

There is a time for coherent tax policy. Sometime soon ...

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As the [Guardian has reported this morning](#):

A Labour government would bring closer the “dream of home ownership” for young people by abolishing stamp duty for all first-time buyers purchasing homes worth up to £300,000, Ed Miliband will announce.

In one of the boldest policy announcements of the election campaign, designed to steal David Cameron’s thunder as the champion of a property-owning democracy, the Labour leader will pledge that 90% of first-time buyers would save up to £5,000.

Let me candid: I am a big enthusiast for the capability of tax to shape the society we live in. I think that is one of its fundamental roles. Those who simply talk about tax as a revenue raising mechanism totally miss its significance for this purpose.

But, and this is a big but, tax cannot achieve everything that is asked of it. That is impossible without undue complexity. And there are occasions when introducing a tax law creates an open ended commitment when better mechanisms might be available.

This is one such occasion, I think. This law will be complex. Defining a first time buyer is going to be hard. And once created closing this allowance will be as difficult. A direct grant of up to £5,000 to first time buyers would have been so much better., If time limited then the political gain from renewing it would have been available. I fear this is the wrong tax subsidy.

It has also to be said that all stamp duty subsidies do flow straight through into higher house prices. This one will, like all the others. So, as a problem solving mechanism stamp duty rebates are no solution.

The solution in this case is tackling house supply shortage, for which we need house building, more social housing and green quantitative easing to fund it (or which more later today, I hope).

And what all this says is that we do need an Office for Tax Responsibility to provide

better advice on tax policy after 7 May.

And a Tax Dodging Bill to close all unnecessary tax loopholes and reliefs.

Helping homeowners is fine, but tax may not always be the answer. It's time to work out when it is.