

## Abolishing stamp duty isn't just desirable – it's an economic necessity

NOVEMBER 13, 2025 | ALEX MICHELIN

Ask any first-time buyer, young family, or downsizing pensioner what's stopping them from moving home and you'll hear the same answer: Stamp Duty Land Tax (SDLT). This once marginal transaction cost has evolved into a structural impediment to the UK housing market, throttling mobility, discouraging movement, and stifling productivity and economic growth.

Let's start with the numbers. SDLT receipts reached £11.6 billion in 2022-23, nearly double what they were a decade ago. This has come not from a booming market, but from bracket creep; as house prices rise, more buyers are pushed into higher tax bands.

In London, where the average house price is £564,000, even modest family homes incur hefty SDLT charges. A family upgrading to a £1.2 million home, a typical four-bedroom house in Zones 2-4, faces a tax bill of £61,250 before a single box is packed.

This cost has a chilling effect. In 2023, just 1.01 million transactions took place, down from 1.2-1.3million pre-pandemic, and the lowest since 2012. A 2017 LSE report concluded that SDLT is a major deterrent to transactions. In 2015, following the Conservative government's SDLT overhaul, transaction volumes fell notably: total sales in England and Wales dropped 11%, while Prime Central London declined 17% compared to 2014. People are trapped because they cannot justify the SDLT cost.

Young buyers are hit hardest. Despite schemes like Help to Buy, many first-time buyers face the double challenge of high deposits and SDLT. Those who scrape together a deposit find themselves unable to afford the tax hit required to climb the ladder. Successive governments pledge to support "generation rent" yet allow SDLT policy to trap them.

It's not just the young who suffer. Older homeowners, often asset-rich but income-poor, want to downsize and free up family homes but find themselves penalised for doing so.

The broader economic impact is equally troubling. The housing market is a critical enabler of labour mobility. When people can move easily, they take new jobs, start families, grow businesses. SDLT disincentivises this.

A 2017 LSE study found that for every 1% increase in SDLT, there's a 17-20% decrease in the probability of a household moving. We've designed a tax that penalises dynamism.

SDLT also distorts where people live. It incentivises staying in unsuitable homes, too small for growing families or too large for ageing singles, simply to avoid the tax. This creates gross misallocation of housing stock in a country already suffering chronic shortage.

Whilst revenue from property taxes is important for our economy, SDLT is an inefficient way of raising it. It punishes transactions rather than ownership. It penalises the behaviour we should encourage: moving, downsizing, and releasing housing stock.

Simply altering rates won't fix this. In its current form, SDLT is regressive and outdated. SDLT should be abolished entirely. Revenue should instead be replaced by a reformed and fairer Council Tax – introduced in 1993, based on 1991 property prices and not reassessed since – to reflect current values.

This would be more progressive, placing the burden on those with the broadest shoulders whilst maintaining revenue and removing current market friction.

Ultimately, a dynamic housing market fuels consumption, employment, construction and economic growth. Most importantly, it's about lives on hold: the young family with no second bedroom, the retiree facing a £90,000 tax penalty to downsize, the worker turning down a job because moving house is too expensive.

Stamp duty works against all of them. Abolition isn't just desirable; it's an economic and social necessity.



Alex Michelin