Reid Estates are an Estates Agent specialising in residential property from £300,000 upwards. Also, investment properties, at home and abroad.

Since the introduction in LBTT we have found the home market reduce substantially and have had to terminate 50% of our staff.

As much as I agree with, Fairness, Equity and Ability to Pay. I do not believe the introduction of LBTT takes those into consideration.

The population deserve the right to get on with their lives and LBTT has stopped many doing just that. When the upper end of the market halts, the related economy halts with it. Building, home improvements, shops, gardens, employment, etc.

Since the introduction of LBTT we have had 15 houses withdrawn from the market, ranging from £400,000 to £2,000,000 (two at £2,000,000). 16 houses in the same bracket have taken substantial reductions in price in order to sell (one reduced by £240,000). I am aware that this is replicated throughout the industry.

This is a substantial loss in revenue to the Government, more importantly it flies in the face of, fairness, equity and ability to pay.

No LBTT at the lower end is of no help to the first time buyer (FTB), if they can’t get a mortgage, saving £3 to £500 pounds on LBTT is irrelevant. If not enough homes are being built they can’t buy them. If home movers are not moving up market, releasing FTB properties, the FTB can’t buy them. We require movement in all types of property to produce a healthy market place.

Much has been made of the Buy to Let market (BTL). There has always been a BTL market and always will be. The 3% additional rate of LBTT has done nothing to deter that market. We are still selling as many as before; the additional costs are merely being passed on in the form of rent increases. This makes it more difficult for the FTB to save whilst renting. We have also seen an increase in buying abroad, both from the BTL market and some of those who cannot sell their main residence. Many, who were looking to down size, have subsequently taken equity release, meaning that property will not come back to the market until death. This is a huge loss of revenue to the Government, and an unfair change of circumstances forced on families.

Many parents would have helped their children get on the market but are now trapped themselves and unable to help.
In short, LBTT has crippled the market place with long standing repercussions, it has failed to raise the revenue required, and many properties that were to be sold will not come back to the market for decades with the subsequent future loss of revenue.

LBTT and Stamp Duty before it have been tinkered with many times. I feel it is time to be more radical.

It is time to get rid of the bands completely.

All other forms of purchase, equities, fixed interest, guilt’s, etc. come with a 0.5% transaction tax which both the buyer and seller pays.

Adopting this approach to the housing market, (whatever the flat rate of tax) would get rid of the bands which have always been a problem. Both buyer and seller would pay the transaction tax as with any other form of commodity, creating fairness. It would then be set at a simple affordable rate. It would be simple to administer. The Government would not be dependent on a sector carrying the tax burden only to find it goes into lock down and transactions and revenue fall. Many homes that come to the market are inherited and sold as a second home. The seller paying no tax (unless the estate was liable to inheritance tax, which few are nowadays).

A transaction tax, paid by all involved in the transaction, would be much more equitable, fair and affordable by all. It would also generate a much larger income stream for the Government, catching inherited properties that otherwise would have escaped, along with other second homes that were bought below a tax band. Everybody pays both sides of the transaction. If you buy or sell a small property, you write a small cheque. As you go up the ladder the cheque would increase with no banding, simplifying the transaction.

This would mean there was no more pricing a property taking tax into consideration and many more properties would sell at their true value, another major benefit to the Revenue.

If the rate of tax was representative of other asset classes (0.5%), then it should start at a pound. The FTB would only pay once because they are only involved in one transaction, the home mover would be involved in two transactions.

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