

UK property taxation

Rachel Reeves' 'mansion tax' to hit about 160,000 homes, says fiscal watchdog

OBR analysis estimates one-fifth of affected property owners will appeal revaluations



The high-value council tax surcharge will apply across four valuation brackets in England from April 2028 © Simon Dawson/Bloomberg

Anna Gross in London

Published APR 3 2026

Unlock the Editor's Digest for free

Roula Khalaf, Editor of the FT, selects her favourite stories in this weekly newsletter.

[Sign up](#)

Rachel Reeves' "mansion tax" on homes worth more than £2mn is set to hit about 160,000 properties in England, according to the fiscal watchdog, which also expects a fifth of people affected to appeal their new home valuations.

The high-value council tax surcharge will apply across four valuation brackets in England from April 2028, starting at £2,500 a year for properties valued between £2mn and £2.5mn and rising to £7,500 for homes worth £5mn or more.

The policy, announced by the chancellor in the November Budget, will affect fewer than 1 per cent of properties when it takes effect in April 2028, mainly in London and the south-east, and raise roughly £400mn by 2029-30.

In analysis published on Thursday, the Office for Budget Responsibility estimated about 165,000 properties would be subject to the tax as part of the valuation exercise in 2028-29. It expects 167,000 properties to be affected in 2030-31.

The surcharge, which [Reeves](#) has said will help “deal with a long-standing source of wealth inequality”, will not be determined using existing council tax bands. Instead, it will require a full revaluation of the highest-value homes in one of the largest exercises of its kind for decades.

About 20 per cent of property owners subject to revaluations would appeal their valuation decision, across all bands, the OBR estimated. It assumed that roughly 40 per cent of those appeals would be successful.

Estate agents told the FT last year that buyers and sellers were [already looking to sidestep the surcharge](#) by agreeing asking prices below the bands laid out in the Budget, a practice known as “price bunching”.

Behavioural change would reduce the number of properties actually subject to the tax by about 5 per cent, to 156,000, in 2028-29, the OBR estimated.

Reeves, who raised taxes by £26bn in her second Budget last year, originally wanted to set the surcharge threshold at £1.5mn.

But Labour MPs persuaded the government that many voters, especially in the capital, would have been hit if it kicked in at that level, affecting roughly 300,000 homes.

Follow the topics in this article

Property sector

UK tax

UK public policy

UK property taxation

Office for Budget Responsibility