

Petitions Committee

Oral evidence: E-petition session: Stamp Duty Land Tax relief during the COVID-19 outbreak, HC 1182

Monday 1 February 2021

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Members present: Catherine McKinnell (Chair); Tonia Antoniazzi; Elliot Colburn.

Other Members present: Catherine West; Kevin Hollinrake; Ms Diane Abbott; Greg Smith; Janet Daby; Dr Matthew Offord; Barbara Keeley; Sarah Olney; Ben Everitt; Abena Oppong-Asare; Rt Hon Jesse Norman, Financial Secretary to the Treasury.

Questions 1-11



HOUSE OF COMMONS

Chair: Thank you for joining us today. This is our third e-petition session, which we have scheduled to give Members from across the House an opportunity to discuss stamp duty land tax relief during the covid-19 outbreak. Debates on e-petitions normally take place in Westminster Hall. Due to the suspension of Westminster Hall sittings, we have started holding these sessions as an alternative way of considering the issues raised by e-petitions and presenting them to the Government.

I am very pleased that holding this session virtually means that Members who are shielding or self-isolating, and who are therefore generally unable to take part in Westminster Hall debates, can participate today. I am also pleased that the official Opposition have fielded a Front-Bench speaker and that we have a Minister to attend the session and respond to the points that Members raise, as is normally the case in Westminster Hall. I invite Elliot Colburn to open today's session.

Elliot Colburn: Thank you very much, Chair. I remind colleagues that today we are discussing e-petition 550545, entitled "Extend the Stamp Duty Holiday for an additional 6 months after 31st March 2021." The petition's prayer states: "Extending the Stamp Duty Holiday for an additional 6 months will assist many buyers who are looking to move to a property that they will not be able to afford otherwise. This will help to stabilise the housing market. I am looking to move into a new build which is currently due to complete at the start of March 2021. If this build is delayed past 31st March 2021 then I will not be able to afford the stamp duty so will not be able to afford the house."

To date, around 138,000 people have signed the petition, including 413 from my Carshalton and Wallington constituency. Before continuing, I would like to note the huge interest that there has been in the petition. During my time on the Petitions Committee, I do not think I have had so many emails or phone calls from affected petitioners, the press or, indeed, colleagues before we have come to this discussion. It is shame that we could not have it a bit more formally, but it is important that we got this petition in before the 31 March deadline, so that the Minister, who has kindly come along today to hear the debate, has a chance to hear our concerns and respond.

I will admit that there is a temptation to want to talk about the merits or otherwise of stamp duty land tax as a whole. Indeed, I question whether this tax has a future, given that it often acts as a barrier to home ownership, as people scrimp and save for a deposit, only to be met with thousands more pounds-worth of stamp duty to pay, which consequently could delay them getting on to the property ladder. However, I appreciate that we are in a time of pandemic and that the Treasury will want to ensure that its budget can see us past this pandemic. It may not be looking at a total restructuring of the tax system more broadly right now, so I will keep to the specifics of the asks in the petition.



HOUSE OF COMMONS

The stamp duty holiday was enormously welcome and helped to keep fluidity in the housing market, even during the pandemic. Indeed, many who have contacted me have spoken of an influx of buyers and sellers as a direct result of the stamp duty holiday. We do not have the data and cannot be absolutely sure of the effect that the stamp duty holiday has had on the market, but we have strong indicators to suggest that it has indeed led to something of a boom.

HMRC published its most recent data on monthly property transactions on 21 January, and the headline statistic was that the provisional, seasonally adjusted estimate of UK residential transactions in December 2020 was £129,400—nearly 32% higher than at that time last year. The *Financial Times* also reported on 4 December that: “The UK housing boom continued to bolster the construction sector in November despite the autumn’s double-dip economic downturn, with builders reporting the fastest expansion in orders for more than six years.” Of course, not all of this will solely come down to the tax holiday, but an educated guess would certainly indicate that this has helped contribute at least to confidence in the market.

However, this has had a number of consequences and it has led to a situation where many people, like those petitioners, could face losing out on this holiday and face a hefty tax bill that they cannot afford at the end, because their sales will not complete by 31 March. Indeed, Mr Steel, who started this petition, tells me that he is looking at a £12,000 stamp duty liability if his sale does not complete. That is unaffordable for him and the sale will ultimately fall through if it is not completed.

The assertion has been supported by many lenders, solicitors and estate agents who have been in touch with me—I am sure that they have been in touch with many colleagues as well since we announced that this debate was taking place—that due to the unprecedented demand on their services to complete transactions by the deadline of 31 March, they are unable to keep up with demand or keep up with the pressure, and ultimately that will mean that many people will miss out.

Indeed, one lender—Paragon—shared some really alarming statistics with me. They agreed that many prospective buyers have budgeted on the basis that they will be able to take advantage of this tax break. But Paragon’s data, from its recent customer survey of those in the mortgage pipeline, showed that almost two thirds of customers are dependent, or have another buyer somewhere else in the chain who is dependent, on completion by the current deadline. The customers surveyed represent a property transaction total of nearly £1.5 billion. If prospective buyers who are dependent on completion by the 31 March deadline find themselves unable to do so, the result will inevitably be an unprecedented volume of demand for withdrawals, disrupting chains and the wider residential purchase market on a massive scale.

Going back to Paragon’s data, which they have shared with me, Paragon suggest that 51% of cases could collapse if the March deadline isn’t met. However, the wider effect on the market is likely to be much higher than



HOUSE OF COMMONS

that, as each individual case has the potential to have a knock-on effect on others throughout the chain. What is even more concerning is that 42% say that they would be unlikely to be able to continue with the purchase of a property at all if they could not take advantage of the stamp duty holiday, and this rises to nearly half when we look at those who are personally dependent on completion. So the impact on the market clearly could be substantial.

Finally, I think there is an element of fairness in all of this, with prospective buyers—who began their house-buying journey in good faith and budgeting for this tax break—no longer qualifying for that tax break, essentially through no fault of their own. Consequently, I agree with the petitioners and urge the Government to look at extending the stamp duty holiday.

There are many ways that the Government could do that. They could reset the deadline to a new arbitrary date; they could explore the possibility of allowing transactions that begin before 31 March to be eligible only; they could set a new date and begin to taper off the relief by eligibility of house price each month; and they could maintain the stamp duty threshold of £500,000 permanently, which the TaxPayers Alliance, for example, has called for.

However, if a permanent change to stamp duty is not part of the Treasury's outlook, especially during a time of pandemic, then I would argue that a phased and tapered winding down of the relief would probably be the most preferable option. It would help the market not to suffer any overnight shocks, like the one that it could incur on 31 March if the relief isn't extended. But I hope that colleagues who are taking part in today's debate will expand a bit more about what they believe the solution should be.

Finally, I am grateful that the Minister has taken the time to come along and respond to the debate this afternoon, given that it is not a formal debate in a Chamber. He is forgiven in advance for what I am sure he will say about "waiting for the Budget" and "market sensitivities". Nevertheless, I hope that we can persuade the Government today to take this matter further with the Chancellor and to deliver some good news for these homeowners at the Budget. Thank you, Chair.

Q1 **Chair:** Thank you, Elliot. We now go to Catherine West.

Catherine West: Thank you very much, Ms McKinnell, and may I also thank the hon. Member for Carshalton and Wallington for introducing, in such a measured way, some of the wider parameters around this debate? I tend to agree that right now might not be a good moment to start completely changing the whole way we look at tax and spend, and he quite rightly says that tapering off or looking at an approach around the edges is probably best.

I note that the Welsh Government have looked at certain beneficiaries of this stamp duty holiday, such as second homeowners, who perhaps were a



HOUSE OF COMMONS

bit cheeky, because this measure is mainly designed to help people on to the housing ladder. As we know, our problem is in the wider sense of housing—trying to help people on to any housing ladder whatsoever, or indeed for some people even getting them into secure housing in the way of social homes, which is a problem due to the lack of social homes.

Of course, that speaks to the point about the lack of revenue to HMRC, which could be used for more social homes or to assist other house building activities, which we as constituency MPs know matter so much. This does need to be looked at in the round.

Another point that I wish to make is about the nature of the times that we are living in. We are of course in a very difficult period—in extremis and so on—which means that we have a number of different considerations. In normal times, moving house is considered to be the second most stressful activity after getting a divorce, so we should be thinking carefully about how our constituents are managing these big changes to their lives. Many people have decided to up sticks and move completely, and we need to be thoughtful in policy terms about how we respond to these big life changes.

I also want to talk briefly about some of the concerns raised by my constituents. Obviously, being in a part of the capital with a buoyant housing market, I have received a number of emails. I have been contacted by dozens of constituents who believed they were going to benefit from the stamp duty holiday but now face costs they cannot afford and the very real possibility of their sales falling through. The Government need to accept this and follow the Welsh Labour Government in saving those buying houses with targeted economic support. That really is the ask coming directly from my constituents. I would add that the wider economic benefits of a buoyant housing market are that the construction industry has a continual flow-through and confidence, and there is the knock-on effect in terms of retail and keeping going some of our furniture suppliers, some of our cabinet makers and all the other people who benefit when people move house.

In conclusion, I would like to put on the record the concerns of my constituents about the tapering off or finishing up of this scheme at the end of next month. I do hope that in the Budget the Chancellor will acknowledge the stress and inconvenience of this scheme coming to an end and that the stress and worry of those moving house who may not benefit from the stamp duty holiday as they had hoped will be recognised by the Treasury. I look forward to hearing the Treasury Minister respond at the end of the debate.

We have seen flexibility from the Welsh Government, which is looking differently at certain categories—for example, second home owners selling on, using this as an opportunistic moment, are in quite a different category from people seeking to buy for the first time or people who for family reasons, childcare or reasons related to coronavirus bereavements did have to move. I do hope that the Treasury Minister will give us what he can in advance of the Budget in terms of those people who are in desperate worry around this situation.



Q2 **Chair:** Thank you. We now go to Kevin Hollinrake.

Kevin Hollinrake: Thank you, Ms McKinnell, for hosting this very important debate, and I also thank my hon. Friend the Member for Carshalton and Wallington for setting out the case for both sides extremely well—certainly for his constituents. What we are doing is approaching a cliff edge, and extending this further would simply create another cliff edge. That is the reality. If you said, “Okay, give this another three months,” there would be another cliff edge and similar people would be saying similar things. I believe one of my hon. Friend’s options was that we simply allow some of those who are at a sufficiently advanced stage—for example, they have a mortgage offer by, say, the end of February—more time to complete their sale. I think that is the fairest and simplest way to resolve this problem.

There is a problem, and it is quite an unusual problem because of the circumstances around covid. I should draw the debate’s attention to my entry in the Register of Members’ Financial Interests. I have been through three recessions in my business in the property sector that involved stamp duty concessions. This is probably the third or fourth time we have seen a stamp duty concession to stimulate the economy. It is certainly a good idea. The first one I remember was back in 1992, when the market was pretty tough. Each of them has ended in a cliff edge, which has caused a hiatus. Lots of sales were going through before that date, lots of people were disappointed afterwards, and sales were falling through after that date, which has a counterproductive economic effect.

This issue relates more to other elements of the supply chain within the housing sector, rather than just the market itself. We saw quite a strong market in place already when the stamp duty concession was brought in. I did welcome it at the time, but I think that if it went on too much longer in a way where there was going to be some kind of cliff edge coming back in, you could create a bubble effect, and it would not be helpful. It would result in some people being too desperate to buy, pushing the prices up and then prices falling afterwards. Nobody wants to see that. I think the statistic that my hon. Friend pointed out—a 32% increase in the number of HMRC actions—is pretty compelling. That could be the case unless this particular concession ends at some point.

There is a very valid case for reform. Stamp duty is a transactional tax, which is a deterrent to economic activity. That cannot be a good thing, but it needs to be seen in the full context of proper reform of property taxes, looking at council tax and lots of other things. I personally favour a proportional property tax that would abolish stamp duty and just change the way we tax properties, which would be beneficial for the economy, and not just the economy around the housing market—house builders, estate agents and the like—but also the knock-on effect into a lot of other sectors, such as SME house builders and the sale of white goods. Lots of people benefit from housing market activity.

The reality is that we have got a huge logjam in the market because of covid and the lack of capacity in the conveyancing and mortgage sector,



HOUSE OF COMMONS

some of which is caused by covid, or it has been made worse because of covid. I think we have got around 490,000 properties currently sat in this pipeline, hoping to go through by the end of March, and lots of people are going to be disappointed.

To conclude, this is my ask of the Minister. This was a good policy and a good concession at the time, but, because of this logjam that we are going to see, we need an extension for some people—for example, people who have got a mortgage offer by the end of February. Give them three more months to complete their sale or to exchange contracts beyond the end of March. That would be a sensible compromise that would alleviate some of the unfairness in this concession.

Q3 **Chair:** Thank you. We will now go to Diane Abbott.

Ms Abbott: Thank you very much, Chair, for calling me in this important debate. I want to speak about a very specific constituency matter. I am calling for a very specific extension to the stamp duty holiday for the people of Hackney because of a particular disaster that has happened in Hackney. On Sunday 11 October, Hackney Council suffered a very serious cyber-attack that impacted very many systems as well as back-up data. This attack is not the fault of the council. It is the council, council services and, above all, Hackney residents who are the victims here.

One of the many impacted services has been the council's planning department. Because of the cyber-attack, council workers and others cannot access the main databases and systems that they need to complete local land searches. They cannot access the local land register and other records such as building control certificates. As right hon. and hon. colleagues know, many of these searches are deemed necessary by mortgage lenders to complete a sale. The council has worked hard to put some mitigations in place to offer partial land searches, but it will not be in a position to offer full local land searches as required by many mortgage providers at this time. That means that people looking to buy in Hackney have been unable to take advantage of the stamp duty holiday announced by the Government.

As many of you will know, selling or buying a property can be extremely stressful as the best of times. With this hurdle in the way, the stress levels can only be imagined. So many Hackney households have contacted my office, and many more worried residents have been in contact with the council. I think that this is just the tip of the iceberg. Lives are being blighted by the inability to buy or sell homes in Hackney. One would-be buyer, Jessica, told the BBC: "It's extremely frustrating as the hack has ruined our plans and cost us money that we'll never get back. The sale of our property fell through because our buyer wasn't able to carry out a search on our house so couldn't get a mortgage. Subsequently we lost the house we were planning on buying and had already spent more than £1,000 on a survey for." That is just one example of the many that I have heard and seen, of the effect of the cyber-attack on Hackney, in particular on the ability of Hackney residents to get their land searches done.



HOUSE OF COMMONS

My simple ask today is this: when those issues are resolved, which we hope they will be soon, the residents of Hackney should be allowed to enjoy the same benefits as others have through the stamp duty holiday. Special allowances should be made and a grace period announced, so that Hackney residents buying or selling homes can enjoy the financial advantages that the rest of the country has already enjoyed. There would be no fiscal consequences beyond what the Treasury has always accounted for. In the interests of equity and fairness, and to acknowledge the disaster of the cyber-attack, I simply ask that Hackney residents be given their own stamp duty holiday extension at the appropriate time. Thank you, Chair.

Q4 **Chair:** Thank you. We will now go to Greg Smith.

Greg Smith: Thank you, Ms McKinnell. Like many right hon. and hon. Members, I have received a huge volume of correspondence on the stamp duty holiday, from estate agents and potential buyers, including first-time buyers and those looking to downsize or upsize. Some 418 of my constituents have signed the petition. For total transparency, I should say at the outset that, owing to the happy news that my wife is expecting our third child, at the moment my family are looking to move to something a little bigger ourselves, but I want to talk about this from a national perspective.

I absolutely welcomed the Chancellor's stamp duty holiday, and I believe that it has proved successful in attracting both buyers and sellers to the property market at what is, as I am sure we all agree, an incredibly difficult time for our economy. However, with the holiday ending on 31 March, the property market is now facing a cliff edge. That will have a devastating impact on the residential property market, which is likely to stall at a time when it really should be at its busiest.

In my constituency, some modelling has been done by the property research firm TwentyCi, which found that 231 families who agreed a sale in December last year will miss out on the stamp duty saving, and that number will continue to grow through the first few months of 2021. If those movers fully pull out of transactions, it will result in nearly £9 million lost in spending on services in the home-moving market, such as conveyances and estate agent fees, despite significant work having already taken place. In the Buckingham constituency alone, nearly £1 million in wider home-mover spending in the economy will be lost for decorating, furnishing, renovations, and other high street and retail businesses.

Nationally, there is the worst-case scenario that, due to the high volumes and capacity challenges, 200,000 movers are likely to miss the stamp duty deadline. Already, estate agents in my constituency such as Russell & Butler are informing me that sales are falling through in expectation of the deadline. The holiday has created a degree of urgency in the market, with many home buyers and sellers struggling to get their deals across the line before the end of March. Local authority searches are taking longer than usual, as are mortgage approvals, leading to weeks in delays.



HOUSE OF COMMONS

Those at the greatest risk of pulling out are hard-working families on low and middle incomes, who simply cannot afford an extra bill in the thousands of pounds. Extending the stamp duty holiday will protect businesses in the wider economy which are reliant on home movers' spending, and ensure that that dream of home ownership can come true for so many others.

I appreciate that with the huge-scale borrowing rightly required to fund the covid support schemes, the Government need to generate revenues, now more than ever. The property market and the wider economy remain fragile. I appreciate that there are those who argue that there is not the fiscal headroom, but it has been my view that the best way to raise revenue is to stimulate the economy through tax cuts, not shut down opportunities through tax rises. Nowhere is this more apparent than with the stamp duty land tax, a tax that, at its core, is a tax on aspiration and the dream of home ownership, which disincentivises movement in the property market, pinning millions that are already on the ladder into homes that are not necessarily right for them today.

My first argument is for a serious overhaul of this tax. A 2019 paper by the Centre for Policy Studies argued that taking an average of various economic studies, each 1% fall in stamp duty would increase housing transactions by approximately 20%, and abolishing it altogether would increase transactions by a quarter, bringing considerable benefits for our wider economy as well as the Treasury.

In the short term, too many people are already along the path to moving and are being caught out. It is essential that the Government step in to make this holiday count for those movers already engaged in transactions, but for whom delays may push them past 31 March. Let us keep the housing market, and the thousands of businesses and jobs that depend on it, moving, and let us support all our constituents who want to move to be able to do so without hindrance.

Q5 **Chair:** Thank you. I now call Janet Daby.

Janet Daby: Thank you, Ms McKinnell. It is a pleasure to take part in this virtual petition debate. We know that petition debates give us an indicator of what the public's priorities are. In this case, it is about stamp duty land relief. As stated in the petition itself, Government decided to introduce a temporary stamp duty land tax relief. This relief increased the starting threshold of residential SDLT from £125,000 to £500,000 from 8 July 2020 until 31 March 2021.

Since the relief was introduced, transactions have increased and seasonally adjusted data shows that in October 2020, transactions were 8% higher than in October 2019. This is positive for our economy, especially as so many sectors are under financial pressure due to the impact of the virus. Stamp duty relief makes the prospect of home ownership for first-time buyers and those moving home a bit more of a reality, for many people, couples and families. Buying a property, as we



HOUSE OF COMMONS

know, is by no means cheap, but the relief help when it comes to buying a property is very much welcomed.

Stamp duty relief does not just help first-time buyers. I know residents who have found themselves in financial hardship due to the coronavirus and debts they have incurred, and they have needed to downsize. In this economy, they should not be put into further difficulty for making these difficult decisions arising from the pandemic. The announcement of the relief of stamp duty until March 2021 was most welcomed last year. However, we know that, sadly, the virus has not been confined to that financial year. The issues that were around then are still around now.

As we have seen the extension of the job retention scheme, the emphasis on working from home and other public health measures continue beyond March, so too should the stamp duty relief. We have seen no indication of the economic need for this measure to change. Indeed, we are deeper into the pandemic now than we were last spring, in terms of the cost for human life. The extension of stamp duty relief would benefit all of us regardless of whether we ourselves want to buy property or move home. We all need the economy to move again, and, where it is moving, we need this to continue.

Moving home also benefits connected services. If the property market dwindles, there are fewer people paying for surveyors, architects, engineers, estate agents, removal companies—fewer people buying boxes to move home, buying furniture or hiring all the types of people that are needed to make a home pleasurable when they move into it. That means businesses failing and staff being laid off. The property market is one of the key indicators of our country's financial success, so when more people are encouraged to buy we all feel the knock-on benefit. If there are incentives for people to buy, all these businesses will prosper, and a broader economic upturn will be seen. The Government must commit to renewing the stamp duty relief, because this economy's need is far from over.

Q6 Chair: Thank you. We now go to Dr Matthew Offord.

Dr Offord: It is a great pleasure to contribute to this debate this afternoon. The stamp duty holiday was introduced by the Chancellor last summer and it has undoubtedly given the housing market a much-needed boost at a critical time. Thousands of young people, including many in my constituency of Hendon, have been helped on to the property ladder, but, in addition, older people have been helped to downsize, freeing up family homes for the next generations to move into.

It has been estimated that extending the holiday until the end of the year would increase transactions by around 10%, boosting productivity and creating much-needed employment. Polling by the Homes for Later Living consortium shows around 3 million older people want to downsize into suitable retirement properties. The extension of the stamp duty holiday would help facilitate this, and the chain impact would be a major boost for first-time buyers. Furthermore, according to the Home Builders



HOUSE OF COMMONS

Federation, for every 100,000 housing transactions, there is an additional £1 billion in gross value added, and this in turn supports more than 11,500 jobs either directly or indirectly.

I recognise that what the Government gives with one hand it must take with the other, but a number of my constituents have told me that they will not be able to go ahead with their property purchases if they cannot complete before 31 March this year. With much of the economy currently closed, and with the prospect of a protracted recovery, I urge the Government not to close the door on the housing market and the associated industries but—at the very moment we need them to thrive—to reconsider.

My contribution has been short today, but I can assure you that the issue is one that is very important to my constituents. As we know, in another part of the House today there is a discussion about cladding. These two issues may not be directly linked, but it is an overall indication of the problems facing the housing market. This is something that the Chancellor can do in his Budget in March, and I urge him to do so.

Q7 **Chair:** Thank you. I will now go to Barbara Keeley.

Barbara Keeley: I want to thank the Petitions Committee for putting on this important debate at a time when the Government has not extended the support needed to run Westminster Hall debates virtually. I hope they will think to do that in future.

This is a vital topic for thousands of families across the country. The decision to implement a stamp duty holiday was an important measure to support the housing industry throughout what has been, we all know, a very difficult time for many people during the pandemic. I am now being contacted by constituents concerned that the end of the stamp duty holiday on 31 March is going to cause their planned house purchase to fall through, potentially leaving them facing thousands of pounds of legal fees with nothing to show for it.

This is particularly concerning as the current lockdown is causing many aspects of the house-buying process to slow down. Whether it is carrying out surveys or completing a local authority search, delays risk pushing exchange and completion for many people to the other side of the 31 March deadline. Over summer and autumn, people made important decisions on buying a property, thinking that they would be able to complete during the stamp duty holiday. Back then, none of us could predict what lay ahead in terms of further lockdowns and restrictions. We are back in lockdown, and many people now suddenly face the possibility of owing thousands of pounds in stamp duty that they cannot afford. That will disrupt chains and damage confidence in our housing market.

I heard from one constituent who chose to move because of the stamp duty, doing exactly what the Government wanted people to do. They sold their house, moved into rented accommodation and exchanged on a new home. But, because of the current lockdown, their completion date has



HOUSE OF COMMONS

now been pushed back to May. Unless the stamp duty is extended, they will face a bill running to £7,500, which they simply do not have.

That is unacceptable. Nobody should be penalised in that way, potentially causing them long-term financial difficulties, particularly not when people can minimise social mixing and slow the spread of the virus if their move is delayed until after this lockdown. I am calling on the Government to act to ensure that people who have made a commitment to buy a house in the reasonable expectation that they would not have to pay stamp duty are not hit with an excess charge.

As we have heard, there are options. This need not be an open-ended extension to the duty holiday, but could be retrospective, to allow anyone who has already had an offer accepted to be exempt from stamp duty even if they are unable to complete by 31 March. That would provide certainty to thousands of people who are currently purchasing properties, but who might be unable to complete in this financial year through no fault of their own. It would also mean that estate agents and solicitors were under less pressure to complete quickly, meaning fewer people forced to travel into their offices at the height of lockdown, putting their own and other people's health at risk.

Granting that extension would provide reassurance to house buyers and help to slow the spread of covid-19 by deferring moves until the worst of this wave is over. Failing to act will mean letting down tens of thousands of people. I urge the Government to be decisive and to take action now, rather than letting this current uncertainty drag on.

Q8 **Chair:** Thank you. I now call Sarah Olney.

Sarah Olney: Thank you very much, Chair, and to the hon. Member for Carshalton and Wallington for opening the debate. I offer my congratulations to the hon. Member for Buckingham and his wife on the happy news of their imminent arrival.

I was one of very few Opposition Back-Bench MPs who spoke against this measure when it was first introduced to the Commons in July. I remain surprised that other Opposition parties are not more vocal about what is, in effect, a massive tax giveaway to the wealthy in preference to many of the other spending priorities that were and continue to be overlooked.

To repeat what I said on that occasion, I moved house in February 2020 to a new family home in my constituency. Since Richmond Park enjoys the sixth-highest average house price of all UK constituencies, my stamp duty as a result of that move was quite considerable. In speaking out against any further stamp duty holiday, therefore, I want to reassure the House that I am not motivated by sour grapes at missing out on the tax break. While I can understand that some of my constituents, or indeed aspiring constituents, might be dismayed that I wish to see an end to this tax break that they were hoping to make use of, I am not asking them to do something that I have not recently done myself.



HOUSE OF COMMONS

My own experience reinforced the view that I already have, and that I share with the Member for Carshalton and Wallington and others in this debate, that stamp duty land tax is a regressive and poorly designed tax, falling as it does on the buyer and not the seller. The question today, however, is whether the Treasury, at this critical and unprecedented time in our country's economic history, is best advised to continue supporting house buyers or to use the money for other purposes.

There is no doubt that we are talking about a great deal of money. It is estimated that the stamp duty holiday will cost the Treasury £3.8 billion. We have got used to talking about phenomenal sums of money in relation to Government support for vulnerable economic sectors and individuals during this crisis, but that should not disguise the fact that £3.8 billion is an enormous amount. Back in July, I argued that the money could be better spent, in particular on those who have been left out of other plans for economic support during the pandemic.

I know that the Treasury will have some challenging decisions to make when it comes to announce the Budget. There are calls for more support for low-income families by keeping the £20 uplift to universal credit, for greater provision of free school meals and for the furlough scheme and other measures, which I welcome, to maintain household incomes during this crisis. I would like to see those continued for as long as they are needed. There is also an urgent need to address the mental health crisis that threatens to engulf our society at all levels, from the frontline workers who have suffered the trauma of witnessing the thousands of excess deaths to the schoolchildren who have endured social isolation during their enforced absence from school.

I am particularly concerned about our town centre businesses. Our shops, restaurants and beauty salons have suffered a huge blow to their trading during 2020 and the early part of 2021, and there is an urgent need to provide them with support if they are to be revived and to serve our communities in the future. I would urge the Treasury to consider measures to assist these businesses, including relief for deferred VAT payments or continued rates holidays. Of course, there is a compelling case to be made for pay rises across the public sector and for all the other frontline workers, who have given so much to this country over the last year.

But if the Treasury wants to continue to support the housing market, there is a much more pressing call on public funds: the Opposition day debate that is currently going on elsewhere in this digital place about the cladding scandal. We all know from our casework the personal impact that the failure to remediate flammable cladding is having on thousands of our constituents, and the extremely urgent need to address this. I add my voice to the calls of many colleagues in the main Chamber debate that the Government must provide more funding to support leaseholders who are trapped in this nightmare. The point I want to make here is to think about the impact that these unresolved cladding issues are having on the housing market. There are many flats that are now unsellable, and



HOUSE OF COMMONS

thousands of families who cannot move. A far better way to support the housing market and unblock some of these issues is to properly fund the remediation of flammable cladding for all buildings.

I take the point that a stamp duty holiday can have an impact on industries beyond the housing market, although you can see from the broken blind behind my right shoulder that a new house purchase does not always lead immediately to spending on fixtures and fittings. In his opening speech, the Member for Carshalton and Wallington highlighted the benefit that the stamp duty holiday has had for the construction industry. I am very pleased that workers in these industries have been able to continue to work and earn during this difficult time, but I would argue that to continue to boost this industry at the expense of those that have been forcibly closed would be unjust.

I hear the argument that there are many buyers who have commenced a house-buying purchase in the expectation that a stamp duty holiday will apply to their purchase and who may now be facing delays, and I would urge the Treasury to make allowances for transactions that have already commenced. But to commence a stamp duty holiday just to avoid a cliff edge would deprive the Treasury of much-needed funds at a time when there are many extremely pressing calls on our public finances.

Q9 Chair: Thank you. We now go to Ben Everitt.

Ben Everitt: Thank you, Chair. It is a pleasure to serve on this Committee on this important topic. I particularly thank my hon. Friend the Member for Carshalton and Wallington for introducing the petition, but also for the balanced way in which he introduced the subject. As we have heard from the variety of speakers that have contributed to this important debate, it is quite complicated. As the previous speaker highlighted, a lot of money rides on this in terms of the economic value for the transaction and wider economic activity, and in the cold, hard cash that the Treasury definitely needs at the moment, so I was intrigued to listen to some of the counter views that we have heard this afternoon.

One of the things that I agree with wholeheartedly is the point made by my hon. Friend from Carshalton and Wallington, who said that whatever happens, the approach needs to be phased and tapered. That is purely because I think we all agree on the fact that there is a cliff edge. There is a cliff edge when this holiday ends, and specifically when the stamp duty holiday ends in relation to all the other stimuli and support measures that have been put in place by the Government to get us through this stage of the coronavirus pandemic.

I note that the Minister for the Treasury is on the line and will be responding to this debate. Of course, we cannot pre-empt the Budget in March, but some kind of tapering and phasing must surely be in order, just to prevent that cliff edge of everything happening at once, particularly with furlough hitting people as they seek to move. I believe that the stamp duty holiday was the right measure to be brought in during the summer. It was the right measure at the right time. It got the housing market



HOUSE OF COMMONS

moving, and it created the additional economic activity that was so vital at the time. Who knew? Fiscal stimuli work—that is great.

I would ask the Chancellor to consider the merits of a short extension to the stamp duty holiday until we are through the most acute phase of this crisis. I know it will be warmly welcomed by movers, by the sector and, of course, by all the other aspects of the market. Like previous speakers, I am particularly talking about services such as conveyancers, searchers and estate agents, and the decorators, furnishers and renovators—all those high street retail businesses.

My hon. Friend from Buckingham noted that the TwentyCi data for his constituency showed how acute the loss of spending power would be. Indeed, in my own constituency the same data shows that it is in the same ballpark: £8.6 million of lost spending on home moving and £900 million lost on wider home spending—those things we discussed earlier.

This is an important thing to get right, but it is not as simple as extending the holiday in perpetuum. As we know, this is not a revenue-neutral holiday. The Treasury loses money every time we keep this open. We must have our eyes open to that. At this critical point in our nation's finances, our Treasury needs additional funding coming into the coffers. Even with all the additional activity generated by the moves that are in the system, have been brought forward and are happening because of the holiday, we still lose money.

What do we need to do? We need to look at the stamp duty land tax in the round of the wider taxation system. Noting what the hon. Member for Hornsey and Wood Green said about the middle of a pandemic not being the time to look at the large system of tax and spend in general, we need to have a plan. We need to have an exit strategy from stamp duty land tax because it is a dangerous and damaging tax in so many ways. It disincentivises economic activity and is a brick as regards social mobility.

Let us think about this in the long term. How do we replace this tax and what wider taxation do we need to look at? The proportional property tax could be part of the solution, but you can't change one for one; it is not like for like. We need to look at how tax is raised locally, what powers local government has, and what role local government has in that taxation system.

Q10 Chair: Thank you. We will now hear from Abena Oppong-Asare, who speaks for the Labour Front Bench.

Abena Oppong-Asare: Thank you, Chair, for the opportunity to contribute on behalf of the Opposition to today's debate on this important petition. I thank the hon. Member for Carshalton and Wallington for bringing forward the petition. He highlighted some of the challenges that constituents are facing, which have been echoed across the country.

Last July, we discussed the Government decision to raise the starting threshold of residential stamp duty land tax from £125,000 to £500,000, between 8 July 2020 and 31 July this year. Today, we have heard from



HOUSE OF COMMONS

hon. Members from across the House. They have clearly set out their constituents' views and their policies.

My hon. Friend the Member for Hornsey and Wood Green talked about how dozens of constituents were going to benefit, but said that they are now going to meet the knock-on effects and that the tapering end of this scheme would add a lot of stress for a number of them.

My right hon. Friend the Member for Hackney North and Stoke Newington talked about cyber-attacks on council services, which have impacted services in the planning department. Because of that, councils cannot complete land searches, which are deemed necessary for mortgage providers.

My hon. Friend the Member for Lewisham East talked about incentives for people to buy and my hon. Friend the Member for Worsley and Eccles South talked about constituents choosing to move because of the stamp duty incentive who are now facing extra costs.

When this policy was announced, my hon. Friend the Member for Bristol West, the shadow Secretary of State for Housing, Communities and Local Government, set out concerns about the design. She criticised the Government for allowing a large proportion of the financial support offered through this policy—an estimated £1.3 billion—to go to those buying second homes, including holiday homes and buy-to-let properties, rather than being targeted on those who need it. Labour-run Wales has been focusing on targeting those who need it.

In response to this petition, the Government acknowledge that the SDLT is an important source of Government revenue, raising several billion pounds each year to help pay for the essential services that they provide. Even the Minister must therefore recognise that the design of the policy represents an unnecessary subsidy for second home owners.

The relief introduced by this policy is set to end in two months and another flaw in its design is becoming ever clearer. As the person who set up the petition sets out, the end date of the policy presents a looming cliff edge for people across the country who face difficulty in completing their purchase by the end of March. As the petitioner explains, they plan to complete their home purchase at the start of March, which will enable them to benefit from the relief. If, however, completion is delayed—in their case, because of construction delays on their new build home—they will face an increased and unaffordable stamp duty bill, meaning that the sale will fall through. That has been mentioned by a number of Members, particularly my right hon. Friend the Member for Hackney North and Stoke Newington, who also spoke of the cyber-attack on her council.

It is not only prospective buyers of new build homes who are affected by the problem. As anyone who has ever bought a home will know, there is a range of reasons that completion can be delayed. In an attempt to quantify the effect that the end of the relief could have, four leading businesses in the residential property sector—Landmark Information



HOUSE OF COMMONS

Group, Purplebricks, Simplify and the Mortgage Advice Bureau—have produced modelling that suggests that up to 200,000 homebuyers risk not having their transactions completed in time and so will miss out on the savings that they expected to benefit from. Those four businesses explain that, as of March 2020, it took on average six months to complete a transaction—from registration with an agent to completion. That timescale is likely to have increased during covid, as it will take longer to complete any physical part of the buying process.

With the relief lasting less than nine months, we are in the perverse situation whereby much of the benefit might have gone to people whose home purchases were already under way when the outbreak hit, while many who began home hunting on the promise of the relief will miss out. Unfortunately—I have to be honest—this seems to be yet another example of the Chancellor’s short-term, stop-start approach throughout the crisis. The stamp duty relief stoked the housing market, which already has pent-up demand from the first covid lockdown, causing demand for homebuying services to far outstrip the market’s capacity.

This overheating looks set to be followed by the crash of many people’s sales. If people cannot complete their purchase before the relief times out, they will face an extra charge of up to £15,000, which for many will suddenly make their plans unaffordable. This scheme has left hundreds of thousands of people potentially in the position of either proceeding with a purchase they cannot afford or abandoning it and forgoing all the money they have spent in fees, not to mention the emotional stress caused by seeing their purchase slip through their fingers, which has been mentioned by a number of hon. Members.

Although simply extending the current scheme will be welcomed by some, we have concerns that that would create a further cliff edge down the line, resulting in more money being spent on a scheme whose design we believe has fundamental flaws.

Will the Minister answer a direct question? What does he have to say to those people who can afford their starter/builder home only on the basis of the stamp duty relief, but who will fail to complete by the end of March? That is the question at the heart of this petition and the unfairness that many people feel. The Government have a responsibility to give them a straight answer, and I look forward to the Minister doing so.

Q11 Chair: Thank you. I call the Minister to give the Government’s response.

Jesse Norman: Thank you very much indeed, Madam Chair, and may I congratulate you on this great e-debate innovation, which is a very creative solution to one of the problems we have faced in Parliament as a result of the covid pandemic crisis?

Let me also be the first, I think, in this debate to acknowledge the more than 100,000 people who have signed the petition that has triggered our discussion today. I pay tribute to them. Of course, they flag and highlight the importance of this issue to many people across the UK.



HOUSE OF COMMONS

I should also thank my hon. Friend the Member for Carshalton and Wallington for opening the debate, and I thank all other hon. Members for their contributions and insights.

As you know, Madam Chair, there is a strong feeling on this issue. The Government and I—as Minister responsible for tax policy, the Financial Secretary to the Treasury—are aware of that strength of feeling. It has been highlighted already that buying a house is one of the most stressful things that any of us can do in our lifetime. It has uncertainties of its own at the best of times, and of course I fully understand the frustrations of those who are, as we speak, in the process of purchasing a property, perhaps as part of a chain, and who may be concerned at the delays that they face.

Of course, many thousands of people work in the sector, including as conveyancers and surveyors, and I think it is important, before I address this topic and some of the questions that have been raised, to take the opportunity to thank them for their efforts in challenging circumstances. They have done their best to meet the greatly increased demand to buy and sell properties. That has often involved working long hours on behalf of their clients to meet the 31 March deadline that has been set for the stamp duty holiday.

I hope that hon. Members will forgive me if I briefly revisit the rationale for introducing the holiday last spring. You, Madam Chair, and colleagues will recall that the pandemic and the resulting lockdown injected a very significant degree of uncertainty into the economy and into the housing market in particular. During the peak of the first lockdown, in April last year, residential property transactions dropped by more than 50%, compared with the month before. Of course, that was a very real source of concern not just to those whose jobs and businesses rely on such transactions, but more widely, because of the impact on the economy.

The Government's view was that when the country came out of lockdown, they should do what they could to give people the confidence to buy and sell their homes. For that reason, in the summer economic update, in July, my right hon. Friend the Chancellor of the Exchequer introduced what became known as a stamp duty land tax holiday. That raised the nil-rate band, the threshold at which stamp duty land tax is due, from £125,000 to £500,000 until 31 March this year, saving the average buyer some £4,500 in tax.

It is important to say that the measure was designed to drive the recovery of the housing market in England and Northern Ireland—that is, to stimulate immediate momentum in the property market and thereby help to protect businesses and jobs in the sector by keeping house sales moving. The Welsh and Scottish Governments followed suit, although I note that both have decided not to extend the scheme. What is clear is that, as a policy, it worked. The holiday is not the only aspect of the market that has driven sales, but it undoubtedly helped to incentivise people to move home.



HOUSE OF COMMONS

Residential property transactions have increased since the Chancellor announced the measure; in fact, in December, transactions were up 34%, year on year. That in turn caused a positive ripple effect, with each transaction bringing a range of benefits, be they benefits to the people whom homebuyers hired to help them to move, to the decorators whom they employed to repaint their new properties, or to the retailers from whom they bought furniture and appliances. It brought that wider rippling range of benefits. In other words, the aggregate effect helped to protect hundreds of thousands of jobs.

Importantly, and I draw the Committee's attention to this, it was the time-limited aspect of the measure that drove that increased demand, which is exactly why the end date of March this year was announced when the policy itself was introduced.

Madam Chair, I have already said that I absolutely understand people's frustration and the frustration of colleagues regarding the forthcoming deadline on the stamp duty land tax holiday, but as hon. Members well know, I cannot comment on tax policy outside a fiscal event. However, let me pick up some of the points that have been made by colleagues in the debate.

My hon. Friend the Member for Carshalton and Wallington made the important point when he introduced the debate that the focus should be on the holiday, which was the cause of the petition, rather than on the wider policy itself, about which people have had much further discussion. I think he was right about that.

The hon. Member for Hornsey and Wood Green was right to focus on the extent to which a buoyant housing market is important for its knock-on effects. I agree with her about that and I have highlighted those effects.

The right hon. Member for Hackney North and Stoke Newington pointed to the cyber-attack that Hackney Council experienced, and she will be aware that I have written to her separately in relation to that very unusual and particular event.

The hon. Member for Richmond Park—uniquely among those who spoke, I think—highlighted the tax costs of the policy and she also flagged the considerable sums of money involved.

The hon. Member for Erith and Thamesmead, in responding for the Opposition, focused on the effect of completion. I remind her that the legislation includes not merely completion, but the idea of substantial performance, and that in itself is a legally recognised term.

Having said all that, Madam Chair, let me conclude by thanking Members for their contributions today, on their own behalf or on behalf of their constituents, and by thanking the thousands of people who signed the petition. The Government will continue, as we always do, to listen carefully to representations from the industry and from those who are themselves planning to buy or sell a property.



HOUSE OF COMMONS

Chair: Thank you, Minister. I call Elliot to give us the winding-up speech.

Elliot Colburn: Thank you, Chair; thank you, Minister, for responding; and thank you to all hon. and right hon. Members for their contributions to the debate. I think it is fair to say that we have heard a lot of views, although there was a rare moment of unity among three political parties in highlighting problems with a tax. I suspect that we have very different ideas about how to reform stamp duty, but that was a rare moment of unity in which we seemed to agree that stamp duty land tax needs a longer-term look. However, as I said in my opening statement, I appreciate that this might not be the moment—in the middle of a pandemic—that the Treasury wants to do that assessment.

I hope that the Minister has found our contributions useful and will take back to the Treasury, in advance of the Budget, those solutions that were offered by Members in the debate. I think that the tapered winding down of this relief seems to be the most popular view. However, I know that the Minister will listen very carefully to contributions from the industry as well, in advance of the Budget, particularly because, as we have heard, this is not just about those moving house; it is about all the connected services and affected industries along the way as well.

I thank everyone for taking part. I hope that the petitioners found this session useful, too. Chair, I thank you and the Committee for allowing us to have this session, even in virtual form, before the deadline. Thank you.

Chair: Thank you, Elliot, and thank you very much for leading the debate. Thank you to everybody for attending today and for being so disciplined with your time. I add my congratulations to those of others to you, Greg, for the pending addition to your family.

Thank you very much to the broadcasters and to *Hansard* for accommodating this session, which is not quite in the normal run of things, and thank you to the Labour Front-Bench spokesperson and the Minister for responding to the concerns raised by Members today and to those of the petitioners, who wanted this petition to be heard.