



# Stamp Duty Land Tax (Temporary Relief) Bill

## HL Bill 85 of 2022–23

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On 18 January 2023, all Lords stages of the Stamp Duty Land Tax (Temporary Relief) Bill are scheduled to take place in the House of Lords. The bill was introduced in the House of Commons on 24 October 2022 and completed its stages on 10 January 2023.

The bill has been certified as a money bill.<sup>1</sup> This limits the extent to which the House of Lords can propose significant changes.

### I. What would the bill do?

#### I.1 Background

The [Stamp Duty Land Tax \(Temporary Relief\) Bill](#) would give statutory effect to the reduction in certain stamp duty rates brought in by Liz Truss's government and which are already in effect. The reductions would apply until 31 March 2025.

The then chancellor of the exchequer, Kwasi Kwarteng, announced the reductions as part of several announcements for Liz Truss's government's growth plan on 23 September 2022.<sup>2</sup>

Although a number of the growth plan measures were subsequently dropped, the new chancellor, Jeremy Hunt, confirmed on 17 October 2022 that the stamp duty changes would remain.<sup>3</sup> However, he did announce in the autumn statement on 17 November 2022 that the reduction would now only apply until 31 March 2025, and that the government would be amending the stamp duty bill accordingly.<sup>4</sup> Kwasi Kwarteng had originally announced the changes as a "permanent" measure and the bill was initially drafted as such.

Stamp duty land tax (SDLT) is paid as part of a property or land transaction in England and Northern Ireland (other property taxes apply in Wales and Scotland).<sup>5</sup> The amount of SDLT to be paid in a given transaction is calculated based on different rates, thresholds and types of transactions. For example, no SDLT is required on residential property transactions up to a certain value.

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<sup>1</sup> UK Parliament, '[Glossary: Money bills](#)', accessed 11 January 2023.

<sup>2</sup> [HC Hansard, 23 September 2022, col 938.](#)

<sup>3</sup> BBC News, '[Jeremy Hunt scraps almost all mini-budget as Liz Truss battles to remain PM](#)', 17 October 2022.

<sup>4</sup> [HC Hansard, 17 November 2022, col 846.](#)

<sup>5</sup> HM Government, '[Stamp duty land tax](#)', accessed 11 January 2022.

The measures announced on 23 September 2022 increased the:

- lower rate threshold for all residential transactions from £125,000 to £250,000
- nil-rate threshold for first time buyers' relief from £300,000 to £425,000
- maximum amount that an individual can pay while remaining eligible for first time buyers' relief is increased to £625,000

Therefore, nothing would need to be paid on the first £250,000 of a residential property transaction where that would be the buyer's main home, and varying reliefs would be available up to £625,000 for first time buyers. Full details on the operation of these rates and the changes can be found on the HM Revenue and Customs (HMRC) webpages '[Stamp duty land tax: Temporary increase to thresholds](#)', 28 November 2022; and '[Stamp duty land tax](#)', accessed 11 January 2023. This includes information on the operation of transactions subject to the 3% 'higher rates', such as the purchase of additional homes.

These changes were effective immediately. The temporary effect of these changes was brought into force by a motion in the House of Commons.<sup>6</sup>

## 1.2 The bill

The Stamp Duty Land Tax (Temporary Relief) Bill is required to give the changes 'permanent' effect. It was introduced in the House of Commons on 24 October 2022.

The bill's one substantive clause would amend the Finance Act 2003 to put the stamp duty reductions outlined above in statute. They would be effective until March 2025.

The bill has been certified as a money bill by the House of Commons on the basis that it is concerned only with national taxation.<sup>7</sup> This will limit the extent to which the House of Lords can propose significant changes. The House of Lords can amend money bills, but the House of Commons is not obliged to consider any amendments the Lords may propose.<sup>8</sup> The latest edition of the 'Companion to the Standing Orders and Guide to the Proceedings of the House of Lords' notes that "on a few occasions minor amendments have been made by the Lords to such bills and have been accepted by the Commons".<sup>9</sup> However, a money bill can also be presented for royal assent a month after being passed by the House of Commons with or without the approval of the House of Lords.

## 2. What might be the impact of the changes?

In its updated assessment following the autumn statement, HMRC estimated the cost of the temporary measures, in terms of lower tax revenues, at £775mn in 2022/23, £1,180mn in 2023/24, £865mn in 2024/25 and £345mn in 2025/26.<sup>10</sup> It anticipated that the temporary SDLT reductions

<sup>6</sup> House of Commons, '[Votes and proceedings](#)', 23 September 2022.

<sup>7</sup> UK Parliament, '[Glossary: Money bills](#)', accessed 11 January 2023.

<sup>8</sup> House of Lords Library, '[Who holds the purse strings? Financial privilege and the House of Lords](#)', 26 March 2020.

<sup>9</sup> House of Lords, '[Companion to the Standing Orders and Guide to the Proceedings of the House of Lords](#)', 2022, p 161.

<sup>10</sup> HM Revenue and Customs, '[Stamp duty land tax: Temporary increase to thresholds](#)', 28 November 2022.

would incentivise people to bring forward house transactions, leading to an “increase in transactions before the end of the scheme and a commensurate reduction in transactions once the measure expires”.

By stimulating the housing market, HMRC expected the measure to also boost residential investment and spending on durable goods. In addition, HMRC said it would have a positive impact on families and individuals, as it would make it easier to buy a home.

The impact of the move received a mixed reaction from those working in the property industry when announced. Although some welcomed moves to boost the market and believed it could be good for areas of the economy, others suggested it could raise house prices and did not deal with the issue of housing supply.<sup>11</sup> For example, Iain McKenzie, CEO of the Guild of Property Professionals, said:

The cut to stamp duty announced will be welcomed by people currently buying a house, but this will not solve the wider issue of affordability in the property market.

As we saw during the pandemic, when you create incentives to buy, you see demand soar. As demand increases, the number of available properties falls, pushing house prices up. An increase in demand now would come at a time when the supply of housing is already low, with house prices already inflated beyond the budgets of many buyers.

The housing market is intrinsically tied to the health of the economy. Home-movers spend an average of £12bn a year on home-related purchases such as furnishings and renovation. Moving can benefit other aspects of the economy, so it is good to see action taken to energise the property market.

The government needs to address the issue of housing supply by making home-building a priority.<sup>12</sup>

### **3. What was said about the bill in the House of Commons?**

#### **3.1 Second reading**

The bill’s second reading took place in the House of Commons on 24 October 2022.<sup>13</sup> Initially, it had been expected that all Commons stages of the bill would take place that day, however plans were changed by a business statement on 20 October 2022.

Picking up on the timetabling change, the shadow economic secretary to the Treasury, Tulip Siddiq, queried whether the government was still fully committed to the SDLT reductions.<sup>14</sup> She also said that, while Labour agreed with the principle of supporting homeowners and buyers, it believed the changes would primarily benefit “wealthy landowners and second home owners”. She argued that “if

<sup>11</sup> Property Industry Eye, ‘[Industry gives mixed response to new stamp duty rates](#)’, 26 September 2022.

<sup>12</sup> Property Industry Eye, ‘[Industry gives mixed response to new stamp duty rates](#)’, 26 September 2022.

<sup>13</sup> [HC Hansard, 24 October 2022, cols 89–102.](#)

<sup>14</sup> [HC Hansard, 24 October 2022, cols 96–7.](#)

the government keep inflating demand without increasing supply, house prices will only rise". Ms Siddiq said that Labour did not think "it would not be fiscally right or responsible to support this stamp duty cut today".

In response, the then economic secretary to the Treasury, Richard Fuller, stated that the changes were already in effect and that the government would be continuing the legislation.<sup>15</sup> He claimed the reduction would save a family moving into an "average home" in England £2,500, which he reasoned could then be put towards "moving costs, improvements, new furniture or appliances". He said it would mean that "around 43% of transactions each year [would] pay no stamp duty whatever". Summing up, he stated:

This measure will boost labour mobility, support hundreds of thousands of jobs and businesses, increase transactions to boost the property industry, and continue the government's record of supporting people, including younger people, into home ownership.<sup>16</sup>

Second reading was approved by 288 votes to 152.<sup>17</sup>

### **3.2 Committee stage and third reading**

Committee stage took place in the House of Commons on 10 January 2023.<sup>18</sup>

#### **Changes to the bill**

A number of government amendments were made to the bill so that the SDLT reductions would now be temporary, as announced in the autumn statement. The title of the bill was also modified to reflect this. All the government amendments were agreed without division.

Victoria Atkins, the financial secretary to the Treasury, explained the need for these changes:

The chancellor has been very clear that the government are committed to stability and fiscal responsibility. It is right that the provisions in the bill remain in place over the next two years to help support the hundreds of thousands of jobs and businesses reliant on the property market during a difficult economic period. But as part of our commitment to getting debt falling in the medium term, the amendment will end the changes on 31 March 2025. From 1 April 2025, the thresholds will revert to their previous levels. Government amendment 12 includes transitional rules to support people who have substantially performed their purchase before the end of the temporary relief, but who complete after the 31 March 2025 end date.<sup>19</sup>

Responding to concerns raised by some Conservative backbenchers about the changes, Victoria Atkins stressed that the government had to take "some difficult decisions in the course of the autumn statement to ensure that our approach to the economy is fiscally responsible".<sup>20</sup> However, she said

<sup>15</sup> [HC Hansard, 24 October 2022, cols 98–9.](#)

<sup>16</sup> [HC Hansard, 24 October 2022, col 99.](#)

<sup>17</sup> [HC Hansard, 24 October 2022, cols 100–2.](#)

<sup>18</sup> [HC Hansard, 10 January 2023, cols 459–97.](#)

<sup>19</sup> [HC Hansard, 10 January 2023, col 463.](#)

<sup>20</sup> [HC Hansard, 10 January 2023, col 461.](#)

that the government remained committed to helping house buyers and reducing the tax burden on constituents in the main.

Labour indicated that it was still opposed to the bill despite these changes. Abena Oppong-Asare, the shadow exchequer secretary, argued that it is not the “right way to spend public money and would not be responsible”.<sup>21</sup> She said the party would be voting against the bill at third reading.

### **Other proposed amendments and divisions**

No non-government amendments were made to the bill, although one Liberal Democrat and one Labour amendment were pushed to a division.

The Labour amendment sought to disapply measures in the bill to second homes. Ms Oppong-Asare explained:

Clause 1(3) [of the bill], which increases the threshold for people buying second and additional homes, will ensure that second home buyers, or landlords buying additional properties, will receive a tax cut of up to £2,500 on each transaction [...] Even if the government are determined to retain stamp duty cuts overall, surely they can see that a cut targeted at second home buyers is not the way in which public money should be used.<sup>22</sup>

The Liberal Democrat amendment would have required an annual report to be published concerning the impact of the bill on second homes in national parks and areas of natural beauty. Speaking to the amendment, Tim Farron, the Liberal Democrat spokesperson for environment, food and rural affairs, discussed the impact of the previous stamp duty cut in 2020, and said certain communities had been ‘hollowed out’ due to the amount of second homes bought.<sup>23</sup> He said that this had had a negative impact on these communities and their workforces.

Addressing the provisions in the bill relating to additional properties, Victoria Atkins stated that these were important for the rental market. She said that Labour’s proposed amendment could have a negative impact on this and on tenants.<sup>24</sup> However, she said the government did accept that there was an issue with second homes in some areas of the country, and that the government was seeking to address this problem through additional council tax charges introduced in the Levelling-up and Regeneration Bill. She also stated that the government was “loth to include reporting and reviewing requirements in primary legislation”. Adding to this point, she said that there was already a “wealth of data” being published on these matters.

Labour’s amendment was defeated by 311 votes to 184 and the Liberal Democrat amendment was defeated by 310 votes to 14.<sup>25</sup> There was no report stage and the bill’s third reading went to a vote without debate. Third reading was passed by 308 votes to 170.<sup>26</sup>

<sup>21</sup> [HC Hansard, 10 January 2023, col 466.](#)

<sup>22</sup> [HC Hansard, 10 January 2023, col 467.](#)

<sup>23</sup> [HC Hansard, 10 January 2023, cols 464–5.](#)

<sup>24</sup> [HC Hansard, 10 January 2023, cols 483–5.](#)

<sup>25</sup> [HC Hansard, 10 January 2023, cols 485–95.](#)

<sup>26</sup> [HC Hansard, 10 January 2023, cols 495–7.](#)

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