

## Stamp Duty hike for overseas buyers of UK property

**Formally announced in the Budget, a stamp duty surcharge of 2% of the purchase price of a property for buyers from overseas will take effect next year.**

As the rapid-fire presentation of a lengthy budget by The Chancellor, Rishi Sunak, came to an end there was a general view of a strong budget presented with a sense of triumph on the Tory benches.

Even the news that the Government will definitely be introducing a stamp duty surcharge of 2% of the purchase price of a property for all buyers from overseas didn't appear to seriously upset anyone.

Tom Bill, Head of London Residential Research at Knight Frank, said: "The introduction of a surcharge for overseas buyers will bring the UK into line with many other global property markets. Attempts to ease affordability pressures in the wider housing market should be welcomed, although the new measure will need to be monitored carefully to ensure there are no unintended consequences, including for the forward-funding of new-build developments. Furthermore, a wider re-think of stamp duty rates is still needed to increase housing market liquidity and maximise any stimulus the government plans to provide to the UK economy."

"It's business as usual," added Penny Mosgrove, CEO, Quintessentially Estates: "As expected the coronavirus emergency dominated today's budget and I was pleased to see the Chancellor's tone reflected what we're seeing in our industry."

"The announcement that non-UK-resident buyers will face a stamp duty surcharge of 2% on UK property purchases from April 2021 will send slight shockwaves across the London residential market, even though we knew it was coming.

'The new policy from Rishi Sunak comes four years after Philip Hammond introduced a 3% SDLT in 2016 for those buying second and buy-to-let properties – a measure aimed at curbing landlord investors. Today's announcement means overseas investors who already own a home could end up paying up to 17 per cent in stamp duty on the portion of the purchase price over £1.5m. This seems like an outright money grab by the government on foreign buyers who are vital to supporting a healthy residential market.'

***Unhelpful Picture***

“Slapping a stamp duty surcharge on overseas property buyers sends an unhelpful signal at a time when open arms are needed to encourage inward foreign investment,” warned Charlie Smith, MD of London Real Estate Advisors, who works with prime UK and international clients.

“Property purchase tax is already high against other global markets. Citing Sydney and Vancouver as examples is a nonsense, as their overseas purchase taxes are aimed at utterly stopping foreign buyers. Unless that was the intention, and if it is, it is bad timing and unBritish. This is a major mistake, simply the wrong thing to do, sending the wrong signal, and hurts an important part of British industry.

“CBRE reported recently that overseas buyers were spending more on other UK cities than London, so this may curtail the development of the cities that the government wants to support.”

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