

Why property tax is ripe for change

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In little less than a week the shape of politics has shifted, although the factors that led to the creation of the Independent Group have been forming for a while. The MPs who have defected to the new centrist group were pondering their position for months.

The sudden possibility of a period of significant change in the political sphere is somehow causing people to openly question other longstanding assumptions. But in some cases they have been having quiet chats about these

issues in the past year. Property professionals who have tended to dismiss any idea that the principal private residence relief — under which no capital gains tax is paid on the profits made on a first home — could be abolished have begun to voice doubts.

This may be Middle Britain's most cherished tax perk. But there is more talk that it may be threatened, although by way of compensation, stamp duty would be cut or abolished, a plan that is supported on the right and left of politics. These critics of the system have long demanded that stamp duty be reformed, with the tax being levied, for example, on sellers rather than buyers.

The government may be tempted to leave stamp duty untouched, since there are signs, as we told you last week, of a growing acceptance of larger tax bills among househunters in more expensive suburbs. Yet this will not stop the speculation that property taxation, including the revision of council tax bands, is ripe for a makeover.

If you are talking about property with friends and family this weekend, the subject of tax may arise. Expect it to be more contentious than the usual stuff

about what gives a house kerb appeal and the renovations that add the most value.

Statistic of the Week

The housing statistics sector continues to focus (almost obsessively) on the difficulty of climbing on to the ladder now, or in the future. For example, if a baby born today becomes a first-time buyer at the age of 34 in 2053, the average house price in England could be as much as £1.2 million. These estimates, from Benham and Reeves, an estate agency, are based on past Land Registry price data. The age of the first-time buyer is not a forecast, but a figure drawn from *Milestones: journeying into*

adulthood, a study from the Office for National Statistics (ONS), which notes that in 2019 “it is not until the age of 34 that more than 50 per cent of people live in a home they own”. In 1997 this figure applied to 26-year-olds.

In that year more than 50 per cent of people had left the family home by the age of 23. Today, although women fly the nest earlier, 37 per cent of males aged 18 to 34 are living with their parents. The causes of this trend include high rents, parents who treat their adult offspring as flatmates — and the chance to save for a deposit. Data from UK Finance, the lenders' body, shows people are following this strategy: in 2018, 370,000 mortgages were granted to first-time buyers, the highest number since 2006.

Rightmove, a property portal, notes that “buyer affordability is improving at the fastest rate against average asking prices since 2011”. At the same time, average wage growth has risen to an annual 3.4 per cent. We chose this figure, also from the ONS, as our Statistic of the Week, because it's a rare reason to be cheerful about prospects for millennials.

Take a tip out of Karl's book



Obituaries of Karl Lagerfeld, the fashion designer, hailed his recreation of the key pieces of the Chanel brand. He also exercised this skill in another area — decor. The taste of his interiors was classical, but his bookshelves were a reinvention of the genre: books stacked horizontally rather than vertically in an example of the couture principle that more is more. I'm going to employ this tactic on my shelves, having failed to cut the number of volumes despite considerable effort in past weeks.



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Bibliophile: the Karl Lagerfeld library stacking system

