

Industry split on Treasury's proposal to replace stamp duty with new property tax

20 Aug 2025 By [Jamie Bennett-Ness](#)

The Treasury is weighing up replacing the "outdated" stamp duty system with a new proportional property tax regime, with industry sources split on the potential plan.

As first reported by *The Guardian*, chancellor Rachel Reeves has asked officials to explore how a new "proportional" property tax could be introduced, with its impact to be modelled ahead of the Autumn Budget.

Stamp duty is currently paid by those buying a home over £125,000 or £300,000 for first-time buyers at varying price bands, beginning at 2% for a property's value between £125,001 and £250,000.

While there are no firm details to the proposals, it is reported that the potential levy would instead be paid by owner-occupiers when they sell a home for more than £500,000, with the amount due based on the property's value.

Homeowners with properties worth more than £500,000 could also pay an annual tax on any value above the threshold, with officials reportedly studying whether a local property tax could then replace council tax in the medium term.

There was widespread agreement from industry sources that the stamp duty system was in dire need of review.

Steph Walker, co-founder of estate agency network TAUk, said it was encouraging “to see the government activity considering change”.

“Stamp duty is widely seen as outdated and a barrier to people moving home, so exploring a more proportionate property tax is a welcome step in the right direction,” she said.

“Any reform of property taxation should be judged on whether it makes the system simpler and fairer for ordinary buyers and sellers.”

Walker added: “Above all, the aim should be to make moving as straightforward and accessible as possible for everyone in the market.”

The HomeOwners Alliance said stamp duty was “unfair” and “outdated” and “stalls the housing market”, adding that the only solution was to scrap it completely.

However, it warned that the new property tax “shouldn’t be a money grab by the Treasury at the expense of homeowners”, and called on the government to tread carefully and avoid this move being an “attack on homeowners”.

“Uncertainty around property taxes causes paralysis in the housing market,” it added.

The proposal of a new tax also set off some alarm bells for Daniel Austin, chief executive and co-founder of ASK Partners, who said the solution was “a short-term fix that would do little to close the gap in public finances, stabilise the property market or support long-term economic resilience and growth”.

“If implemented, the tax risks creating an artificial ceiling on many properties around the £500,000 threshold,” he added. “The impact would reverberate across all price points.”

He said he thought the government was right to review the current system, but added that the solution was not more taxes.

Timothy Douglas, head of policy and campaigns at Propertymark, said: “Discussions around reforming stamp duty are welcome because it is a significant barrier to moving and getting people on the housing ladder.

“What’s key is that any reforms are evidence-based and support first-time buyers, second-steppers and those looking to rightsize.”

Stamp duty raised £11.6bn in 2023-24, although the current struggles of the housing market will likely cause that figure to fall.

No final decisions have been made, and Treasury sources have stressed that while a national levy could be implemented in the coming years, reform of council tax would take longer.