

# Call for views on new residential developer tax



- consultation launched on design of new residential property developer tax
- tax was first announced in February as part of £5 billion cladding remediation package
- proposed design would mean tax only applies to residential developers' profits over £25 million

[Ministers announced the new tax in February](#) as part of a £5 billion package of remediation of unsafe cladding on high-rise residential buildings, alongside wider support.

The government believes it is right that residential property developers, who will benefit from the restoration of confidence to the housing market, should help fund the significant costs associated with the removal of unsafe cladding.

## **Housing Secretary Rt Hon Robert Jenrick MP said:**

We're making the biggest improvements to building safety standards in a generation, investing over £5 billion helping to protect leaseholders from the cost of replacing unsafe cladding on their homes and ensuring industry is held to account for the wrongs of the past.

This tax will strike the right balance between developers making a contribution and ensuring fairness for the taxpayer.

## **Financial Secretary to the Treasury Jesse Norman said:**

Ending the use of unsafe cladding is a priority for the government, as it builds back better from the pandemic. Given the significant costs associated with the removal of unsafe cladding, it is right to seek a fair contribution from the largest developers in the residential property development sector to help fund it.

The government wants to ensure this tax is proportionate and works as intended, which is why it is launching this consultation today.

The government is today calling for views on proposed design features of the tax including proposals that:

- it would apply to a measure of developers' profit from UK residential development
- it would only apply to in-scope profits over £25 million
- it would apply to conversion of existing buildings as well as new construction

Ministers intend to set out the rate of the tax at a future fiscal event. The time-limited tax is due to apply from 2022 and is intended to raise at least £2 billion over a decade.

The new tax will be UK-wide, reflecting the benefit that housing developers will derive from restoring confidence to the housing market across the UK.

February's announcement included the government pledging to fully fund the cost of replacing unsafe cladding for all leaseholders in residential buildings 18 metres and over in England.

To help pay for these interventions the government is introducing the residential property developer tax and a new Gateway 2 levy, which will be applied when developers seek permission to develop certain high-rise buildings in England.

#### **Further information:**

- on 10 February 2021, the government set out a five-point plan to bring an end to unsafe cladding, including: removing unsafe cladding for leaseholders in all residential buildings 18 metres and over in England; a generous finance scheme for leaseholders in lower rise, lower risk buildings to help pay for cladding removal where it is needed; and a new building safety regime to ensure a tragedy like Grenfell never happens again
- the consultation can be found [here](#)

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Consultation link added

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