# Propertymark Autumn Budget and Spending Review October 2021

The Chancellor of the Exchequer's Autumn Spending Review and Budget provided clarity on measures affecting the property industry which have been announced over the last three-six months including the levy on developers re unsafe cladding. Other factors announced affecting property agents provide some good news, however, it leaves a lot to be desired.

## Stamp Duty Land Tax reform

There was no mention of the outdated Stamp Duty Land Tax system and the UK Government has missed the opportunity to reshape it to reflect rising house prices and remove some of the market distortions it causes.

## Reforming the court system

Another area not included in the review was the reform of the court system to deal with the volume of possession hearings – an estimated 62,000 just in England and Wales alone. Or any details for proper funding for landlords so that calls for energy-efficiency improvements on older private-rented stock are financially viable, and not just hot air.

## Wages and Universal Credit

The National Living Wage has been increased to £9.50 an hour from April 2022. The rise is good in principle but with inflation expected to top 4% by the end of the year, higher households bills from the ongoing energy crisis, a cost-of-living squeeze, and the cut to Universal Credit, it is unlikely to provide a significant boost to incomes.

The taper rate in Universal Credit (UC) is going to be reduced from 63 per cent to 55 per cent no later than 1 December 2021. Work allowances will be increased by £500.

## Debt funding

The £65m funding for those in rental debt provides some support but the devil is in the detail. Almost four million low-income households are in arrears with their household bills, yet this money will be targeted at those who are most at risk of homelessness, excluding a significant number of others from help.

New home funding including more affordable homes and building on brownfield land is welcome. However it remains the case that inadequate supply of social rented housing is putting too much pressure on the private rented sector, a problem expected to increase given that Local Government Association (LGA) predict that council waiting lists could increase to 2.1 million by next year.

# Local housing allowance rates

Local Housing Allowance rates will remain at 2020/21 cash levels effectively retaining the existing freeze brought in earlier this year. This will lead to growing shortfalls between how much help low-income private sector renters get with their housing costs and actual market rents.

# Capital gains tax

From today, 27 October 2021, the deadline for residents to report and pay CGT after selling UK residential property will increase from 30 days after the completion date to 60 days. For non-UK residents disposing of property in the UK, this deadline will also increase from 30 days to 60 days. When mixed-use property is disposed of by UK residents, legislation will also clarify that the 60-day payment window will only apply to the residential element of the property gain.

# Business rate reform

Reform of business rates will make the system fairer, more responsive, and more supportive of investment. The proposals set out will collectively reduce the burden of business rates in England by over £7 billion over the next five years.

# Business rate relief

To support local high streets, the UK Government is introducing a new temporary business rates relief in England for eligible retail, hospitality, and leisure properties for 2022-23. Over 90 per cent of eligible retail, hospitality, and leisure businesses will receive at least 50 per cent off their business rates bills in 2022-23.

# Corporation tax

At Spring Budget 2021 the UK Government announced a review of the Bank Corporation Tax Surcharge to establish an appropriate rate in light of the upcoming increase in the main rate of corporation tax from 19 per cent to 25 per cent. The Budget announced the completion of that review.

The UK Government is setting the rate of the surcharge at 3 per cent from April 2023. This new rate ensures that banks will continue to pay a higher rate of overall corporation tax than other companies (28 per cent versus 25 per cent) and a higher rate than they did previously (27 per cent). The annual allowance within the surcharge to £100 million will also be raised.