

16 December 2020

Dear Chancellor

Stamp Duty Land Taxation Reduced Rates to March 2021

I write to you on behalf of the Bournemouth and District Law Society, which represents the legal profession in this region. I am Chairman of the Property and Probate Group which has the responsibility of guiding our Society and member amongst other things in the domestic conveyancing market.

When you implemented the Stamp Duty Land Tax holiday, this was well received by the profession, and perceived as being an extremely sensible and helpful measure for the domestic property market in helping to sustain it, and to enable homes to be bought and sold during one of the most difficult times that I can remember resulting from the Covid-19 crisis.

The stimulation you have given to the domestic property market coupled with its usual acceleration in the run up to Christmas has seen one of the most prolific conveyancing markets that I have witnessed in 40 years of private practice.

Our Society here has a major concern however as to what might happen to the domestic property market on and after 31 March next year.

If, as you are currently scheduled to do, the concession you have made to SDLT rates ends overnight, then the perception here amongst all of my domestic conveyancing colleagues and members, is that there will effectively be a "black hole" immediately following. There will be an unprecedented frenzy in the weeks before the deadline, and no transactional work after it for some considerable time. All of the good you will have achieved in making the concession in the first place, is potentially going to be lost as a result.

My Society has asked me to write to you in the hope that we can get you to take on board all or any of the following suggestions:-

1. Extend the SDLT concession for at least a further six months beyond the 31 March 2021;
2. Announce this change or any change that you may adopt instead of it, before Christmas so as to relieve the considerable pressure that is likely to be applied to the domestic property market in the first three months of next year;
3. If the full extension for six months cannot be sustained for tax receipt purposes, then may we suggest to you that you extend the concession at £500,000 limit for three months, followed by a further period of three months at £400,000, reducing to £300,000 for the period after that and then eventually back down to £250,000 over a period of a year;

4. Whilst I have suggested a layering process in the point above, using three monthly units, if you could make those six monthly instead, and extend the period over two years, that would be even better;

We should be very grateful indeed if you would consider the above, and make an announcement before Christmas to help our busy domestic conveyancing colleagues deliver a quality service in a sustained market.

Whilst I have your attention, and thank you for reading this, can I enter a plea on behalf of all domestic conveyancers for you to have a look at Stamp Duty Land Tax as a whole, and try to simplify it, as to its application, and the reliefs that apply to it. It is one of the most complicated stamp duty taxes that I have ever seen during my many decades in domestic practice. None of its predecessors were this complicated and, surely, the easier it is to apply, the more certain of your revenues you will become.

I would appreciate your consideration of the comments made in this letter and I look forward to seeing you implement some of our ideas.

Yours sincerely

A handwritten signature in black ink, appearing to read 'M R Hudson', with a long, sweeping horizontal stroke extending to the right.

M R Hudson
Chairman
Property and Probate Group
Bournemouth and District Law Society

Mandy Heath

From: Martyn Hudson <martyn.hudson@rawlinsdavy.com>
Sent: 17 December 2020 11:10
To: simon.hoare.mp@parliament.uk
Subject: Stamp Duty Land Tax until 31 March 2021
Attachments: 2571_001.pdf

Dear Mr Hoare

I attach an email that I have sent to the Chancellor of the Exchequer today on behalf of the Bournemouth and District Law Society. We have grave concerns over what will happen at the end of March in respect of Stamp Duty Land Tax and the domestic property market generally, and there is an urgent need not only for the Chancellor to extend the scheme in some way even in a reduced form, but to announce that now before Christmas to ease the strain currently being endured by those involved in the domestic conveyancing market. I am observing domestic conveyancers in my own practice working 12 hour days solid, and weekends too to get an increased quantity of transactions through to accord with client requirements. This is being driven by the deadline of 31 March 2021.

It is hoped you might receive this, and help promote it through to the Chancellor in any meaningful way that you can.

Thank you if you can be of assistance.

With kind regards.

Yours sincerely

M R Hudson
Chairman
Property and Probate Group
Bournemouth and District Law Society

Mandy Heath

From: Martyn Hudson <martyn.hudson@rawlinsdavy.com>
Sent: 17 December 2020 10:11
To: john.glen.mp@parliament.uk
Subject: Bournemouth and District Law Society - SDLT Holiday ending March 2021
Attachments: 2571_001.pdf

Dear Mr Glen

One of my professional colleagues, Matthew Clarke, with whom you were in correspondence back in September, has passed your details to me in the hope that I might enlist your support concerning a brief that have from the BDLS to address the issue of the Stamp Duty Land Tax holiday initiated by the Chancellor recently but due to end at Easter next year.

I attach a copy of the email that I have written to the Chancellor, and if the issues in it make sense to you and you are prepared to endorse them in some way and promote them through to the Chancellor's department for consideration, we here at the BDLS would be immensely pleased that you could do that.

If there is anything further I can do to assist you or questions that I can answer for you, on a practical basis if nothing else, bearing in mind that my domestic conveyancing colleagues here are in the front line of this, and suffering quite considerably at the moment from the quantity of work that the current situation and Covid-19 restrictions have created, then I would be delighted to enter into correspondence with you, or even better still, discuss the matter with you by telephone or online.

The main concern of all my colleagues is the "black hole" that will be created from April onwards next year unless something is done to mitigate that situation, and all of the good that the holiday has created, may well be lost.

Thank you for your attention and for taking the time to read this, and I look forward to hearing from you if you are so minded.

With kind regards.

Yours sincerely

M R Hudson
Chairman
Property and Probate Group
Bournemouth and District Law Society

Mandy Heath

From: Simon Hoare MP <simon.hoare.mp@parliament.uk>
Sent: 18 December 2020 15:17
To: Martyn Hudson
Subject: (Case Ref: SH12310)

Dear Mr Hudson,

Many thanks for your email concerning SDLT and attached copy of your letter to the Chancellor.

As it stands, I do not anticipate an extension to the current policy. This is an economic instrument open to the Chancellor which, by its definition, was not intended to be a permanent policy position, but temporary motivation to get the housing market back on its feet after a tough start earlier this year. Whilst I am glad this has been the outcome for the wider market, I do understand your concerns for the period of time after the cessation of the scheme. I do not want to raise false hope, but I will, of course, be happy to feed in your thoughts on this policy to the Treasury.

Thank you again for taking the time to contact me and I hope that you and yours are keeping well.

Yours sincerely,



Simon Hoare MP
Member of Parliament for North Dorset
House of Commons
London SW1A 0AA
0207 219 5697

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Mandy Heath

From: GLEN, John <john.glen.mp@parliament.uk>
Sent: 18 December 2020 16:22
To: Martyn Hudson
Subject: RE: Bournemouth and District Law Society - SDLT Holiday ending March 2021

Dear Martyn,

Thank you for getting in contact. I would encourage you to contact your own MP about this as a first port of call, as my parliamentary inbox is primarily intended for my constituents and my Treasury one for financial issues!

However, I do recognise the points you raise, and that an extension to the SDLT Holiday is an extremely attractive option for the property sector and those in the buying process.

The stamp duty tax holiday was a crucial intervention to ensure medium-term confidence in the property market and maintain the growing momentum since the easing of the first lockdown. There is strong evidence to suggest that the temporary cut to SDLT has had the desired effect, with a 14.5 per cent rise in residential property transactions in July, followed by a 15.6 per cent rise in August.

Although the SDLT holiday has been extremely successful, I understand that there are delays and breakdowns in property chains that cause uncertainty for buyers and sellers. I am aware that the point you make about what happens at the end of the holiday could present issues, and I will raise your concerns with my ministerial colleagues and see if anything can be done.

Very best,

John

From: Martyn Hudson <martyn.hudson@rawlinsdavy.com>
Sent: 17 December 2020 10:11
To: GLEN, John <john.glen.mp@parliament.uk>
Subject: Bournemouth and District Law Society - SDLT Holiday ending March 2021

Dear Mr Glen

One of my professional colleagues, Matthew Clarke, with whom you were in correspondence back in September, has passed your details to me in the hope that I might enlist your support concerning a brief that have from the BDLS to address the issue of the Stamp Duty Land Tax holiday initiated by the Chancellor recently but due to end at Easter next year.

I attach a copy of the email that I have written to the Chancellor, and if the issues in it make sense to you and you are prepared to endorse them in some way and promote them through to the Chancellor's department for consideration, we here at the BDLS would be immensely pleased that you could do that.

If there is anything further I can do to assist you or questions that I can answer for you, on a practical basis if nothing else, bearing in mind that my domestic conveyancing colleagues here are in the front line of this, and suffering quite considerably at the moment from the quantity of work that the current situation and Covid-19 restrictions have created, then I would be delighted to enter into correspondence with you, or even better still, discuss the matter with you by telephone or online.

The main concern of all my colleagues is the "black hole" that will be created from April onwards next year unless something is done to mitigate that situation, and all of the good that the holiday has created, may well be lost.

Thank you for your attention and for taking the time to read this, and I look forward to hearing from you if you are so minded.

With kind regards.

Yours sincerely

M R Hudson

Chairman

Property and Probate Group

Bournemouth and District Law Society

Rawlins Davy Solicitors and Mediators

Heliting House, 35 Richmond Hill, Bournemouth, BH2 6HT

Tel: 01202 558844

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HM Treasury

1 Horse Guards Road
London
SW1A 2HQ

Mr M R Hudson
Rawlins Davy Solicitors and Mediators
Heliting House
35 Richmond Hill
Bournemouth
BH2 6HT

22 December 2020

Dear Mr Hudson,

Thank you for your correspondence dated 17 December regarding Stamp Duty Land Tax. The Treasury has received unprecedented amounts of correspondence since the start of the coronavirus outbreak in the UK. The Chancellor of the Exchequer has asked me to write to you directly.

I appreciate the last few months have been challenging for the property sector, as a result of the Stamp Duty Land Tax (SDLT) holiday and the release of pent up demand after lockdown, which means conveyancers and lenders have been busier than ever.

I thank the sector for the extra hours they are putting in to process transactions as quickly as possible.

As you know, the SDLT holiday was designed to be a temporary relief to stimulate market activity and support the jobs of those whose employment relies on the property market. The Government does not plan to extend this temporary relief.

The Government keeps SDLT policy under review and my officials are closely monitoring the property market. Reports from the industry about the impact of the holiday are an important contribution to this process.

I hope this is helpful. If you have any questions about this reply, please email public.enquiries@hmtreasury.gov.uk quoting reference MC2020/46280.

Yours sincerely,

S Bhuiya

Correspondence and Enquiry Unit
HM Treasury

Mandy Heath

From: Martyn Hudson <martyn.hudson@rawlinsdavy.com>
Sent: 22 December 2020 14:20
To: eCase@hmtreasury.gov.uk on behalf of Enquiries, CEU - H
Cc: Sophie Pascoe
Subject: RE: A response to your recent enquiry - Ref: MC2020/46280

Dear Sir/Madam

Thank you for your prompt response which is greatly appreciated. You have as you say a lot to deal with, and you taking the time to respond directly and within a day or two says a lot for your concern.

The relaxation of stamp duty land tax was inspired, as a means of making the property market flourish, and contribute to the economy of the country.

However, the concerns of those of us involved in that property market need to be addressed, if all of the good that the holiday has achieved is not to be completely wasted, as the current situation has the ability to do.

The Chancellor is not being asked to extend the holiday indefinitely or to make it a new policy for the government. All he is being asked to do is to ease the resumption of tax rates more gently back into the property market.

To ensure a softer landing than an absolute cut-off date of 31 March is going to achieve, all the Chancellor is being asked to do is to reduce the reduction gradually over a period of time. There really is no point, having sacrificed the income derived from SDLT for 2020, in creating a black hole in the market from next April onwards when there will be precious few transactions going through. Full rates may reapply, but the low volume of transactions should ensure that there is precious little revenue derived from it and for some time afterwards.

What is needed is for the Chancellor to say, now, before Christmas, that the holiday will be extended, but reduced in six monthly intervals over the following year. That should ensure that some continuity will occur from April onwards and although the number of transactions will of necessity reduce, mainly because a large part of the housing stock will have changed hands during the period up to March next year, there will still be some business done, and some SDLT will be paid.

Will the Chancellor please consider reducing the zero rate threshold from 1 April 2021 from £500,000 down to £400,000 for the next six months, and then to £300,000 for the six months following that. Full rates will then resume beyond. Unless he does something like that, the property market that he will have stimulated will hit the proverbial brick wall, which will do the market itself no good and all those who participate in it, and government revenues no good either, as there will be few transactions paying any duty.

I appreciate that the Chancellor wishes to recover the ability to take revenue from the property market, but he stands a good chance of killing it off if he continues with his current strategy. A ratchet down approach for 2021/22 has to be the way forward that allows the property market to continue, whilst raising levels of revenue for the Treasury.

I cannot emphasise to the Chancellor enough the current stresses and strains that all those involved in the property market are currently experiencing, and whilst volume of work and pressure of progress are features that have been endured before, coping with that, followed by a conveyancing wilderness stands a chance of devastating that industry.

I do hope that the Chancellor will appreciate the sincerity with which this is written, the experience behind the comments being made, and

the willingness to find a compromise that doesn't destroy a marketplace unnecessarily. That really is a potential consequence of ending the holiday abruptly on 31 March next.

Thank you for indulging me in this correspondence. Please convey our sincerest respects and concerns to the Chancellor.

Sincerely

Martyn R Hudson
Chairman
Property and Probate Group
The Bournemouth and District Law Society

From: "eCase@hmtreasury.gov.uk on behalf of Enquiries, CEU - HMT"
<CEU.enquiries@hmtreasury.gov.uk>
Date: 22 December 2020 at 09:28:37 GMT
To: Martyn Hudson <martyn.hudson@rawlinsdavy.com>
Subject: A response to your recent enquiry - Ref: MC2020/46280
Reply-To: "Enquiries, CEU - HMT" <CEU.enquiries@hmtreasury.gov.uk>

Dear M R Hudson,

Please find attached our response to your recent enquiry.

We apologise for the delay in handling your correspondence; we have been experiencing very high levels of correspondence recently.

In light of the ongoing situation, please correspond with us by email at public.enquiries@hmtreasury.gov.uk, either by sending an email directly to us or attaching a letter to an email.

The latest Government advice can be found on [GOV.UK](https://www.gov.uk). Guidance is constantly updated and reviewed, covering a wide range of topics.

Regards

HM Treasury

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This email has been scanned by the Symantec Email Security.cloud service.

Mandy Heath

From: Martyn Hudson <martyn.hudson@rawlinsdavy.com>
Sent: 25 January 2021 16:34
To: CEU.enquiries@hmtreasury.gov.uk; public.enquiries@hmtreasury.gov.uk;
rishi.sunak.mp@parliament.uk; john.glen.mp@parliament.uk;
simon.hoare.mp@parliament.uk
Subject: Stamp Duty Land Tax until 31 March 2021 - MC2020/46280
Attachments: MC2020.46280.pdf

SENT ON BEHALF OF MARTYN HUDSON

Please respond to: martyn.hudson@rawlinsdavy.com

Dear Mr/Ms Bhuiya

RE: Stamp Duty Land Tax until 31 March 2021

I refer back to your letter to me on the 22nd December last, copy attached for ease of reference, and the correspondence we have been having for which I am grateful.

As I believe that the stamp duty holiday is coming up for debate in parliament and may be the subject of further alterations as a result, there are some interesting issues now arising that you should be made aware of, if you are not already, as part of that debate.

I mentioned to you previously the strain that the additional workload has placed on the conveyancing practitioners having to handle the workload. I must report to you now that over the last two weeks, it has now become apparent that estate agents are having to ring round multiple firms of conveyancing solicitors to see if they can find a practitioner that has the space to absorb a new transaction. Indeed, in my own firm, I understand that we have turned away a number of such approaches in the last week or so as we do not have any further capacity to cope with more transactions at this time.

What was considered manic just prior to Christmas has now accelerated beyond that, and that is entirely down to the finite deadline of the 31st of March. Agents are now selling property with no reasonable prospect of having anyone with capacity to act for the parties concerned.

I can tell you without equivocation, that the conveyancers in my own firm for instance are now working constantly anything up to a twelve hour day, and at weekends just to keep up with the quantity of transactions being generated. It is hard indeed for any business to turn work away, but to do the workload we have justice, the fee earners here have had to make the decision not to accept anything like as many new introductions on a week by week basis. Speaking with other practitioners from other firms across the region, that appears to be a common problem to those involved in the marketplace.

If the 31st of March is kept as an end date to the stamp duty reduction, then a considerable number of transactions will come to a halt on the 1st of April and fall away. There will be little or no conveyancing done in the following quarter, and any revenue the Chancellor thought he might pick up from the restoration of the stamp duty rates will be completely negated by loss of other revenue such as VAT, income tax and corporation tax.

Some estate agents I know are already beginning to consider putting a redundancy provision in place for April onwards, and some law firms are doing the same.

I cannot stress to the Chancellor enough that the holiday cannot have a finite end on a specific day because of the damage that it will do to the industry generally.

Having discussed this with numerous practitioners, including lecturers and those other professionals in the property market, the Chancellor will benefit from a gradual reduction in the holiday back to the rates he wishes to sustain in the future if he can do that over a six to twelve month period, longer would be preferred.

To reduce the threshold on the 1st of April from £500,000.00 to £400,000.00 for instance for the next six months is likely to allow most of the transactions currently negotiated but not committed to continue with a noticeable increase in SDLT revenues as a result. This reduction has to be gradually stepped down, or there will be an absolute disaster in the industry which will not benefit anyone, including the Chancellor's revenues.

For what it is worth going into the parliamentary debate that is about to ensue, may I suggest that the following template would be useful for the Chancellor to consider:-

1. For the period 01/04/2021 to 30/09/2021, reduce the threshold to £400,000.00
2. For the period 01/10/2021 to 31/03/2022, reduce to £300,000.00
3. For the period 01/04/2022 to 30/09/2022, reduce to £250,000.00
4. From the 1st October 2022 until future budgets decide, wherever the Chancellor wishes to hold the line.

Whilst I have your attention, it is rumoured that the Chancellor is thinking of scrapping Stamp Duty Land Tax, and coming up with some sort of property tax based on ownership, and incorporating a contribution to local authority income to replace the rates.

The initial reaction to that suggestion is that it will not be popular, because it will end up with people that do not move house making a contribution to a tax revenue that would normally be funded by those who do move house. Retaining principle residence exemption for capital gains tax purposes is essential, but in the context of moving home, particularly moving up market, the Stamp Duty Land Tax will effectively give the Chancellor a proportion of any value increase in the property being sold which is why it is considered a fair way to deal with moving house as compared to punishing all homeowners which is how it would be considered.

Finally, a plea to the Chancellor to streamline SDLT considerably and remove all the twists and turns, reliefs, and other nightmares that the calculation requires, simplify it considerably, and use the rates and thresholds, as a means of levying the tax, without over complicating it.

My apologies for going on a bit, but there is a vital moment in our history approaching on the 31st March as the potential for damaging an industry to no purpose approaches, which could and should be avoided.

With kind regards

Yours sincerely

Martyn R Hudson
Chairman

Property and Probate Group
Bournemouth and District Law Society