

News Release

HOUSE BUILDERS ATTACK LIB DEM TAX ON NEW HOMES

The House Builders Association (HBA) – a division of the National Federation of Builders – says that Liberal Democrat plans to place VAT on new homes would be disastrous for the industry.

In their general election manifesto the Liberal Democrats said that they will introduce a new VAT tax on new homes of between five and 17.5 per cent, but are not indicating exactly how much.

The HBA says that even an increase of five per cent would be hugely damaging pointing to recent house price data from the Department for Communities and Local Government (DCLG), which revealed that the price of new homes has continued to fall.

In addition, the HBA says that the margins of most house builders remain squeezed at between three to five per cent.

As a result, the Association believes that the industry would be unable to pass on the increase in cost to purchasers or to absorb them.

Anything higher than five per cent would be “disastrous” according to the HBA’s policy advisor Roger Humber.

Mr Humber says that at 17.5 per cent the Lib Dem’s plans lose all credibility because the average margin at which a house builder looks to buy land is 16 per cent.

He said: “This is without doubt the most ruinous policy proposal on housing to have emerged from each of the three main party’s manifestos.

“There has been no discussion with the industry about their plans to introduce a totally new VAT regime which shows they have given absolutely no consideration to the damage this would do to the sector’s already fragile recovery,

“In order to meet the demands of the UK’s low carbon agenda, house builders are already saddled with significant and expensive regulatory burdens – the last thing they need is yet another increase in costs.”

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