

19 February 2021

## Chancellor could be creative with Stamp Duty as receipts on course to hit £8.4bn

- Analysis of HMRC stats indicates Stamp Duty receipts could hit £8.4bn
- Oct-Jan receipts are at 82% of previous year's levels despite tax holiday
- Room for creativity in March Budget

Analysis of the latest tax statistics by Coventry Building Society indicates the Treasury is on course to receive between £8bn and £8.4bn in Stamp Duty this year,<sup>2</sup> despite a temporary 0% rate for up to £500,000 being in force since July. In the 2019-20 tax year, receipts totalled £11.6bn, suggesting there is likely to be a 28%-31% shortfall this tax year.<sup>3</sup>

However, the latest data from HMRC shows Stamp Duty receipts hit £6.7bn by the end of January,<sup>1</sup> taking the last four months' receipts up to more than 82% of normal levels.<sup>4</sup> This could indicate only small changes may be needed in the Budget to get tax revenue from Stamp Duty back on track.

**Jonathan Stinton, Head of Intermediary Relationships at Coventry Building Society, said:** "There's no doubt that the Stamp Duty holiday helped to stimulate the housing market. "But while there's a need to fill a large hole in the public finances, there's clearly room for some creativity – Rishi Sunak may not have to revert back to last year's rates to achieve more normal levels of receipts.

"Stamp duty is a real barrier to people moving home. Reducing the cost of moving stimulates growth as buyers make their new property their home, generating work for tradespeople and more VAT revenue for Rishi. It supports people changing location for work and makes the housing market more efficient by encouraging downsizing, freeing up larger family homes for the next generation.

"The sweet spot for buyers and the taxman could be a smaller reduction in the Stamp Duty threshold, rather than back to the previous level of £125,000. Or a lower rate of tax for homes costing less than £500,000 would replace lost revenue without unsettling the market.

"Tapering the existing Stamp Duty holiday from April is a sensible position to start with. But a short extension for sales that are yet to complete could create problems. What we don't want to see is people missing the deadline and a knock-on effect on house moving chains."

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## Notes for Editors

The latest HMRC tax receipts were published on 19 February and can be found here:  
<https://www.gov.uk/government/statistics/hmrc-tax-and-nics-receipts-for-the-uk>

### Calculations

#### 1. Totals for Stamp Duty receipts:

April 2019 – March 2020 = £11.601bn  
April 2020 – Jan 2021 = £6.697bn

#### 2. The range of predicted 2020-21 receipts are calculated as follows:

£8bn = applying the average monthly amount for the rest of the tax year to February and March. [Apr 2020-Jan 2021 = £0.6697bn per month average. So Feb-Mar 2021 would be £1.3394bn. £6.697bn + 1.3394bn = £8.0364bn]

£8.4bn = applying the average monthly amount for the previous four months to February and March. [Oct 2020-Jan 2021 = £0.834bn per month average. So Feb-Mar 2021 would be £1.668bn. £6.697bn + £1.668bn = £8.365bn]

#### 3. Shortfall calculation:

£8.0bn = 31% less than £11.6bn  
£8.4bn = 28% less than £11.6bn

#### 4. Receipts in Oct-Jan 19/20 vs receipts in Oct-Jan 20/21:

Total Stamp Duty Land Tax receipts for the period October 2019 to January 2020 =  
£4.076bn  
Total Stamp Duty Land Tax receipts for the period October 2020 to January 2021 =  
£3.336bn

£3.336bn is 82% of £4.076bn

## Coventry Building Society

Coventry Building Society is the UK's second largest building society and a top ten UK savings and mortgage provider, with total assets of £49.5 billion and over two million members.

Its savings rates are amongst the highest in the market – the average savings rate paid to its members in 2019 was 1.49% compared to a market average of 0.84%. The Society is proud to have been independently rated number one for savings by Fairer Finance since Autumn 2016.

Coventry Building Society is committed to making financial services simple and open for its members. Its website allows savers to compare the Coventry's savings accounts with similar products across the whole of the market.