# Government mulls seller-paid levy above £500,000 that could replace stamp duty



An end to stamp duty? The chatter about a new national property tax would, if realised, upend a familiar route to home ownership and mobility in the capital. The Evening Standard’s lead report describes a government weighing a seller-paid levy on homes worth more than £500,000, effectively replacing stamp duty for owner-occupied properties in the longer term. The Guardian’s explainer, published on August 19, 2025, lays out a two-stage approach: first a national property tax on high-value sales, then a potential move to a local property levy to replace council tax in the longer term. In London, where demand and prices have long been concentrated at the top end of the market, the potential shift has prompted a careful mix of caution and relief. Hamptons’ analysis, cited by Knight Frank in industry commentary, shows that roughly half of all such high-value sales occur in London, with a further sizable share in the South East, meaning any new levy could hit the capital hardest even if the overall revenue picture aims for simplification. Meanwhile, Propertymark’s Autumn Budget briefing notes that changes announced in the Budget could alter buying patterns, first-time buyer access, and market liquidity as the tax regime shifts. According to market participants, the capital’s resilience could be tested as buyers and sellers recalibrate around a new, seller-paid framework and the prospect of broader reform.

In the here and now, the Government’s Autumn Budget 2024 set out concrete steps that shape the current landscape in which any reform would emerge. The higher rates for Stamp Duty Land Tax on purchases of additional dwellings and non-natural purchasers rose, in two stages, from 3% to 5% for higher-rate bands, with thresholds tightening from 31 October 2024 and further band adjustments from 1 April 2025. The single rate for corporate purchasers of residential property above £500,000 increased from 15% to 17%. The reforms, outlined in official guidance and the Autumn Budget materials, were designed to stabilise the market while protecting first-time buyers and promoting mobility, albeit within a more complex tax system than before. Industry bodies have stressed the broader implications: SDLT changes can influence where and how people move, how much they buy, and how quickly supply moves through the market. Strutt & Parker’s analysis emphasises that the Budget’s measures were intended to bring some certainty to a volatile market, while noting that London and the South East would carry heavier tax burdens even as other regions may gain some mobility advantages. The policy picture also keeps an eye on the longer-term possibility of council tax reform and a shift to local funding, though such reforms would require more time and political consensus.

Looking ahead, the policy debate remains unsettled and highly political. The Times reports broad policy chatter about replacing stamp duty with a proportional national property tax, potentially funded by sales above a £500,000 threshold, with a longer-term interest in a local property tax to replace council tax. Translating such ideas into law would face substantial hurdles, not least the risk of slowing market momentum in London and other high-value areas, concerns about double taxation, and the need for transitional arrangements as any reform is phased in. The Guardian echoes those cautions, stressing that while officials are modelling such schemes and discussing possible timelines, no final decision has been made and the timetable could hinge on Parliament dynamics and the country’s broader fiscal strategy. In short, while the prospect of scrapping stamp duty has moved from rumour to a structured policy debate, the path to implementation remains undefined, with London’s buyers and sellers watching for concrete milestones and a clearer sense of risk and reward in any proposed shift.

### 📌 Reference Map:

* Paragraph 1 – [[1]](https://www.standard.co.uk/business/business-news/london-tube-carlisle-birmingham-leeds-b1243696.html), [[4]](https://www.propertymark.co.uk/resource/autumn-budget-2024-tax-changes-that-impact-the-property-sector.html)
* Paragraph 2 – [[1]](https://www.standard.co.uk/business/business-news/london-tube-carlisle-birmingham-leeds-b1243696.html), [[2]](https://www.theguardian.com/money/2025/aug/19/explainer-potential-property-tax-stamp-duty), [[5]](https://www.struttandparker.com/knowledge-and-research/what-the-autumn-budget-could-mean-for-the-housing-market)
* Paragraph 3 – [[3]](https://www.gov.uk/government/publications/autumn-budget-2024/autumn-budget-2024-html), [[6]](https://www.thetimes.co.uk/article/stamp-duty-reform-housing-market-opinion-6qpzkprqx)

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## Bibliography

1. <https://www.standard.co.uk/business/business-news/london-tube-carlisle-birmingham-leeds-b1243696.html> - Please view link - unable to able to access data
2. <https://www.theguardian.com/money/2025/aug/19/explainer-potential-property-tax-stamp-duty> - An examination of reports that the government is weighing a reform of property taxes, potentially scrapping stamp duty in favour of a national property tax paid by sellers on homes worth more than £500,000, with a later shift to a levy replacing council tax. The Guardian explains how the proposed tax would differ from the current buyer-paid SDLT, the thresholds involved, and the likelihood of impact being greatest in London and the south-east. It also discusses the possibility of a property tax to replace council tax and the political hurdles to such reforms, including timelines and implications for economic mobility.
3. <https://www.gov.uk/government/publications/autumn-budget-2024/autumn-budget-2024-html> - Autumn Budget 2024 outlines a package of property-related tax changes. The Higher Rates for Additional Dwellings (HRAD) surcharge on Stamp Duty Land Tax rises from 3% to 5% for second homes, buy-to-let purchases, and companies purchasing residential property, effective from 31 October 2024, intended to support first-time buyers and mobility. The single-rate SDLT for high-value residential purchases by corporations increases from 15% to 17% for properties over £500,000. The document also signals broader tax reform, including potential future shifts in council tax funding, but the immediate focus is stabilising the housing market and ensuring revenue for the public purse overall.
4. <https://www.propertymark.co.uk/resource/autumn-budget-2024-tax-changes-that-impact-the-property-sector.html> - Propertymark summarises Autumn Budget 2024 tax changes affecting the property sector. It highlights increases to stamp duty on higher-value purchases and the HRAD surcharge, updates to corporate SDLT rates, and related measures that could alter buying patterns, investor activity, and local authority funding. The piece emphasises how these changes interact with first-time buyer access, downsizing dynamics, and regional market variation. It also touches on longer-term implications for housing supply, market liquidity, and the broader policy backdrop guiding property taxation and local government finance.
5. <https://www.struttandparker.com/knowledge-and-research/what-the-autumn-budget-could-mean-for-the-housing-market> - Strutt & Parker analyse how the Autumn Budget could influence the housing market. It notes a higher SDLT surcharge on second homes and corporate purchases, which may dampen demand in higher-value markets but could aid first-time buyers by reducing overall tax costs. The piece also discusses potential effects on housing supply, market momentum, and regional variations, emphasising that London and the South East may bear heavier tax burdens while other regions could benefit from improved mobility. The report highlights uncertainty for developers and lenders amid tax reforms and evolving policy timelines, in the near term.
6. <https://www.thetimes.co.uk/article/stamp-duty-reform-housing-market-opinion-6qpzkprqx> - Money Editor Jonathon Noble (via The Times) reports on policy chatter around replacing stamp duty with a property tax, noting Guardian claims that Chancellor Rachel Reeves is considering scrapping SDLT in favour of a sale-based tax and referencing Onward’s threshold proposals for £500,000-plus properties, with a possible local levy to replace council tax. It cautions that such reforms could slow market activity in London and other high-value areas, raise concerns about double taxation, and face significant political hurdles. The article also discusses transitional arrangements and the timetable for potential introduction within this Parliament, with uncertain longer-term effects.
7. <https://todaysconveyancer.co.uk/national-property-tax-replace-stamp-duty-within-parliament/> - Today's Conveyancer reports that Chancellor Rachel Reeves is assessing a national property tax that could replace stamp duty, paid on the sale of owner-occupied homes worth over £500,000. It notes the feasibility work being led by government officials and that a national tax might be implemented within this Parliament, with a second local property tax potentially replacing council tax in the longer term. The article highlights concerns about paralysing the housing market through uncertainty and discusses potential implications for primary residence taxation, double taxation concerns, and the broader political and practical challenges facing such reform.