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## Mansion tax 'to affect 165,000 homes in first year'

Official watchdog predicts 45,000 more properties than first estimated will face annual surcharges of up to £7,500 as high-value homes face the biggest revaluation for 30 years

[Jack Simpson](#), Money Reporter

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More than 165,000 homes could be hit by the government's mansion tax, according to the fiscal watchdog.

Under the policy, which is set to come into effect in April 2028, homes worth more than £2 million will pay a surcharge of up to £7,500 each year on top of their council tax.

Initial estimates had put the number of homes to be affected at about 120,000 but the Office for Budget Responsibility (OBR) has predicted that about 165,000 homes could be hit in the first year, rising to 167,000 in 2030.



About 15,000 homeowners will be expected to pay the maximum £7,500 per year  
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The [surcharge](#) will not be determined by council tax bands but will involve a revaluation of high-value homes. It will be the biggest revaluation process in more than 30 years.

The OBR expects that [one in five people could appeal against their revaluation](#) and charge level. About 40 per cent of these appeals could succeed because of the narrow price bands.

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Homes valued at more than £2 million will face an annual levy of £2,500, those between £2.5 million and £3.5 million will pay £3,500 and those between £3.5 million and £5 million will pay £5,000. Homes above £5 million will pay £7,500 a year.

The analysis found that 71,000 homeowners with homes valued between £2 million and £2.5 million would be subject to a £2,500-a-year charge. About 15,000 would pay the maximum £7,500 per year.

The report also suggested that behavioural changes caused by the introduction of the tax such as people selling their properties for just below the £2 million figure, or fewer homes above this value being built, could mean that the overall number could be 9,000 homes lower.

The [OBR](#) predicts that the government will make £400 million from the policy in 2028-29, rising to £435 million in 2030-31.

There are concerns that the policy will disproportionately affect homes in regions where there has been the quickest pace of house price growth, notably [London](#) and the southeast.

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Analysis by the Institute for Fiscal Studies suggested that just under one in four of the affected homes were concentrated in

three London boroughs: Kensington & Chelsea, Westminster and Camden.

There are also concerns that some asset-rich but cash-poor people could be disproportionately hit, such as pensioners who bought their homes decades ago.

- [Elizabeth Small: Beware the unintended consequences of mansion tax](#)

Research by Public First, a think tank, suggests that two fifths of homeowners in bands G and H, the highest in England, are pensioners.

The government has said it will allow homeowners to defer payment of the mansion tax until they sell up or die but the terms of this are not known. A consultation on how the tax will work is to begin soon.

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