# Conservative leader pledges to scrap stamp duty in bid to revitalise UK housing market



Conservative leader Kemi Badenoch has revived a longstanding debate by pledging to scrap stamp duty on property purchases in England and Northern Ireland if the party wins the next election. Speaking at the Conservative Party conference, Badenoch described the tax as a "bad tax" and argued that its removal would improve social mobility and invigorate the housing market. Stamp duty, levied on property purchases, has been widely criticised for discouraging homeowners from moving, thereby reducing market fluidity and trapping people in unsuitable homes.

The tax generates substantial revenue for the Treasury, with property transaction taxes—including stamp duty—forecasted to bring in £15 billion in 2024-25 and climbing to £26.5 billion by 2029-30, according to the Office for Budget Responsibility. This increase is partly driven by frozen tax thresholds and surcharges on second homes and buy-to-let properties. Therefore, any government intent on abolishing stamp duty would need to compensate for this sizeable hole in public finances, possibly through hikes in other taxes, a prospect that would be politically sensitive and unpopular.

Supporters of stamp duty abolition, including economists and property experts, suggest the tax’s removal would stimulate economic activity far beyond lost revenue. The Institute of Economic Affairs’ executive director Tom Clougherty termed it the "single best reform any Government could make to Britain’s tax system," estimating that up to three-quarters of lost stamp duty revenue could be recouped via increased economic transactions, employment, and tax receipts elsewhere. This includes higher income tax from workers relocating more easily for better-paying jobs and indirect tax gains from boosted household spending on furnishings, renovations, and services triggered by increased property transactions.

Currently, around 83% of property buyers pay stamp duty, with an average bill of £4,582—threefold higher than in 2014—following Chancellor Rachel Reeves’ recent decision to reduce the tax threshold from £250,000 to £125,000. Reeves also introduced an increased surcharge on second homes and buy-to-let properties, further inflating bills for many purchasers. These changes have raised concerns that higher upfront taxes are suppressing the housing market, potentially stalling house price growth and limiting mobility for first-time buyers and homeowners alike.

The housing market itself has been exhibiting signs of slowing, with the Halifax reporting a modest 1.3% annual rise in house prices in September 2025—the slowest since April 2024—and a slight monthly decline. Contributing factors include economic uncertainties, anticipated tax hikes, and elevated borrowing costs. Finance Minister Reeves’ upcoming budget, expected to introduce further property tax reforms, has added to market caution. These reforms reportedly include proposals to replace buyer stamp duty with a seller's tax on properties above £500,000, capital gains tax on primary residences, and National Insurance taxes on rental income—a package of measures that experts warn may inadvertently reduce housing supply, restrict market movement, and hinder affordability, particularly affecting first-time buyers.

Alongside the stamp duty abolition pledge, Badenoch unveiled a broader fiscal agenda involving £47 billion in annual spending cuts targeting welfare, foreign aid, and government workforce expenditure. Half of these savings are aimed at reducing Britain’s national debt, which is nearing 100% of GDP, while the other half would enable tax cuts or increased public spending. She also committed to scrapping net zero environmental targets, representing a strategic attempt to restore Conservative party credibility following internal turbulence since Brexit.

While supporters hailed the idea of abolishing stamp duty as a catalyst to unlock the housing market and promote social mobility, some experts caution about short-term effects. For instance, estate agent analysts like Tom Bill from Knight Frank have noted that speculation about such tax reforms might cause buyers to delay purchases in anticipation, temporarily stalling the market. Moreover, stamp duty’s removal would not apply to Scotland and Wales, where separate property taxes remain.

Complementing tax policy proposals, the UK government is pursuing reforms to reduce transactional frictions in house buying. Plans include publishing search and survey data before listings to shorten the five-month average transaction time by about four weeks and introducing binding contracts to cut failed sales, which currently affect nearly a third of deals. These efficiency gains aim to lower costs—particularly helping first-time buyers by around £710—and encourage market activity, reinforcing the broader goal of rejuvenating the property sector.

The complex interplay between stamp duty, property market dynamics, government finances, and broader economic impacts highlights the delicacy of any reform. While scrapping this “prohibitive” tax promises a potentially transformative boost to housing transactions, economic growth, and social mobility, the challenge remains to balance these benefits against fiscal sustainability and to mitigate unintended consequences of alternative tax changes being considered. The evolving policy landscape, unfolding alongside a cautious housing market, will be keenly watched by homeowners, buyers, and investors across the UK.

### 📌 Reference Map:

* Paragraph 1 – [[1]](https://www.dailymail.co.uk/money/mortgageshome/article-15173407/Could-REALLY-scrap-stamp-duty-ditching-hated-tax-cost-boost-economy.html?ns_mchannel=rss&ns_campaign=1490&ito=1490), [[2]](https://www.reuters.com/world/uk/uk-opposition-conservative-leader-makes-surprise-pledge-cut-property-tax-2025-10-08/)
* Paragraph 2 – [[1]](https://www.dailymail.co.uk/money/mortgageshome/article-15173407/Could-REALLY-scrap-stamp-duty-ditching-hated-tax-cost-boost-economy.html?ns_mchannel=rss&ns_campaign=1490&ito=1490), [[2]](https://www.reuters.com/world/uk/uk-opposition-conservative-leader-makes-surprise-pledge-cut-property-tax-2025-10-08/)
* Paragraph 3 – [[1]](https://www.dailymail.co.uk/money/mortgageshome/article-15173407/Could-REALLY-scrap-stamp-duty-ditching-hated-tax-cost-boost-economy.html?ns_mchannel=rss&ns_campaign=1490&ito=1490), [[2]](https://www.reuters.com/world/uk/uk-opposition-conservative-leader-makes-surprise-pledge-cut-property-tax-2025-10-08/)
* Paragraph 4 – [[1]](https://www.dailymail.co.uk/money/mortgageshome/article-15173407/Could-REALLY-scrap-stamp-duty-ditching-hated-tax-cost-boost-economy.html?ns_mchannel=rss&ns_campaign=1490&ito=1490), [[3]](https://www.reuters.com/world/uk/uk-house-prices-rise-by-least-since-april-2024-halifax-says-2025-10-07/), [[4]](https://moneyweek.com/investments/house-prices/house-prices), [[5]](https://moneyweek.com/investments/property-tax-changes-rachel-reeves-budget-backfire)
* Paragraph 5 – [[2]](https://www.reuters.com/world/uk/uk-opposition-conservative-leader-makes-surprise-pledge-cut-property-tax-2025-10-08/), [[5]](https://moneyweek.com/investments/property-tax-changes-rachel-reeves-budget-backfire)
* Paragraph 6 – [[2]](https://www.reuters.com/world/uk/uk-opposition-conservative-leader-makes-surprise-pledge-cut-property-tax-2025-10-08/), [[1]](https://www.dailymail.co.uk/money/mortgageshome/article-15173407/Could-REALLY-scrap-stamp-duty-ditching-hated-tax-cost-boost-economy.html?ns_mchannel=rss&ns_campaign=1490&ito=1490), [[3]](https://www.reuters.com/world/uk/uk-house-prices-rise-by-least-since-april-2024-halifax-says-2025-10-07/)
* Paragraph 7 – [[6]](https://www.reuters.com/world/uk/uk-plans-cuts-costs-delays-housing-sales-2025-10-05/), [[1]](https://www.dailymail.co.uk/money/mortgageshome/article-15173407/Could-REALLY-scrap-stamp-duty-ditching-hated-tax-cost-boost-economy.html?ns_mchannel=rss&ns_campaign=1490&ito=1490)
* Paragraph 8 – [[1]](https://www.dailymail.co.uk/money/mortgageshome/article-15173407/Could-REALLY-scrap-stamp-duty-ditching-hated-tax-cost-boost-economy.html?ns_mchannel=rss&ns_campaign=1490&ito=1490), [[5]](https://moneyweek.com/investments/property-tax-changes-rachel-reeves-budget-backfire), [[2]](https://www.reuters.com/world/uk/uk-opposition-conservative-leader-makes-surprise-pledge-cut-property-tax-2025-10-08/), [[4]](https://moneyweek.com/investments/house-prices/house-prices)

Source: [Noah Wire Services](https://www.noahwire.com)

## Bibliography

1. <https://www.dailymail.co.uk/money/mortgageshome/article-15173407/Could-REALLY-scrap-stamp-duty-ditching-hated-tax-cost-boost-economy.html?ns_mchannel=rss&ns_campaign=1490&ito=1490> - Please view link - unable to able to access data
2. <https://www.reuters.com/world/uk/uk-opposition-conservative-leader-makes-surprise-pledge-cut-property-tax-2025-10-08/> - At the 2025 Conservative Party conference, UK opposition leader Kemi Badenoch pledged to abolish stamp duty on property purchases over £125,000 in England and Northern Ireland. Economists often criticise this tax for discouraging housing transactions and limiting economic mobility. Alongside this announcement, Badenoch introduced a new fiscal 'golden rule' aimed at reducing government borrowing by implementing £47 billion in annual spending cuts focused on welfare, foreign aid, and the government workforce. Half of the savings would be used to reduce Britain's high national debt, now approaching 100% of GDP, and the other half would support tax cuts or public spending. Badenoch also pledged to eliminate net zero environmental targets. Her comprehensive proposals aim to revive the Conservative Party's image, which has been weakened by post-Brexit turmoil and internal divisions. In contrast, Prime Minister Keir Starmer at the Labour Party conference warned against the rising support for the far-right Reform UK party. ([reuters.com](https://www.reuters.com/world/uk/uk-opposition-conservative-leader-makes-surprise-pledge-cut-property-tax-2025-10-08/?utm_source=openai))
3. <https://www.reuters.com/world/uk/uk-house-prices-rise-by-least-since-april-2024-halifax-says-2025-10-07/> - UK house prices rose by just 1.3% in the year to September 2025—the slowest increase since April 2024—according to Halifax. Prices also declined month-on-month by 0.3%, countering economists' predictions of a 0.2% monthly gain and a 2.2% annual rise. This softening in growth contrasts with stronger performance in the second half of 2024, when annual increases were between 4% and 5%. The market slowdown is attributed to economic uncertainty, concerns over potential property tax increases, and high borrowing costs. Finance Minister Rachel Reeves is expected to unveil tax changes in her upcoming budget, adding to market caution. Regional disparities persist, with London registering a modest 0.6% annual increase while Northern Ireland saw the strongest growth at 6.5%. Despite the subdued figures, Halifax's head of mortgages, Amanda Bryden, maintained expectations for modest growth due to improving affordability. Meanwhile, Capital Economics warned that tax rises could reduce disposable income and further impact housing demand. Rival lender Nationwide previously reported a 0.5% price rise in September and a 2.2% annual increase, indicating mixed signals in the housing market. ([reuters.com](https://www.reuters.com/world/uk/uk-house-prices-rise-by-least-since-april-2024-halifax-says-2025-10-07/?utm_source=openai))
4. <https://moneyweek.com/investments/house-prices/house-prices> - As of October 2025, the UK housing market is showing signs of a modest recovery, with house prices rising 0.5% in September after a slight dip in August, bringing the average house price to £271,995—a 2.2% annual increase. However, uncertainty looms due to potential tax changes in the upcoming Autumn Budget, especially a rumoured new property tax targeting homes over £500,000. This speculation has already dampened buyer demand and listings in the high-end market. Despite recent gains, forecasts for 2025 have been lowered, with Savills and Knight Frank revising their growth expectations down to 1%, citing affordability issues, economic pressures, and tax speculation. Longer-term projections are more optimistic, with Savills predicting 4-6% annual growth from 2026-2029, fuelled by wage growth, falling mortgage rates, and eased lending criteria. Knight Frank forecasts slightly slower growth for the same period. The market remains divided regionally, with Northern Ireland and the North East experiencing the strongest growth, while London lags. Asking prices have stagnated, particularly in southern England, indicating a buyer’s market where realistic pricing is key to transactions. While debate continues over possible stamp duty reforms, experts urge buyers to focus on current conditions rather than speculate on policy shifts. ([moneyweek.com](https://moneyweek.com/investments/house-prices/house-prices?utm_source=openai))
5. <https://moneyweek.com/investments/property-tax-changes-rachel-reeves-budget-backfire> - Chancellor Rachel Reeves is considering property tax reforms aimed at wealthier homeowners and landlords in the upcoming budget, but experts warn they could inadvertently harm first-time buyers. Coventry Building Society cautions that proposed changes—such as replacing stamp duty for buyers with a seller's tax on homes over £500,000, introducing stamp duty instalments, adding capital gains tax (CGT) on main residences, and expanding National Insurance to rental income—may restrict property movement and affordability. These reforms could discourage owners, especially wealthy ones, from selling, reducing housing availability for new buyers. While removing upfront stamp duty could seem beneficial, it might lead to fewer homes on the market. Paying stamp duty in instalments might ease initial costs but increase ongoing financial strain. Introducing CGT on primary homes may deter downsizing, limiting intergenerational financial support like the "Bank of Mum and Dad," which assisted over half of first-time buyers last year with an average of £55,572. Moreover, taxing rental income could drive up rents as landlords pass on costs or exit the market, exacerbating challenges for those saving for deposits. Experts urge caution to prevent unintended consequences for those most in need of support. ([moneyweek.com](https://moneyweek.com/investments/property/property-tax-changes-rachel-reeves-budget-backfire?utm_source=openai))
6. <https://www.reuters.com/world/uk/uk-plans-cuts-costs-delays-housing-sales-2025-10-05/> - The UK government announced plans to streamline the home-buying process, aiming to reduce costs and delays to stimulate the property market. The proposed changes include requiring search and survey information to be published before a property is listed, which could shorten the average transaction time by four weeks from the current five-month duration. The government is also considering introducing binding contracts to reduce the number of failed transactions, which currently affect nearly one in three property deals. These reforms are projected to lower the average cost for first-time homebuyers by £710 ($957). Support for the initiative came from the Royal Institution of Chartered Surveyors, citing the inefficiencies and high costs of the current system. The government has also committed to building 1.5 million new homes over its five-year term and will initiate a UK-wide consultation on these housing process reforms, though Scotland's property laws remain separate. ([reuters.com](https://www.reuters.com/world/uk/uk-plans-cuts-costs-delays-housing-sales-2025-10-05/?utm_source=openai))