



Homes in Holland Park, London

ALAMY

Overseas owners face higher rate of mansion tax

Non-UK resident owners of properties liable for the new ‘high-value council tax surcharge’ could face an additional premium, a Treasury consultation suggests



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Overseas owners of Britain’s most expensive homes face paying a higher rate of mansion tax under government plans outlined on Tuesday.

MANSION TAX

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The new tax is due to come into force from April 2028, with owners of homes worth between £2 million and £2.5 million paying £2,500 a year, rising to £3,500 for homes worth up to £3.5 million, £5,000 for homes worth up to £5 million and £7,500 for properties above that threshold. The surcharge will sit on top of ordinary council tax and rise annually with inflation.

The [consultation document](#) does not identify how much extra overseas owners might pay or how many may be liable but the Land Registry's register of overseas entities and high-end real estate market analyses suggests that 25 to 35 per cent of the [165,000 homes estimated](#) to be liable for the mansion tax are foreign-owned.

However, any premium is likely to be applied only to non-UK resident owners rather than foreigners per se, so a French person living in Kensington in London who is resident in Britain for tax purposes would not be liable for the extra charge.

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The Times understands that the Treasury is keen to pursue the overseas premium even though any such move might make the

properties paying their fair share, and that's why we're looking at whether this tax should be applied to non-UK resident owners like oligarchs.

"This would mean more income for councils to invest in local services that matter to people, from properties that are often empty and where the owners aren't contributing to the local economy," the source added.

The consultation document says there is "interest in understanding" whether overseas ownership of high-value homes was contributing to housing pressures and reducing availability in some areas, particularly London.

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The proposal is likely to be welcomed by campaigners who argue that some of London's most expensive homes have become investment assets rather than lived-in properties. However, it will also reinforce concerns among wealth advisers and international investors that Britain is becoming increasingly hostile to the globally mobile and wealthy after the abolition of the non-dom regime and wider tax changes.

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exposes many former beneficiaries to tax on worldwide income and assets. Advisers say the changes have already prompted many wealthy individuals and families to leave Britain or reconsider relocating here.

The Office for Budget Responsibility has previously estimated that the surcharge will raise about £430 million a year by the end of the decade, although it warned that the forecast was highly uncertain because of behavioural changes, appeals and enforcement risks.



Eaton Place in Belgravia, London

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Last month, [The Times revealed](#) that Treasury documents showed the policy was expected to reduce receipts from other taxes, including stamp duty, inheritance tax and capital gains tax, because of its effect on the high-end property market.

and interest charged in the meantime.

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Ministers suggest eligibility would be limited to households with an annual income of less than £35,000, or savings of £16,000 or less, or if the property is occupied by someone who is disabled or severely mentally impaired.

The consultation document also suggests ministers expect a significant number of [disputes over valuations](#). It says properties will be placed into bands using what is described as a “model-assisted valuation approach”, combining automated valuation models with professional experts.

Tim Stovold, head of tax at Moore Kingston Smith, said: “The question is what the balance will be between automation and a human being applying common sense. It is inevitable that some mistakes will be made, and homeowners will be stuck in an appeals process.”

Under the proposed system, homeowners would first challenge their valuation through the Valuation Office Agency or the relevant local authority before potentially escalating the case to the Valuation Tribunal for England.

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The consultation explicitly states that homeowners challenging their valuation “will be required to continue paying” the tax while disputes are resolved because suspending collection “would be administratively burdensome and risk incentivising speculative challenges”.

Stovold added: “This policy is forecast to cost the Treasury £335 million up to 5 April, 2028, before it starts to collect any tax. The policy could easily cost more if HM Revenue & Customs has underestimated the number of appeals that will be lodged.”

The Valuation Office Agency plans to publish a draft list of affected properties in late 2027 before final bills are issued in March 2028. Homeowners will initially have an eight-month window to challenge their banding, after which normal council tax appeal timelines would apply.

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