# Conservative party’s stamp duty abolition could turbocharge UK growth through housing and share markets



The Conservative Party’s recent pledge to abolish stamp duty on primary residences marks a significant moment in the ongoing debate surrounding housing affordability, economic mobility, and tax reform. The party leader Kemi Badenoch’s announcement aims to remove stamp duty land tax (SDLT) on home purchases over £125,000 in England and Northern Ireland, a move endorsed as necessary by many economists who view the tax as a barrier to housing transactions and broader economic dynamism. The intention is to increase labour mobility, stimulate the housing market, and rejuvenate local economies through the associated knock-on effects such as renovations and furniture purchases. However, the proposal also carries substantial fiscal implications, with lost revenue estimated to be between £4.5 billion and £9 billion annually, prompting calls for compensating spending cuts or alternative taxation measures to bridge the gap. Half of these savings, as outlined by Badenoch, are earmarked to reduce the national debt, which nears 100% of GDP, while the rest support growth-enhancing reforms, underpinning a broader economic strategy amid challenges to the Conservative Party’s appeal post-Brexit.

While the focus has understandably centred on housing, there is a strong argument for extending reform to stamp duty on share transactions, which currently stands at 0.5 percent. This tax levied on stock purchases is increasingly seen as anachronistic and harmful to the UK’s competitiveness in global capital markets. Unlike most major economies that have eliminated or never introduced such transaction taxes, the UK’s stamp duty on shares acts as a deterrent to investment, encouraging investors to turn to private markets, overseas exchanges, or complex derivatives to avoid the charge. The Centre for Policy Studies (CPS) has presented new research showing that abolishing stamp duty on shares could lead to a permanent GDP uplift of between 0.2% and 0.7%, alongside a £6.8 billion boost in business investment annually and a significant increase in pension pot values. The long-term benefits suggested by these findings argue for permanent reform rather than limited exemptions such as those occasionally proposed for initial public offerings (IPOs).

The parallels between the housing market and public financial markets are striking. Both suffer from low turnover, excessive friction, and a climate of lost confidence, which dampens participation and growth potential. Stamp duty in both sectors acts as a tax on movement—a cost that ultimately restricts economic activity and opportunity. Critics of the housing stamp duty reforms caution about unintended consequences; increased demand could push house prices higher, potentially disadvantaging first-time buyers, especially since properties under £300,000 are already exempt from the tax. Moreover, the reduction of revenue from stamping housing sales could compel governments to raise other taxes or cut public spending, which could shift burdens elsewhere. The proposed abolition also raises concerns about the rental market, where fewer available properties might drive up rents, impacting affordability for tenants.

More broadly, some experts advocate for a fundamental overhaul of the UK’s property tax system. Alongside the abolition of stamp duty, they suggest replacing other property-related taxes such as Council Tax and business rates with a land value tax, a model used in other countries that is seen as simpler and less distortionary. Although such reform is politically challenging and complex to implement, it reflects a growing consensus that the current patchwork of property taxes is economically inefficient and inequitable.

International experience, such as from Australia, where stamp duty is also considered a significant economic drag, reinforces the argument for abolition. Reports from Australian authorities demonstrate substantial economic growth and improved household welfare following the removal of such levies, indicating that, despite immediate fiscal costs, the longer-term economic and social benefits can be substantial.

Ultimately, removing stamp duty from both housing and shares sends a powerful signal that the UK is committed to fostering ownership, investment, and economic growth. It moves beyond the narrative of temporary reliefs or narrow exemptions towards a permanent policy that might restore confidence and dynamism across the economy. However, the success of such reforms will depend on careful fiscal management and complementary measures to ensure that the benefits are broadly shared and that the shift does not disproportionately disadvantage vulnerable groups. It remains to be seen whether the Conservative Party’s ambitious plans can navigate the complex political and economic terrain to secure lasting change.

### 📌 Reference Map:

* Paragraph 1 – [[1]](https://www.cityam.com/dont-stop-at-housing-abolish-stamp-duty-on-shares-too/), [[2]](https://www.reuters.com/world/uk/uk-opposition-conservative-leader-makes-surprise-pledge-cut-property-tax-2025-10-08/), [[6]](https://www.finance-monthly.com/abolish-stamp-duty-uk-housing-2025/)
* Paragraph 2 – [[1]](https://www.cityam.com/dont-stop-at-housing-abolish-stamp-duty-on-shares-too/), [[4]](https://cps.org.uk/media/post/2024/stamp-duty-on-shares-is-a-tax-on-growth-new-cps-modelling-shows/)
* Paragraph 3 – [[1]](https://www.cityam.com/dont-stop-at-housing-abolish-stamp-duty-on-shares-too/), [[4]](https://cps.org.uk/media/post/2024/stamp-duty-on-shares-is-a-tax-on-growth-new-cps-modelling-shows/)
* Paragraph 4 – [[1]](https://www.cityam.com/dont-stop-at-housing-abolish-stamp-duty-on-shares-too/), [[3]](https://www.countrylife.co.uk/property/guides-advice/the-abolition-of-stamp-duty-will-it-happen-could-it-happen-what-would-replace-it-and-what-would-be-the-impact), [[6]](https://www.finance-monthly.com/abolish-stamp-duty-uk-housing-2025/)
* Paragraph 5 – [[1]](https://www.cityam.com/dont-stop-at-housing-abolish-stamp-duty-on-shares-too/), [[3]](https://www.countrylife.co.uk/property/guides-advice/the-abolition-of-stamp-duty-will-it-happen-could-it-happen-what-would-replace-it-and-what-would-be-the-impact)
* Paragraph 6 – [[1]](https://www.cityam.com/dont-stop-at-housing-abolish-stamp-duty-on-shares-too/), [[5]](https://www.propertycouncil.com.au/media-releases/abolishing-stamp-duty-would-grow-the-economy)
* Paragraph 7 – [[1]](https://www.cityam.com/dont-stop-at-housing-abolish-stamp-duty-on-shares-too/), [[2]](https://www.reuters.com/world/uk/uk-opposition-conservative-leader-makes-surprise-pledge-cut-property-tax-2025-10-08/), [[4]](https://cps.org.uk/media/post/2024/stamp-duty-on-shares-is-a-tax-on-growth-new-cps-modelling-shows/), [[6]](https://www.finance-monthly.com/abolish-stamp-duty-uk-housing-2025/)

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## Bibliography

1. <https://www.cityam.com/dont-stop-at-housing-abolish-stamp-duty-on-shares-too/> - 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/> - On October 8, 2025, UK opposition leader Kemi Badenoch pledged to abolish stamp duty on property purchases over £125,000 in England and Northern Ireland. Economists criticise this tax for discouraging housing transactions and limiting economic mobility. Badenoch also introduced a fiscal 'golden rule' aiming to reduce government borrowing through £47 billion in annual spending cuts, focusing on welfare, foreign aid, and the government workforce. Half of the savings would reduce Britain's national debt, now approaching 100% of GDP, while the other half would support tax cuts or public spending. This comprehensive proposal seeks to revitalise the Conservative Party's image, which has been weakened by post-Brexit turmoil and internal divisions. ([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.countrylife.co.uk/property/guides-advice/the-abolition-of-stamp-duty-will-it-happen-could-it-happen-what-would-replace-it-and-what-would-be-the-impact> - This article examines the potential abolition of Stamp Duty on house purchases in Britain, a proposal recently introduced by Conservative Party leader Kemi Badenoch. While the move, limited to primary residences, currently lacks political feasibility, it raises important questions about the fairness and efficiency of existing property taxes, including Council Tax and business rates. Stamp Duty is regarded as overly complex and economically damaging, discouraging mobility and depressing market activity. Analysts suggest its removal could boost house prices, stimulate transactions, and especially benefit high-value markets like London and the South East. However, replacing Stamp Duty's £10.4 billion annual revenue—over half from primary residences—poses a significant challenge. Some experts propose a radical reform: scrapping Stamp Duty, Council Tax, and business rates in favour of a land value tax, a model used elsewhere but yet to gain traction in the UK. While the policy might invigorate the housing sector, especially at the upper end, its benefits would be unevenly distributed, and implementation remains uncertain without broader fiscal restructuring. ([countrylife.co.uk](https://www.countrylife.co.uk/property/guides-advice/the-abolition-of-stamp-duty-will-it-happen-could-it-happen-what-would-replace-it-and-what-would-be-the-impact?utm_source=openai))
4. <https://cps.org.uk/media/post/2024/stamp-duty-on-shares-is-a-tax-on-growth-new-cps-modelling-shows/> - The Centre for Policy Studies (CPS) has released new modelling indicating that stamp duty on shares is detrimental to economic growth. The analysis suggests that abolishing this tax could lead to a permanent increase in GDP by between 0.2% and 0.7%, boost business investment by up to £6.8 billion annually, and increase the average defined contribution pension pot by over £6,000. The report highlights that no other major financial centre imposes a transaction tax at this level, or in many cases at all. Leading City organisations back the CPS’s call for the Chancellor to act. ([cps.org.uk](https://cps.org.uk/media/post/2024/stamp-duty-on-shares-is-a-tax-on-growth-new-cps-modelling-shows/?utm_source=openai))
5. <https://www.propertycouncil.com.au/media-releases/abolishing-stamp-duty-would-grow-the-economy> - The Property Council of Australia has released a report demonstrating how abolishing stamp duty would stimulate the economy and improve the wellbeing of all Australians. The report shows that the increase in GDP from abolishing stamp duty is equivalent to doubling the size of Australia’s entire dairy industry. The boost to consumption from abolishing stamp duty is so significant that even replacing it with GST revenue would see households more than compensated. Deloitte’s modelling calculates that households would on average be better off by an extra $20 per week, which is more than half of the average weekly household expenditure on fuel and power. Stamp duty is considered one of Australia’s most economically inefficient taxes, acting as a barrier to economic growth and preventing people and businesses from making the best property decisions for their needs. ([propertycouncil.com.au](https://www.propertycouncil.com.au/media-releases/abolishing-stamp-duty-would-grow-the-economy?utm_source=openai))
6. <https://www.finance-monthly.com/abolish-stamp-duty-uk-housing-2025/> - This article discusses the potential impact of abolishing stamp duty on the UK housing market. The move aims to alleviate the financial burden on homebuyers and stimulate the housing market. However, experts warn of potential unintended consequences that could reshape the housing landscape. Abolishing stamp duty could lead to increased demand in the housing market, potentially driving up house prices. First-time buyers purchasing homes under £300,000 would not benefit from the abolition, as they are already exempt from stamp duty. The fiscal implications are also significant, with estimates suggesting a revenue gap of around £4.5 billion to £9 billion annually. To offset this loss, the government would need to identify alternative revenue sources, such as increasing other taxes or implementing spending cuts. Additionally, the policy could have unintended consequences for renters, potentially leading to a reduction in the supply of rental properties and driving up rents. ([finance-monthly.com](https://www.finance-monthly.com/abolish-stamp-duty-uk-housing-2025/?utm_source=openai))