1.5 million incurs 10%, and above £1.5 million incurs 12%. The stamp duty cut is designed to encourage investment within the housing market with a view to increasing volume of homeowners within the UK while simultaneously boosting the economy.

During the announcement, Kwasi Kwarteng said "To support growth, increase confidence and help families aspiring to own their own home I can announce that we are cutting stamp duty." "[This will] mean that 200,000 or more people will be taken out of paying stamp duty altogether. This is a permanent, effective, from today," he added.

Speaking on how the stamp duty cuts could improve the housing market, head of intermediary relationships at Coventry Building Society, Jonathon Stinton, commented: "The stamp duty holiday during the pandemic saw a booming property market and very healthy stamp duty revenue for the Treasury – a record £14 billion in the last tax year. The 2021 proposal from the Green Finance Institute to link a stamp duty relief to energy-efficient home improvements could kill several birds with one stone – stimulate the property market, cut upfront costs for buyers, and reduce future energy bills."

The fact that the move has been referred to as 'permanent' means you don't need to rush if you're looking to get in on the stamp duty relief. If you were on the fence regarding buying your first (or next) property, then perhaps the reduction in stamp duty could have helped to make up your mind.



If you'd like to discuss the options available to you, contact your adviser today.

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