

100,000 London families 'would be paying mansion tax by 2023'

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Tens of thousands of London families will face mansion tax bills averaging nearly £2,000 a month if the levy is brought in, research claims today.

Steadily rising property prices mean that thousands of suburban homes in boroughs such as Hounslow, Bromley and Ealing would be caught by the tax — on properties worth more than £2 million — within a decade, according to analysis by agents Knight Frank.

That would mean the number of homes it applied to in London almost tripling from 37,440 to 107,080.

Both Labour and the Liberal Democrats have given strong backing to the idea of an annual tax on the most expensive properties. Almost 90 per cent of those subject to it would be in London and the South East.

The Knight Frank research suggests that ever growing numbers of relatively modest family homes would be caught in a “mansion tax trap” across the capital. Liam Bailey, Knight Frank’s head of research, said: “Over the past ten years house prices have risen by 69 per cent.

“Assuming a similar rate of growth in the future all houses worth more than £1.2 million today would be paying a mansion tax ten years from now.”

A detailed breakdown shows that the biggest concentrations of £2 million homes are currently in Kensington & Chelsea, with almost 12,000, and Westminster, with more than 8,000.

But if the threshold is not increased, the mansion tax “shadow” will spread across the capital.

Within ten years 1,932 families would be paying the tax in Haringey, 1,080 in Houslow, 1,019 in Brent and 942 in Ealing, according to Knight Frank.

There would be more homes caught by the mansion tax in the leafy south London borough of Bromley than in the whole of Wales.

Bob Neill, vice-chairman of the Conservative Party and MP for Bromley and Chislehurst, said: “Labour’s proposed taxes will disproportionately hit London and Londoners, penalising normal hard-working families simply because of circumstance. London is the motor of the UK economy; kicking it hard makes no sense at all.”

London already pays almost 40 per cent of all stamp duty raised from house buyers, a figure that is likely to rise following the introduction of the new 7 and 15 per cent rates on properties worth more than £2 million.

Mayor Boris Johnson has said he wants stamp duty revenue to be “ring-fenced” for London and ploughed into new, affordable housing.

The Lib Dems claim the mansion tax would raise £2 billion a year. But today’s report claims the threshold would have to be lowered to £1.25 million if that target was to be reached.

A Labour source said: “We are absolutely clear that the tax should only apply to properties worth over £2 million.”

Tory chairman Grant Shapps said: “Once again, the true effect of Labour’s homes tax con is revealed, hitting hard-working families and pensioners the hardest.

“Labour start off calling this a mansion tax but before long their proposals would mean government snoopers reclassifying hundreds of thousands of modest flats and homes across the country as “mansions” and clobbering ordinary people who have worked hard and saved up to buy their home.”