

FINAL 06/08/20



PROPERTY WEALTH TAX PLAN “BONKERS”

The Social Market Foundation’s plan for a capital gains tax on property wealth is bonkers according to Family Building Society.

The suggestion is contained in ‘Paying for the Coronavirus, July 2020’ by Michael Johnson as a way of addressing intergenerational fairness and the ability to pay.

Mark Bogard, CEO of the Family Building Society said: “This is really important, complicated stuff; it needs to be thought through very carefully. You cannot throw real issues aside with sweeping generalisation. It does the debate a disservice. It takes no account of inflation or spending on improvements between purchase and sale. It seeks to ignore inflation, improvements and existing equity release loans. It’s bonkers.

“The proposal to scrap stamp duty, something we have campaigned for relentlessly, is welcome as the Osborne reforms only gummed up the housing market and did little to solve the housing crisis. The idea of making stamp duty a sales rather than a purchase tax does have some merit. But these proposals won’t work, nor address intergenerational fairness.

“While Mr. Sunak’s stamp duty holiday for buyers paying under £500,000 is to be welcomed, it is also likely to have the perverse effect of encouraging more buy to let landlords and those snapping up second and holiday homes, at the expense of genuine first time buyers”.

“Stamp Duty was meant to be an admin and processing tax, not the easy and lazy stealth tax that modern Chancellors have made it.”

Bogard said the property wealth tax proposal will only deter people from downsizing thus further gumming up the market. “People did not buy family homes as an investment but somewhere to live and raise families.

“It is not their fault that due to inflation and successive Governments failures to put forward sensible policies to solve the housing crisis that the value has increased. There are far better ways to tax wealth and address intergenerational fairness. Let’s get together and do some real thinking about this.”

For further information, contact:

Keith Barber, Director of Business Development, Family Building Society

Tel: 01372 845400 and 07415 120483

Allan Noel-Baker, City Road Communications Ltd
Tel: 0207 248 8010 and 07947 186693

About Family Building Society

The Family Building Society, launched in July 2014, is a trading name of National Counties Building Society.

1. National Counties Building Society is the UK's eleventh largest building society, with over 50,000 members and £2.2bn of assets. Operating from its head office in Epsom, Surrey, the Society employs approximately 150 people and offers a range of competitive savings and mortgage products throughout the UK.
2. National Counties Building Society is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority.
3. Eligible deposits with Family Building Society are protected up to a total of £85,000 by the Financial Services Compensation Scheme, the UK's deposit guarantee scheme.