

UK Government – HM Treasury

Autumn Budget 2025 - Stakeholder Representation from Propertymark

October 2025

Background

1. Propertymark is the UK's leading professional body of property agents, with over 19,000 members representing over 12,500 branches. We are member-led with a Board which is made up of practicing agents and we work closely with our members to set professional standards through regulation, accredited and recognised qualifications, an industry-leading training programme and mandatory Continuing Professional Development.¹

Autumn Budget 2025 – Context

2. The UK Government is due to hold the Autumn Budget on Wednesday, 26 November 2025 and is seeking representations from a range of stakeholders as part of its policy making process. There has been substantial debate and speculation about a range of possible policy measures in advance of the Autumn Budget. Suggestions affecting the property sector have focussed on reforms to Stamp Duty, and one way that this might work was set out by Tim Leunig in the Onward Report, a Fairer Property Tax.² Other suggestions discussed in the press over the summer of 2025 have been the potential for Capital Gains Tax (CGT) on primary residences above a certain value, and applying National Insurance to rental income. The Leader of the Opposition has suggested scrapping stamp duty entirely.
3. The Autumn Budget will be held in the context of sticky inflation in the UK (3.8% in August 2025) above that of other comparable economies, with an increasingly nervous bond market amid growing concern about western governments' monetary approach to national debt management. The 30 year gilt recently hit its highest rate since 1998, and the increasing cost of borrowing is detrimental to the UK Government's fiscal position. The UK Government will therefore need to raise taxation and limit spending. As the Labour manifesto set out commitments against raising taxes on working people (in particular, income tax, National Insurance and VAT), the Chancellor has very limited scope for raising additional revenue through taxation.

¹ <https://www.propertymark.co.uk/>

² <https://ukonward.com/reports/a-fairer-property-tax/>

The Private Rental Sector in the UK

4. Propertymark published a position paper in September 2023 in respect of the impact of tax changes on the private rented sector.³ Legislation in the private rented sector, with still more proposed changes to come in the Renters' Rights Bill, and energy efficiency targets as set out in the Minimum Energy Efficiency Standards (MEES) Regulations has created significant challenges for landlords. Taken together with the impact of the Section 24 tax changes, higher property taxes when purchasing a buy to let property, and the process of 'making tax digital', there are significant disincentives to landlords to continue to invest in housing.
5. Other policy measures have also impacted the viability of landlords' businesses. These include the removal of the ten per cent Wear and Tear Allowance for fully furnished properties being replaced with an at-cost relief; maintaining CGT for rented property at 18 per cent and 28 per cent (higher rate taxpayers) and 18 per cent, when it was reduced to ten per cent and 20 per cent (higher rate taxpayers) for other assets; and a rise in corporation tax from 19 per cent to 25 per cent from 2023.
6. To summarise, in respect of the regulatory and taxation burden, the private rented sector has seen the following changes over the past decade:
 - i) October 2014- Mandatory Redress Scheme (all letting agents were required to join one of two government-approved redress schemes).
 - ii) May 2015- Compulsory Fee Disclosure (made it a legal requirement for letting agents to prominently display their fees).
 - iii) February 2016- Right to Rent checks introduced (legal requirement for letting agents in England to ensure prospective tenants have the legal right to rent in the UK).
 - iv) April 2016- Stamp Duty Surcharge (a 3% stamp duty surcharge on the purchase of second homes and buy to let properties).
 - v) April 2016- End of the wear and tear allowance (previously, landlords could write off 10% of rental profits for notional wear and tear).

³ <https://www.propertymark.co.uk/resource/impact-of-tax-changes-on-the-private-rented-sector.html>

- vi) January 2017- Buy to let mortgage interest tax relief reduced (buy to let mortgage interest tax relief was reduced from 100% over four years until it reached 0% in the 2020/21 tax year).
- vii) April 2018- Minimum Energy Efficiency Standards (legislation to ensure rented properties in England and Wales have a minimum rating of E for all new tenancies).
- viii) October 2018- Expansion of HMO licencing in England (all HMOs occupied by five or more people must be licensed).
- ix) October 2018- Introduction of minimum bedroom sizes.
- x) April 2019- Mandatory Client Money Protection scheme introduced in England.
- xi) June 2019- Ban on up front letting fees in England.
- xii) June 2019 - Cap on security and holding deposits (holding deposit capped at one week's rent, and security deposits capped at 5 weeks' rent).
- xiii) April 2019- Reduction in Landlord Tax Relief (Reduced to 20% tax credit from 50%)
- xiv) April 2020- Capital Gains Tax changes (Private Residence Relief (PRR) provides an exemption on Capital Gains Tax (CGT). Landlords could previously claim PPR for all the time they had lived in their property before letting it to tenants, plus 18 months after moving out. In April 2020, this time was reduced to the time the landlord lived in the property + 9 months only).
- xv) March 2020- Evictions banned due to Covid-19 and all ongoing house possession actions were suspended.
- xvi) June 2020- Expiry of transition arrangements under the Tenant Fee Ban (2019 ban extended to all tenancies).
- xvii) June 2020- Covid-19 eviction suspension is extended.
- xviii) September 2020- Green Homes Grant announced, but the scheme is fraught with difficulties and closes early.
- xix) August 2020- Further extension of eviction ban.
- xx) November 2020- Further extension of eviction ban.
- xxi) April 2023- Capital Gains Tax threshold reduced from £12,300 to £6,000 in April and then to £3,000 in April 2024.
- xxii) October 2023 - Economic Crime and Corporate Transparency Act 2023.
- xxiii) October 2023 - Levelling-up and Regeneration Act 2023.
- xxiv) June 2024- Landlords in England and Northern Ireland no longer receive relief from stamp duty land tax for multiple dwellings.
- xxv) May 2024 - Leasehold and Freehold Reform Act 2024.

- xxvi) Autumn Budget 2024 - increases to the higher rates of Stamp Duty on purchases of additional residential properties by individuals from 3 to 5 percent in England and Northern Ireland.
 - xxvii) May 2025- Introduction of requirement for letting agents across the UK to check their tenants are not on the Sanctions List.
 - xxviii) Autumn 2025- Renters' Rights Bill will take effect, abolishing Section 21 'no fault' evictions, introducing a national landlord register, and other measures.
7. Taken together, all of these measures have resulted in a system where landlords are unable to offset finance costs against tax liabilities, reducing opportunities for small investors to enter the market. The current system also discourages landlords from being able to actively improve their properties as repairs and maintenance are tax deductible, but not improvements.
 8. This tax and regulatory environment create a substantial impact on individual landlords, but "stands in stark contrast to the approach taken to institutional investment in housing and the 'financialization' of housing through the Build to Rent market." Dr Julie Rugg and Dr David Rhodes have noted that "substantial government subsidy has shifted from buy to let to Build to Rent, which receives financial support through government and other statutory agency loans, and through negotiations to reduce affordable housing supply in large developments. There is a lack of transparency in the degree to which Build to Rent (BTR) benefits financially from national and local government support. These questions are particularly pertinent, given the fact that BTR is often aimed at higher-end rental demand; is geared towards profit-maximization and subsequent rent inflation; and does not necessarily meet the specific characteristics of local housing demand."⁴
 9. Pressure to increase Local Housing Allowance (LHA) will strengthen with any further financial burden on landlords. As a result of the extra costs landlords are facing, rent inflation has risen above the amount of housing benefit that people can claim to pay their private rent has. Although the rate was increased in 2020 and again in 2024, it has largely been frozen since 2016. Just 2.7 per cent of private rental listings in Britain are affordable for people who receive housing benefit, according to Crisis. This is down from 12 per cent in 2021-22. If the UK Government wishes to reduce rent price increases and the liability of the taxpayer for funding housing costs, reducing the tax burden on landlords is essential.

⁴ <https://nationwidefoundation.org.uk/wp-content/uploads/2018/09/Private-Rented-Sector-report.pdf>

10. In terms of investment in the private rental sector, the 5% surcharge on additional properties is a significant disincentive, particularly to prospective new landlords. **Propertymark recommends that the surcharge is removed or reduced; or an exemption should apply in circumstances where the property is being bought in order to provide a long term let, as opposed to the exclusive use of the owners of a holiday home.**
11. Currently, the 'six or more' rule allows purchases of 6 or more residential properties in one transaction to be treated as a non-residential purchase for Stamp Duty Land Tax (SDLT) purposes. The top rate of non-residential SDLT is 5%, while the top rate of residential SDLT can be up to 17% if surcharges apply. This provides a market subsidy to larger investors set against individual landlords and prospective owner occupiers. **If the UK Government wants there to be more owner-occupiers and to restore the 'dream of home ownership', removing the tax break for purchases treating residential property as primarily a financial investment would improve prospective owner-occupiers relative position in the market.**
12. To conclude, the tax and regulatory burden is far too high to permit a private rental sector with adequate supply and stable prices, and the UK Government should think extremely carefully before piling further costs onto landlords that inevitably end in higher costs for tenants and a more dysfunctional housing market. The issue of inadequate supply is most acute in London, and this results in significant lost economic activity because workers who would otherwise live in London are priced out, or commute at great cost.

Propertymark's key recommendations for the Private Rental Sector:

13. REVIEW ALL TAXES RELATING TO PRIVATE LANDLORDS

The UK Government, and the devolved administrations, must carry out a full review of all taxes relating to private landlords in order to develop policies that promote long term investment in the sector and stabilise supply, reducing the cost of renting for tenants.

14. SCRAP MORTGAGE TAX RELIEF HIKE

This would reinstate the ability of landlords to set the total amount of mortgage interest against rental income before tax is calculated; claim the basic rate reduction of 20 per cent on their mortgages, which is one of the largest costings for landlords; and create a level playing field between landlords who operate in their own name, who are subject to the tax changes, and those landlords who are not as they are set up as a business.

15. REDUCE ADDITIONAL TAXES ON BUY TO LET PROPERTIES

To boost the supply of rented housing, governments across the UK must reduce taxes on additional homes to encourage further investment in the private rented sector. The existing surcharges must be reduced and could be split so a lower percentage is paid by landlords looking to invest in the private rented sector and a higher percentage paid by individuals buying second homes.

16. REDUCE CAPITAL GAINS TAX THRESHOLDS

To further encourage more investment in the private rented sector the UK Government should unify Capitals Gains Tax rates for property with those relating to other types of investment.

17. REINTRODUCE A TAX ALLOWANCE FOR LANDLORDS LINKED TO ENERGY EFFICIENCY IMPROVEMENTS

This will help landlords with the cost of energy efficiency works and ensure that tenants benefit from lower bills. Previously, the Landlord's Energy Saving Allowance (LESA) encouraged landlords to invest in energy efficiency improvements by permitting them to offset up to £1,500 per property against income tax or corporation tax for installing energy efficiency measures

Propertymark's Position on National Insurance on Rental Income:

18. Propertymark strongly advises against any move to further increase taxation on landlords in light of the further detriment this would have on supply in the Private Rental Sector. Propertymark understands that the rationale for this comes from work undertaken by Generation Rent, who noted that "Landlords who don't have a mortgage pay a lower tax rate on their rental profits than someone in the same tax bracket who only has an income from their job. This is because wages are subject to National Insurance but rental profits are not."⁵ It is important to note the qualification which Generation Rent make here- that it is 'landlords who don't have a mortgage' who end up with a lower effective tax rate, not all landlords. If the Government is committed to the path of implementing a National Insurance liability on 'unearned' income in the way suggested by Generation Rent, it must be accompanied by the reintroduction of significant mortgage tax relief. According to the English Private Landlord Survey in 2021, 75% of landlords used a mortgage

⁵ <https://www.landlordtoday.co.uk/breaking-news/2025/09/generation-rent-pushed-government-to-make-landlords-pay-national-insurance/>

to buy their first property, so the suggestion by Generation Rent that all landlords enjoy a beneficial tax rate compared to workers in PAYE employment is wrong. For portfolio landlords too, a repayment buy-to-let mortgage or an interest only conventional mortgage is the most common form of financing, and landlords with portfolios of five or more properties are more likely to have interest only buy-to-let mortgages; only a third of landlords own their rental properties outright.⁶

Home Buying and Selling in the UK

19. Propertymark is pleased that the UK Government is consulting on reforms to the home buying and selling process and we will set out our full position on the Government proposals in response to the consultation.⁷ However, given there is significant speculation about Stamp Duty, some reflections on Stamp Duty are set out below:
20. Since 1 April 2025, first time buyers pay no stamp duty on a property they buy up to £300,000, or five per cent stamp duty on the portion from £300,001 to £500,000. Based on the average property price in England of £290,000⁸, the current relief appears broadly sufficient. However, house prices are higher in some places than others, and London and the South East's average house prices are closer to £500,000 than £300,000. If the purchase price is over £500,000, a first-time buyer cannot claim the relief, and if they purchased a property for £500,000, they would pay £10,000 in stamp duty (5% on the remaining £200,000 = £10,000). **Therefore, currently, Propertymark does not think that the current reliefs on stamp duty land tax are sufficient to support first time buyers to purchase their first home, unless it is the UK Government's wish that all first time buyers in London and the South East relocate.**
21. If Stamp Duty remains largely unchanged in form, then to provide support for first time buyers and the wider housing market, Propertymark suggests the UK Government do two things. Firstly, there needs to be more regular updates to the stamp duty bands linked to changing property values. This would allow for a potentially higher starting purchase price for first time buyers to avoid paying stamp duty. Secondly, have lower rates of stamp duty or a flat low rate across the board to reduce the cost for consumers and increase the number of transactions.

⁶ <https://www.gov.uk/government/statistics/english-private-landlord-survey-2021-main-report/english-private-landlord-survey-2021-main-report--2#introduction-and-main-findings>

⁷ <https://www.gov.uk/government/news/families-to-save-hundreds-of-pounds-in-major-homebuying-overhaul>

⁸ <https://www.ons.gov.uk/economy/inflationandpriceindices/bulletins/privaterentandhousepricesuk/july2025>

22. Stamp duty could also be used in a more innovative way to incentivise downsizing for older people, by providing a permanent exemption for circumstances in which an individual over a certain age is moving to a smaller property. The UK is an ageing society and as a result, average household size are shrinking because older people in the UK tend to live alone or in couples. Between 2020 and 2040, the number of UK households is set to rise by around 3.7m to 32.3m. The growth in older households – over half of them one-person – is set to account for 36% of the increase. In terms of occupancy, the UK has nearly 29m households, with an estimated 2.86 bedrooms per dwelling. This equates to about 82m bedrooms, of which just over 15m are ‘surplus’, using reasonable assumptions about the number needed for different sizes of household. The trend towards decreasing household size is projected to inflate this bedroom surplus to 20.3m in 2040.⁹ The impact of this on supply would be mitigated if older people were incentivised to right size, and stamp duty exemptions would be a significant intervention that would provide a financial incentive to move for older people with relatively expensive family homes that are now under-occupied.
23. Given that the UK Government appears to be considering a more substantial reform of Stamp Duty, it is worth noting the significant negative impacts of this taxation method. Inevitably, transaction costs are increased. The cost of Stamp Duty may make a move financially disadvantageous if the charge is below any increase in equity, preventing people from moving for new job opportunities or to be closer to relatives, undermining economic growth and family support. Stamp duty reduces liquidity and deters people from moving house more regularly.
24. The current system of Stamp Duty now uses the ‘slice’ method as opposed to the ‘slab method’ which existed for most of the history of the tax, and this lessens the distortionary impact of Stamp Duty thresholds on the housing market. Nonetheless, the existence of thresholds of any kind still creates significant market distortion generally, especially when time-limited reliefs are in place to stimulate market activity; there is inevitably a slump in activity following the end of any time-limited relief.
25. A recent and well-publicised suggestion for the replacement of Stamp Duty was made by Tim Leunig in his article ‘A Fairer Property Tax’, alongside suggestions for the replacement of Council Tax. In respect of Stamp Duty, Tim Leunig suggests that ‘the stamp duty land tax should be replaced with a national proportional property tax, levied on house values above £500,000. This

⁹ Too Little, Too Late? Housing for an ageing population; Professor Les Mayhew

rate would be set by central government. An annual rate of 0.54%, with a 0.278% supplement on values over £1m would raise the same amount as stamp duty. The new tax would be payable on owner-occupied property only after a sale - the replacement for stamp duty would not be retrospective on properties on which stamp duty has already been paid. The payment would rise annually by inflation.¹⁰

26. Propertymark welcomes discussion of Stamp Duty and Council Tax reform. However, **Propertymark suggests that any new system should not be designed with the aim of replicating existing revenues but rather should be primarily designed to shape a better functioning housing market which increases liquidity and removes barriers from those wishing to move – for first time buyers, second steppers and those looking to right size.** This would create a more flexible labour market, and a more competitively priced property market. Mr Leunig’s proposal is that it is primarily aimed at resolving the disparity in local government funding levels across the country, rather than improving the functioning of the housing market.

27. In conclusion, Stamp Duty is a bad tax and has a negative impact on liquidity in the housing market. In terms of replacing any revenue lost from Stamp Duty, it is conceivable that an increase in the frequency of house sales arising from the removal of Stamp Duty would in turn lead to an overall increase in economic activity, with impacts like increased VAT revenue from increasing consumer spending on durables such as white goods.

Propertymark’s Position on Capital Gains:

28. In the previous budget, Capital Gains rates increased at the lower rate from 10% to 18% and at the higher rate for 20% to 24%. The higher the rate of Capital Gains, the less likely individuals are to realise those gains, and are likely instead to wait for a future reduction in the rate. In respect of introducing CGT to new asset classes, like primary and secondary homes, such a move would lead to significant stagnation in the property market because moving house risks leaving the homeowner worse off in real terms if they have seen significant increases in the value of their property, but need to move to a similar sized property elsewhere for work or family purposes.

¹⁰ <https://www.ukonward.com/wp-content/uploads/2024/08/Onward-A-Fairer-Property-Tax.pdf>

Two Further Recommendations for Minor Tax Changes to Boost Housing Supply:

- 1) Rent a Room Scheme¹¹- The tax free threshold of £7,500 has not increased since the scheme was introduced in 2016. According to the Bank of England's inflation calculator, if the threshold had risen with inflation, it would now be £10,314.05. Given the UK has some of the lowest occupancy rates in owner-occupied households in the world, increasing the threshold will incentivise higher occupancy rates. In 2023-24, the mean number of persons per household was 2.2, and in houses owned outright, the figure was just 1.8.

- 2) **Remove 20% VAT from restoration and refurbishment work to bring into line with VAT liability for new builds (0%); failing that, at a new flat rate of 5%. Currently, homes have to be vacant for two years before benefitting from the 5% rate¹², creating a perverse incentive to leave a property vacant before substantial refurbishment, and disincentivising retrofit in favour of new build properties.**

¹¹ <https://www.gov.uk/rent-room-in-your-home/the-rent-a-room-scheme>

¹² <https://www.gov.uk/guidance/buildings-and-construction-vat-notice-708#section8>