

LONDONERS FACE ANNUAL £1BN MANSION TAX BILL

The Labour party and the Liberal Democrats have both put forward proposals for 'a mansion tax' which would see Londoners contributing £1bn to the public purse each year

The 'mansion tax' would fall almost entirely on London, affecting 85,500 homes, with two thirds of the total derived from just three boroughs. Camden, Kensington and Chelsea. By contrast, just 895 homes in Scotland would be affected and a mere 87 homes in Wales; this doesn't necessarily mean we are advocating a move to Wales, as that is outside our scope as tax advisors!

More than 100,000 homeowners would face an average bill of £15,000 a year, affecting homes worth £2m or more, based on current proposals. There are fears, however, that future Chancellors would be tempted to lower the starting point so homes worth £1.5m or even £1m might be dragged into the levy. Similarly, Chancellors may freeze rates, while house prices rise, creating a fiscal drag as more and more people are pulled into the net.

The Liberal Democrats have, of course, already pledged to introduce the levy should they win the next election and Labour are now on that bandwagon too. The 'mansion tax' is however, perhaps set to distort the housing market further, with homeowners in

London and the South East already paying a large proportion of all UK property taxes. We should also spare a thought to those asset rich folks, perhaps retired but living in their lifelong family home; perhaps some pensioners might be forced to sell-up due to this controversial levy.

