

## Foreword

### One Government holiday that's worked!?

The vaccination program has been a great success.

What else?

Large numbers of people have taken advantage of the Stamp Duty holiday since it was introduced in July 2020. It has been a great success. It has generated desperately needed jobs and economic activity. It's started tapering off. Maybe the Chancellor would be better to keep it going?

Stamp duty is an easy tax to avoid. You just don't move. People move much less nowadays than they used to. Stamp duty receipts have not turned out to be at levels that George Osborne hoped for when he introduced the rates that we went into the pandemic with. There is a real emotional issue for many in writing out a big cheque to the Inland Revenue out of what is already post-tax income.

You may want to move because you need more space, or less, or want to be somewhere else, nearer work or family. Moving helps to optimise the housing stock – you don't have empty nesters in larger family homes or people unnecessarily commuting long distances. And when you move you generate a lot of economic activity. People spend money on the moving process and movers are improvers. They spend money on their new home--perhaps 5% of the cost of the home in the first year.

As this report says, that adds up to anywhere between £1.8- £2.7bn being injected into the economy – probably more by the time you add the multiplier effect.

The stamp duty holiday has been a very elegantly crafted experiment

- In the first quarter of 2021 there were 50% more transactions than in the first quarter of 2020, ie before the pandemic struck.
- The £500,000 ceiling covers up to 90% of purchases. At that level, it saved people £15,000. Above that level you still pay high rates. Second homeowners still pay an extra 3%. So do buy-to-let investors.
- The holiday supports the Government's levelling up agenda, given that house prices are higher in London and the South East.
- Increased transactions mean better use of the housing stock.
- And, best of all for the Government, the economic multiplier of pre- and post-sale purchases and the extra transactions mean that it's probably quids in anyway! And it is richer people who are paying it all.

Releasing this demand does push up house prices. But the way to deal with this is not to suppress demand by taxing it but to improve the supply side – just build more houses.

"We need people feeling confident – confident to buy, sell, renovate, move and improve. That will drive growth. That will create jobs." Who said that? Rishi Sunak, the Chancellor.

The experiment has worked. Don't stop now.



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