FAIRER SHARE
The Proportional Property Tax

Replacing Council Tax and Stamp Duty with
a fairer, simpler and pro-growth property tax

## Two taxes no government would design today

Britain is trying to fund today's public services, meet today's housing needs and deliver tomorrow's growth through a property tax system designed for a different age.

Council Tax is still based on property values from 1991. Stamp Duty still penalises people when they move home. One places a disproportionate burden on many households in modest homes. The other discourages families from upsizing, older homeowners from downsizing and workers from relocating for better jobs.

The result is a system that fails households, councils and the wider economy. Families face rising bills. Renters are charged a property tax on assets they do not own. Councils are left trying to fund modern service pressures through an outdated and increasingly strained tax base. The housing market is less mobile than it should be, with homes not always occupied by the people who need them most.

This is not simply a technical flaw in the tax system. It is a visible unfairness that weakens trust in politics. Millions of people can see that the current system is outdated, arbitrary and hard to defend. Fairer Share believes the Budget should begin the process of serious, evidence-led reform.

**We are calling on HM Treasury to commission a full independent review of Council Tax and residential Stamp Duty, including whether both should be replaced with a fairer, simpler and more pro-growth property tax based on current values.**

Done properly, reform could cut bills for millions of households, remove barriers to moving home, support first-time buyers, strengthen local government finance and show that government can still fix problems that have been placed in the "too difficult" box for too long.

## The current system has created four connected problems

- **Worsened the cost-of-living crisis:** Over the past six years, Council Tax in England has risen by almost a third, with the average Band D bill increasing from £1,818 in 2020/21 to £2,392 in 2026/27[1]. This represents a cumulative increase of £574 per household, highlighting the growing burden on families as councils have relied on successive annual rises to fund vital local services.

[1] Council Tax statistics - GOV.UK

- **Council Tax remains fundamentally regressive:** In Makerfield, a standard Band D property faces a council tax bill of £2,152 this year[2]. This is more than double the levy on residents in a Band D property in Westminster, who pay just £1,048. Households living in £280,000 homes in Makerfield pay more Council Tax than owners of £10 million properties in Westminster.
- **Pushed households into debt:** Council Tax arrears have hit a record £9bn[3]. The number of households behind on payments has jumped from 3.2 million to 4.4 million in just a year[4], with more than 1.5 million people taken to court as rising costs drive families into hardship[5]. This is the human cost of relying on an outdated tax base to fund essential local services.
- **Weakened housing mobility and opportunity:** Stamp Duty punishes people for moving, while the current Council Tax system does too little to encourage better use of existing housing stock. The result is a market that works less well for first-time buyers, growing families, renters and older homeowners who might otherwise downsize[6].

## Recommendation 1

**Fairer Share calls on HM Treasury to commission a full, independent review of Council Tax and residential Stamp Duty.**

The review should test the fiscal, distributional, local government and practical implications of reform, supported by HMT and OBR modelling using VOA, Land Registry and HMRC data. Its objective should be to identify a credible route to replacing two dysfunctional taxes with a system that is fairer for households, better for growth and more sustainable for local government.

The review should not stop people buying homes. The Government can protect confidence by making clear from the outset that reform would be phased, existing homeowners would be protected through caps and deferrals, and people buying during the review would not be penalised. The purpose is to remove barriers to moving home, not create new ones.

## Recommendation 2

**Fairer Share recommends that the review examine replacing both Council Tax and Stamp Duty with a Proportional Property Tax (PPT) based on current property values.**

Council Tax remains based on 1991 property valuations and places a burden on many households in lower-value homes, disproportionately affecting the North, Midlands and coastal communities.

Scrapping Stamp Duty would help ordinary families' ambitions to get on, improving housing mobility, supporting labour-market flexibility and making better use of the existing housing stock[7].

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2 'To win support in places like Makerfield we need to abolish Council Tax' - LabourList

3 Council tax debt rises to £9bn but here's how you can get help - BBC News

4 Cost of living crisis pushes 1.2 million more people into council tax arrears - Debt Justice

5 At least 1.5 million people taken to court over unpaid council tax | The Independent

6 https://www.thetimes.co.uk/article/property-tax-would-bridge-the-wealth-gap-between-ages-wvvsn2ltw

7 https://ukonward.com/reports/reformingstampduty/

Fairer Share proposes a £1,200 annual cap on any increase in local tax, alongside deferral until sale for asset-rich but cash-poor households. This would ensure reform is fair, phased and does not force anyone out of their home. The cap would be removed when the property is sold. The buyer would then pay the prevailing PPT rate — currently modelled at 0.48% — because they would have benefited from the abolition of Stamp Duty at the point of purchase.

Weekend retreats, empty homes and underused properties should make a fairer contribution. Fairer Share proposes a higher surcharge rate of 0.96%, particularly in communities where local people are being priced out[8].

Fairer Share has undertaken detailed modelling and research on household impacts, regional effects[9], effective property valuations[10], local government finance[11] and transitional protections to mitigate losses. Forthcoming research will quantify the economic boost this would deliver to high streets, nightlife and local economies nationwide, with constituency-level analysis.

High Value Council Tax Surcharge (HVCTS)[12] incorporates several key principles - progressive property taxation, owner rather than tenant liability, deferral arrangements for the asset-rich but cash-poor. It serves as an important proof of concept. By revaluing the top 2% of properties, the Government is demonstrating that modern valuations are both achievable and practical, paving the way for broader tax reform.

## The Benefits of a Proportional Property Tax

- **Directly tackles cost-of-living pressures:** Delivers an average £556 annual tax cut for 18 million households, including low- and middle-income homes (77% of households), providing immediate and lasting relief from rising household bills[13].
- **Boosts the economy:** A PPT removes two major distortions in the current tax system. Research from IPPR[14] found that Stamp Duty "gums up" the housing market by discouraging transactions and reducing the efficient use of existing housing stock, while Council Tax does too little to encourage better use of underoccupied property. Abolishing Stamp Duty facilitates property sales, supports mobility and increases activity across the wider housing market, including estate agents, surveyors, solicitors and related services. IPPR estimated that removing Stamp Duty increases annual residential property transactions in England by 34% (c. 342,000 transactions), generating an estimated GDP benefit of £3.27 billion per year.
- **Demonstrates fiscal responsibility:** Unlike many growth policies that rely on uncertain behavioural responses, PPT would provide a stable, predictable and difficult-to-avoid revenue stream. It can be calibrated to be revenue neutral or revenue raising, giving ministers

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[8] https://fairershare.org.uk/wp-content/uploads/2022/01/fairer-share-foreign-homeownership.pdf

[9] https://fairershare.org.uk/wp-content/uploads/2021/10/Fairer-Share_Manifesto.pdf

[10] https://fairershare.org.uk/wp-content/uploads/2022/02/Report_Levelling-Up_v4.pdf

[11] https://fairershare.org.uk/wp-content/uploads/2021/12/Moving-to-PPT-.pdf

[12] High Value Council Tax Surcharge - GOV.UK

[13] https://fairershare.org.uk/wp-content/uploads/2021/09/WPI-Economics-Taxing-Time_-A-Fairer-Deal-for-Future-Generations.pdf

[14] Pulling down the ladder: The case for a proportional property tax | IPPR

choices between reducing household bills, strengthening public finances and supporting local government. Each 0.01% increase raises around £0.5 billion annually.

- **Supports young people and their aspiration:** Scrapping Stamp Duty will help young families move up the property ladder. 90.2% of people aged 25-34 would be better off under a PPT[15].
- **Increases housing availability:** PPT releases nearly 600,000 homes on to the market. It recognises that solving the housing crisis means moving beyond planning reform - we need to fix the tax incentives that currently discourage better use of land and housing[16].
- **Provides a better deal for renters:** Hard-working tenants face increased rent year on year whilst saving for a deposit. Under a PPT, liability would shift from tenants to property owners, removing Council Tax bills for 8.7 million renters and easing pressure on household finances.
- **Reduces Council Tax debt:** The obligation to pay the PPT passes to the property owner and the deferral option until sale means no one will be forced into debt due to Council Tax bills[17].
- **Reforms local government finance:** A PPT would provide councils with a fairer, more stable funding base, supporting long-term planning, essential services such as adult social care, and a closer link between tax liabilities, property values and ability to pay[18] [19] [20].
- **Reduces administrative costs:** PPT is paid by property owners, not tenants, saving £400 million per year[21].

## Valuation & Implementation

A Proportional Property Tax is administratively deliverable using well-established valuation methods already used in other advanced property tax systems. A report from the International Property Tax Institute (IPTI) for Fairer Share found that similar local property taxes operate successfully in jurisdictions including the Netherlands, British Columbia, New York City, parts of Australia, Ontario and New Zealand, many of which use capital values and regular revaluations[22]. Residential property was described by those jurisdictions as the most straightforward property class to value accurately, with systems typically using computer-assisted mass appraisal and automated valuation model technology overseen by professional valuers.

The valuation process would be based on open-market sales evidence, combined with property attribute data such as age, type and size. IPTI notes that UK valuation agencies already hold the two main categories of data required — property attribute data and transaction data — although a significant data-enhancement exercise would be needed to ensure records are up to date, comprehensive and suitable for a modern CAMA/AVM system. For hard-to-value properties, automated estimates would be

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[15] WPI Economics - PPT and intergenerational fairness - Fairer Share FINAL

[16] Who wins gains? How capturing land value can revolutionise our infrastructure - CapX

[17] Council tax shake-up to protect the most vulnerable households - GOV.UK

[18] Council financial crisis 'out of control', MPs warn - BBC News

[19] Moving-to-PPT-.pdf

[20] 4 in 5 Brits say social care deserves equal priority to NHS

[21] fairershare.org.uk/wp-content/uploads/2021/10/Fairer-Share_Manifesto.pdf

[22] Available upon request.

supplemented by individual professional valuations, while taxpayers would have access to challenge and appeal processes through existing valuation agencies and independent appellate bodies.

Valuation thresholds would also make reform easier to implement. Tim Leunig's paper for Onward[23] proposed using a minimum annual payment and a local valuation cap to reduce the number of homes requiring precise valuation. Under Onward's model, homes below a lower threshold would not require detailed valuation because the minimum payment of £800 would apply, while homes above the local cap would only need to be valued up to that cap for local tax purposes. This would focus valuation work on the middle of the housing market, where automated valuation methods are most reliable, reducing administrative complexity and speeding implementation.

## Public Support

Recent polling commissioned by Fairer Share shows substantial public appetite for reform[24] [25] [26]. Nearly two-thirds of Britons — 63% — say the current Council Tax system is unfair, while 52% are worried about their household's ability to afford Council Tax over the next year.

The same polling found that Fairer Share's proposal to replace Council Tax and residential Stamp Duty with an annual property tax based on current values attracts 47% support versus just 13% opposition, with support broadly consistent across regions including London. Opposition is driven primarily by concerns about implementation, affordability, valuations and transition — not attachment to the current system. Only 14% of opponents say they prefer existing Council Tax.

## Political Support

Property tax reform now commands support across the political spectrum — from former Prime Minister Gordon Brown[27] to Conservative Party Chairman Kevin Hollinrake MP, who has specifically endorsed Fairer Share's proposal[28], as well as two former leaders of the Liberal Democrats[29].

In September 2025, sixteen Labour MPs urged reform of Council Tax, including Jonathan Brash, Jo White, Phil Brickell, Luke Myer, Grahame Morris, Jonathan Hinder, Matt Bishop, Connor Naismith, Jon Trickett, Chris Webb, Abtisam Mohamed, Andy McDonald, Dan Carden, David Smith, Rachael Maskell and Paula Barker[30]. More have endorsed it since, including the 40-strong Red Wall group of MPs in July[31].

As recommended in the 2021 HCLG Committee report on Local Government Funding, a PPT would see Council Tax, Stamp Duty, and the Bedroom Tax abolished[32].

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[23] Onward-A-Fairer-Property-Tax.pdf

[24] https://fairershare.org.uk/wp-content/uploads/2026/08/FairerShare_CouncilTax_Aug26_V4-1.pdf

[25] Andy Burnham faces pressure on council tax as two thirds of Brits brand system unfair - The Mirror

[26] https://www.jlpartners.co.uk/s/Crosstabs_Fairer_Share.xlsx

[27] Gordon Brown: 'I'd tell Trump …–The Rest Is Money – Apple Podcasts (31:40 onwards)

[28] Kevin Hollinrake: Replacing council tax and stamp duty should be part of the roadmap for a fairer Britain | Conservative Home

[29] https://fairershare.org.uk/supporters/

[30] Labour MPs call on the Chancellor to fix Britain's broken property tax system - Fairer Share Campaign

[31] Council tax and stamp duty reform more likely as Burnham wins Red Wall backing

[32] Council finances unsustainable without reform, say MPs - Committees - UK Parliament

## Expert Support

Support for reform also extends across think tanks and economists, including the IFS[33], IPPR[34], Resolution Foundation[35], Bright Blue[36], Onward, Think Labour[37], New Economics Foundation[38], Centre for London[39], Centre for British Progress[40], Martin Wolf[41], David Smith[42], Paul Johnson[43], Tim Leunig[44] and The Economist[45].

This breadth of support matters, aligning with the Prime Minister's ambition for a more collaborative, common-ground politics focused on problem-solving. Rather than a narrow technical or factional argument, a Proportional Property Tax is a mainstream response to two taxes no government would design from scratch today.

## Conclusion

Council Tax and Stamp Duty are two of Britain's most dysfunctional taxes. One penalises many households because it relies on outdated property values. The other penalises people's aspirations when moving home. The Prime Minister has highlighted both taxes' flaws[46] [47].

A Proportional Property Tax, by contrast, would accelerate the government's drive to boost living standards, growth, fairness, stability for local government and faith in politics itself.

The Budget is an opportunity to begin serious, evidence-led reform. Fairer Share urges HM Treasury to commission a full independent review of Council Tax and Stamp Duty, and to assess how both can be replaced with a fairer, simpler and more pro-growth system based on current property values.

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[33] https://ifs.org.uk/sites/default/files/output_url_files/Summary-Revaluation-and-reform-bringing-council-tax-in-England-into-the-21st-century.pdf

[34] https://fairershare.org.uk/wp-content/uploads/2021/09/Pulling_down_the_ladder_Sept21.pdf

[35] https://www.resolutionfoundation.org/publications/home-affairs-options-for-reforming-property-taxation/

[36] http://www.brightblue.org.uk/wp-content/uploads/2021/05/BB_Property-Taxes-Report-May-2021_prf06b.pdf

[37] Fixing the shop front of the state • ThinkLabour

[38] Reforming property tax | New Economics Foundation

[39] https://centreforlondon.org/news/abolish-stamp-duty-council-tax-replace-proportional-property-tax/

[40] Duty free homes: reforming property tax for growth and revenue

[41] Now is the time to reform the UK's dysfunctional tax system

[42] https://www.thetimes.com/business/economics/article/its-time-to-ditch-stamp-duty-and-council-tax-for-one-property-tax-q78dzxfwd

[43] https://www.thetimes.com/business/economics/article/we-need-to-move-on-from-the-dreadful-stamp-duty-system-plmh60kmc

[44] Property taxes - Tim Leunig's Policy Substack

[45] Britain's council tax is arbitrary, regressive and needs fixing

[46] Burnham says 'big decisions' ahead on council tax | ITV News

[47] Land value tax – not old or New but true Labour | Andy Burnham | The Guardian