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Property taxes in the UK and the regions

Property taxes impose a substantial burden on taxpayers across the country, despite frequent claims that property in the United Kingdom is undertaxed.

This paper presents data showing **how property taxes vary across regions** compared to estimates of regional GDP, how their **composition between Council Tax, business rates and stamp duty** falls, and how UK property taxes compare among other OECD countries.

Drawing on and complementing a wide range of official sources, we have found the following:

- The **UK had the heaviest property taxes in the OECD** in 2014 at 4.1 per cent of GDP (on their measure which includes stamp duty on shares and inheritance tax), **followed by France** (3.9 per cent), **Belgium** (3.5 per cent) and **Canada** (3.1 per cent)
- Property taxes in 2014-15 imposed **a substantial burden on all regions** of the UK, averaging **3.6 per cent of the national economy** and ranging from 3 per cent to 4 per cent
- The regions with the highest property tax burden in 2014-15 are **the South West, the East of England and Scotland**, each with 4.0 per cent. The lowest burden is imposed on Northern Ireland, at 3.0 per cent
- The **property tax burden rose by £1.8 billion** in 2014-15, up 2.8 per cent from £65 billion in 2013-14 to £66.8 billion. Most of this was because **stamp duty on property rose by £1.5 billion**. The rest was from business rates while **Council Tax receipts fell by £0.1 billion**
- The **fastest increase was in Scotland**, where the burden **increased by 4.6 per cent** from £5.3 billion to £5.5 billion, a £246 million rise. In **Northern Ireland** the burden **fell by 0.8 per cent** from £1.193 billion to £1.184 billion

See tables on pages 4-6 of this note for full details.



To discuss the research, please contact:

Alex Wild

Research Director, TaxPayers' Alliance

alex.wild@taxpayersalliance.com

0777 620 5823

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Sources and methodology

1. UK total numbers for both taxes and GDP estimates are taken from the Office for Budget Responsibility's Fiscal Sustainability Reports in March 2016 for 2014-15 outturns and March 2015 for 2013-14 outturns. The 2015 report outturn data for 2013-14 was chosen to ensure comparability by having equal lags between events and published data.
2. Data for Council Tax and business rates in English regions from DCLG, and in Scotland, Wales and Northern Ireland from the Scottish Government, the Welsh Government and the Northern Ireland Executive's Department of Finance and Personnel was collected and used to estimate the allocation of the OBR's UK estimates.
3. HMRC regional data on Stamp Duty Land Tax receipts was used to allocate the OBR's UK estimates for stamp duty among regions.
4. Estimates for GDP in England, Scotland, Wales and Northern Ireland were created by using ONS estimates of Gross Value Added (GVA) and allocating the difference between ONS estimates of UK GDP and UK GVA according to distribution of HMRC tax receipts which comprise that difference (VAT, and duties on fuel, alcohol, tobacco, air passengers, gambling and customs, and insurance premium tax, landfill tax and the aggregates and climate change levies).
5. Estimates for regional GDP within England were created by allocating the estimate of GDP in England described above between the regions based on the relative regional GVAs estimated by the ONS.
6. Property tax data in OECD countries is published by the OECD on OECD.Stat.



Table 1: Composition of property taxes in the UK, by region

	Business rates			Council tax			Stamp duty on property			Total property taxes		
	2014-15 (£m)	2013-14 (£m)	Change (%)	2014-15 (£m)	2013-14 (£m)	Change (%)	2014-15 (£m)	2013-14 (£m)	Change (%)	2014-15 (£m)	2013-14 (£m)	Change (%)
Scotland	2,737	2,540	7.8	2,328	2,372	-1.9	487	395	23.2	5,545	5,299	4.6
East of England	2,281	2,263	0.8	2,912	2,925	-0.5	994	785	26.6	6,203	5,981	3.7
South East	3,579	3,556	0.6	4,592	4,598	-0.1	2,090	1,758	18.8	10,283	9,931	3.6
East Midlands	1,481	1,461	1.3	1,953	1,948	0.3	391	304	28.5	3,837	3,716	3.3
Wales	953	949	0.4	1,257	1,230	2.2	172	147	17.4	2,391	2,327	2.8
South West	1,908	1,895	0.7	2,695	2,699	-0.1	827	704	17.4	5,450	5,307	2.7
England	23,826	23,621	0.9	23,667	23,732	-0.3	10,190	8,817	15.6	57,680	56,180	2.7
West Midlands	2,016	1,996	1.0	2,204	2,203	0.0	482	400	20.4	4,709	4,599	2.4
London	7,064	7,000	0.9	3,429	3,459	-0.9	4,342	3,968	9.4	14,735	14,406	2.3
North West	2,670	2,657	0.5	2,833	2,849	-0.6	553	436	26.9	6,063	5,938	2.1
North East	888	872	1.8	1,007	1,007	0.0	142	127	12.1	2,041	2,005	1.8
Yorkshire and the Humber	1,938	1,921	0.9	2,045	2,045	0.0	370	334	10.7	4,359	4,297	1.4
Northern Ireland	585	590	-0.9	548	565	-3.0	51	41	25.1	1,184	1,193	-0.8
UK	28,100	27,700	1.4	27,800	27,900	-0.4	10,900	9,400	16.0	66,800	65,000	2.8



Table 2: Property taxes in the UK as a share of GDP, by region

	GDP estimate		Total property taxes		Property taxes as a share of GDP	
	2014-15 (£m)	2013-14 (£m)	2014-15 (£m)	2013-14 (£m)	2014-15 (%)	2013-14 (%)
South West	136,985	132,047	5,533	5,300	4.0	4.0
East of England	157,046	149,537	6,297	5,973	4.0	4.0
Scotland	141,412	135,753	5,629	5,292	4.0	3.9
Wales	62,880	61,496	2,428	2,324	3.9	3.8
South East	271,206	262,113	10,440	9,917	3.8	3.8
North East	53,972	52,410	2,072	2,002	3.8	3.8
England	1,558,970	1,494,967	58,546	56,104	3.8	3.8
West Midlands	129,840	126,376	4,780	4,593	3.7	3.6
Yorkshire and The Humber	120,462	116,958	4,425	4,292	3.7	3.7
North West	169,569	164,837	6,156	5,930	3.6	3.6
London	412,199	386,865	14,959	14,387	3.6	3.7
East Midlands	107,689	103,827	3,896	3,711	3.6	3.6
Northern Ireland	40,404	39,559	1,202	1,192	3.0	3.0
UK	1,831,900	1,756,200	66,800	65,000	3.6	3.7

Table 3: Property taxes in the OECD

Property tax in OECD nations, share of GDP (%)		
Country	Total property taxes, 2014	Recurrent taxes on immovable property*, 2014
United Kingdom	4.1	3.1
France	3.9	2.6
Belgium	3.5	1.3
Canada	3.1	2.7
Luxembourg	3.0	0.1
USA	2.8	2.6
Israel	2.7	2.1
Korea	2.7	0.8
Japan	2.7	2.0
Italy	2.6	1.2
Iceland	2.5	1.6
Spain	2.3	1.1
Ireland	2.3	1.0
New Zealand	1.9	1.9
Greece	1.9	--
Denmark	1.9	1.4
Switzerland	1.8	0.2
Turkey	1.4	0.3
Finland	1.3	0.7
Hungary	1.3	0.6
Portugal	1.3	0.8
Norway	1.1	0.4
Sweden	1.1	0.8
Germany	0.9	0.3
Chile	0.9	0.6
Slovenia	0.6	0.5
Austria	0.6	0.2
Czech Republic	0.5	0.2
Slovakia	0.4	0.4
Estonia	0.3	0.3

*Taxes levied on land and buildings