REEVES MAULED ON MANSION TAX

Ex-Bank chief and Kirstie blast 'fantasy' plan to target owners of homes worth over £2million

By **Harriet Line, Hugo Duncan, David Wilcock** and **Anne Ashworth**


Incoherent strategy: Mervyn King


Pure fantasy: Kirstie Allsopp

TV property guru Kirstie Allsopp has criticised Rachel Reeves' plan to hammer homeowners with a new mansion tax – accusing her of crippling the housing market.

The Location, Location, Location presenter joined other experts and economists yesterday to urge Labour to rule out the proposal to slap a punitive levy on high-value homes in next month's Budget.

Under the plan, revealed by The Mail on Sunday, the owners of properties worth £2million and above would face a charge of 1 per cent of the amount by which the property exceeds that value.

Those with a home worth £3million would face a bill of £10,000 every year.

The mansion tax would require complicated and bureaucratic property revaluations as the current council tax bands are based on the value of properties in 1991.

Ms Allsopp told the Daily Mail: 'At the moment, there is no efficient way of valuing anything because the market is in such a fragile state so this is fantasy.

'Someone needs to tell Rachel Reeves to stop talking about homes – they are not little piggy banks for the Government.'

Ms Allsopp accused Labour of having 'wrecked' the housing market and said that a healthy economy has a 'mobile housing market', urging the Chancellor: 'Don't do it.'

Mervyn King, the former governor of the Bank of England, told Sky News: '[It] is not a coherent tax strategy and you could do a great deal by thinking it through first.

'Property taxes are an interaction between stamp duty, council tax, capital gains tax [and] inheritance tax. You don't solve that problem by just adding another wealth tax to it.'

Property experts have criticised the policy as a 'blunt and crude instrument'

'Homes aren't piggy banks for goverment'

which will distort the housing market and disproportionately affect older householders.

The Tories have also slammed it as class-based and counter-productive.

Jeremy Leaf, a north London estate agent and a former Royal Institution of Chartered Surveyors residential chairman, said a mansion tax could be 'self-defeating'.

While Mark Harris, the chief executive of mortgage broker SPF Private Clients, said: 'A mansion tax will slow down an already sluggish housing market. The Government should be trying to stimulate the economy, not suffocate it.'

Julian Jessop, from the Institute of Economic Affairs, warned that the tax could increase uncertainty and be complex to administer.

He said: 'Many asset-rich but income-poor households might not be able to afford a large annual charge. This could be deferred until the house is sold, but that could discourage house sales and downsizing, in particular.'

Trevor Abrahamson, from estate agency Glentree in London, said: 'If this tax is implemented in a punitive way, driven by the politics of envy, it will do a lot of damage, pushing more wealthy people out of this country.'

Amy Reynolds, from estate agency Antony Roberts in south-west London, said: 'In areas such as East Sheen and Richmond, £2million doesn't necessarily buy a mansion – it buys an ordinary family home.

'A so-called "mansion tax" would unfairly penalise people who are property-rich but cash-poor. Many long-term owners have simply benefited from rising property values over decades, not from high incomes.

'An annual charge based on property value rather than income would hit retired homeowners and families already stretched by high living costs and could even force some to sell their homes just to pay the bill.

'It feels like a blunt instrument that risks destabilising the local market rather than generating fair revenue.'

The plan for a mansion tax is the latest in a string of soak-the-rich measures being touted ahead of the Budget.

Preparations for the Budget are being led by Treasury minister Torsten Bell, who worked as Ed Miliband's director of policy when, as party leader, he included the mansion tax in Labour's 2015 general election manifesto.

Amid speculation over what would be included in Ms Reeves' speech, Health Secretary Wes Streeting yesterday admitted that the public finances were in a 'challenging state'.

He acknowledged that there were issues with the economy and said households were also feeling the squeeze. Mr Streeting insisted there were 'green shoots' of economic recovery but added: 'We're not out of the woods yet'.

And he would not be drawn on 'wild speculation about the Budget', telling GB News: 'We're going to wait for the Chancellor to set out her Budget. People can see the public finances are in a challenging state.

'So is the economy, but also so are family finances, so are business finances, we recognise that, we've got to get our economy growing again.'

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THE pre-Christmas slowdown in the housing market has arrived early as mounting Budget fears put off would-be buyers.

A report, compiled by property website Zoopla, reveals home sales have fallen for the first time in two years as Britons 'adopt a wait-and-see approach'.

The firm blamed the slump on 'uncertainty and speculation' around stamp duty and council tax – thought to be targets of Chancellor Rachel Reeves in her Budget next month.

COMMENTARY
By **Ruth Sunderland**

Has any bright spark in Labour even thought about how they'll value our homes?

SEEN from Labour's backbenches, a mansion tax must seem an easy way of soaking the rich while sparing the ordinary working people of whom they claim to be so enamoured.

No wonder the snatch-and-grab brigade are salivating. But the property market is too complicated for such a crude measure to stand a chance of working.

It would, in reality, have myriad damaging effects. How, for starters, would Labour set about valuing properties? Has any of the bright sparks in the Treasury thought of that? Where would they find the army of surveyors required, and how much would that cost?

How would they deal with the inevitable appeals against over-valuation? Would they take into account whether or not a house was mortgaged or owned outright? And what about elderly widows, say, who are asset-rich but cash-poor and simply cannot pay? Sending grannies to jail is not a good look.

Taxes change the behaviour of both buyers and sellers – and the housing market is extremely sensitive. A levy on properties worth more than £2million would put an effective ceiling on valuations. Who wants to pay £2.1million if that means a hefty tax bill for the privilege? It is a grotesque interference in what should be a free market.

Cack-handed attempts to hit homeowners help no one. They create distortions and make genuine problems even worse. Lord Mervyn King hit the nail on the head when he pointed out yesterday that property is already subject to a cats-cradle of taxes.

Homebuyers and sellers must navigate stamp duty, council tax, capital gains tax and inheritance tax. The last thing we need is yet another levy.

As one of the most distinguished former Governors of the Bank of England, Lord King knows what he is talking about. Which is more than can be said about the Chancellor, who has made rather exaggerated boasts about her own, less-impressive time at the Bank.

TAKEN along with other measures, including extending the grasp of inheritance tax and VAT on private school fees, a tax on higher-value properties looks vindictive and anti-aspiration. It will be a blow for the property market, further depressing it at a time when confidence is already fragile thanks to Labour's mis-handling of the economy.

Yes, the Chancellor does need to find some way to fill the black hole in the public finances. But she should tackle bloated welfare spending, curb public-sector waste and introduce measures to get more than nine million economically inactive people back to work.

A mansion tax is not only nasty and vengeful – it will be self-defeating.

Stephen Glover PAGE 16


Hammering homeowners: Chancellor Rachel Reeves

...as minister who came up with idea spends £900 of YOUR cash on a desk

By **Martin Beckford**
Policy Editor

A MINISTER brought in to help write the cash-saving Budget spent £900 of public money on a desk, it can be revealed.

Documents obtained by the Daily Mail show Torsten Bell also charged taxpayers £600 for three chairs for his office and claimed more than £200 on his Parliamentary expenses for professional help to assemble the furniture.

Last night critics condemned the spending by Mr Bell. William Yarwood, of the TaxPayers' Alliance, said: 'If Torsten Bell can't manage expenses responsibly, how can taxpayers trust him to manage the nation's finances?'

Mr Bell, 43, led the Resolution Foundation think-tank, championing increasing inheritance tax on family farms, before he was parachuted into the Swansea West seat. In August it emerged Chancellor Rachel Reeves had appointed him to help her fill a £30billion Budget black hole.

Figures published by the Independent Parliamentary Standards Authority (Ipsa) watchdog show Mr Bell has spent £2,718 of taxpayers' cash on office equipment since the election. Receipts obtained by this newspaper under the Freedom of Information Act reveal his spree included an £877 oak desk from Domli, which boasts an electronic adjustment system.

But days later in February, Mr Bell appeared to have sent it back as he was refunded. The following month he put in a £1,056 Ikea receipt including three desks at £150 each. Mr Bell included the £112 charge for 'assembly' in his expenses claim.

He also claimed £596 for three 'ergonomic office chairs'. In April he claimed £113 for 'furniture assembly'. The receipt said it was to construct 'three desk chairs' and 'one seat'. A spokesman for Mr Bell said: 'Torsten significantly underspent the allowance given to new Members of Parliament to cover setting up an office.'

Luxury: Domli desk featuring electronic adjustment controls


Spend: Torsten Bell

Worker rights bill and living wage rise 'will lead to a jobs bloodbath'

By **Harriet Line**
Deputy Political Editor

LABOUR was last night warned its workers' rights revolution will cause a 'jobs bloodbath' – as one of the party's favourite think-tanks hit out at 'day one' protections.

The Left-leaning Resolution Foundation said plans to protect new workers from unfair dismissal from day one could inhibit hiring, would offer 'little obvious gain' and should be ditched.

The current system, which includes rights such as statutory bereavement and maternity leave, only kicks in when an employee has been in a job for two years.

'The young will be the victims'

In its Employment Rights Bill, Labour has also proposed introducing nine-month legal 'probation' periods to address concerns, but the think-tank said this was a 'messy compromise'.

And in another blow to employers, the Chancellor is expected to confirm a rise in the national living wage of about 4 per cent at next month's Budget, bringing it to at least £12.70 an hour.

Rachel Reeves will also recommit to extending the living wage to workers aged 18 to 21, having previously branded the age group's rates 'discriminatory'.

The Tories last night said the Employment Rights Bill – which is set to be debated in the Lords tomorrow – would lead to a jobs 'bloodbath' affecting young adults the most.

Shadow business secretary Andrew Griffith told the Daily Mail: 'It will lead to a jobs bloodbath, with young people... the biggest victims. In the face of rising unemployment, ministers need to listen to the voice of business and kill this Bill now.'

The legislation is aimed at improving conditions for employees and empowering trade unions, but ministers have admitted the package of measures – which was championed by former deputy prime minister Angela Rayner – could cost businesses as much as £5billion a year.

In a paper released yesterday, the Resolution Foundation urged the Government to 'change tack' on unfair dismissal. The group – which was once led by Treasury minister Torsten Bell – is now headed by Ruth Curtice. She said: 'Introducing a new legal probation period... is a messy compromise that risks making it harder for firms to hire, confusing workers and serving to only benefit employment lawyers.'

A Government spokesman said: 'Our reforms to the labour market and employment rights are crucial for our plans to drive economic growth.'