



September 2025

NEWSLETTER

Stamp Duty

This rather dull subject has been in the news recently because of Angela Rayner's failure to pay the correct amount on the purchase of her flat in Hove. This was decided to be a breach of the ministerial code and she was forced to resign as deputy prime minister. How did this happen and what can we learn from it?

Anyone who already owns all or a share of a residential property and buys another one has to pay an extra 5% Stamp Duty on the purchase. Stamp Duty is calculated by the solicitors dealing with the purchase, so they would have based it on the information given to them. Angela Rayner told them that she owned no other property, so they did not include the extra 5% Stamp Duty. The cost of the flat was £800,000 and 5% of that is £40,000, which is the figure mentioned in all the news reports.

This is where the situation gets complicated. Angela Rayner did own an interest in another property, but she had transferred it into a trust for the benefit of her disabled son. This is not an unusual arrangement to provide security for the future of a vulnerable person and the trust was indeed set up under a court order following an accident. It cannot be claimed, therefore, that the trust was just a tax planning scheme to try to avoid Stamp Duty.

Angela Rayner seems to have believed that she had genuinely disposed of her interest in the other property but, because her son is under 18, it did not count for tax purposes. She claims to have had written advice to the contrary from two people, neither of whom was a tax specialist. In fact, both of them suggested seeking specialist advice. Her mistake was to not follow up those suggestions. Trust law is a complicated subject, which is why I avoid giving advice on it and leave it to specialists.

Shortly after that story broke, Nigel Farage announced that he had bought a house in his Clacton constituency. Knowing that he already owned another house, the press sensed another potential scandal and began to ask him what Stamp Duty he had paid. He then clarified things by saying that the house had actually been bought by his partner, who owns no other property so did not have to pay the surcharge. No problem there but, if they had been married, then the surcharge would have applied because a married couple counts as one person for this Stamp Duty rule.

Trading/Rent Allowance

Taxpayers with trading income or rent can deduct a fixed £1,000 allowance instead of claiming actual expenses. Those allowances were introduced some years ago so that HMRC would not have to process tax returns and collect small amounts of tax from people. No doubt it was also a recognition that some small internet traders were not declaring their income and it was not worth chasing them. Effectively, the allowances are tax exemptions for trading and rental income up to £1,000 a year each.

HMRC then made an announcement a few months ago that tax returns will not be required for people with trading or rental income under £3,000. I am sure that many people would have understood that to mean an increase in the trading and rent allowances to £3,000, but it is not. What it actually means is that people with income between £1,000 and £3,000 will still have to declare their income, but will not be required to complete a tax return.

Electric Cars

There is now a market in second-hand electric cars, which sell for significantly less than they originally cost. Remember, though, that if a business buys such a car for use by a director or employee, then that individual's company car benefit is calculated on the list price of the car when new, not what it cost second-hand. The benefit rates for electric cars are still low, but are rising each year.

Joint Property

Where a married couple owns property or investments, the income arising must generally be shared equally for tax purposes. To share unequally, a written declaration (which cannot be backdated) must be made to HMRC.

Remember also that there are two forms of joint ownership, which affect what happens to the property on death:

1. Joint tenancy. This is the most common form (particularly with bank accounts) and the survivor automatically inherits the deceased person's share.
2. Tenants in common. In this case, joint owners can specify in their wills what will happen to their share of the property on death

Business Expenses

HMRC announced in August 2025 that they will run a campaign to ensure that self-employed taxpayers do not include personal expenditure when completing tax returns for 2025/26. I have not yet seen any evidence of what that will involve or whether it will be restricted to taxpayers who do not use an accountant.

The starting point is tax law, which states that expenses must be "incurred wholly and exclusively" for the business. That would seem to exclude anything with a private element but, in practice, dual purpose expenses can be apportioned. For instance, a shopkeeper who has living accommodation on the premises can apportion the utility bills between business and private use. More commonly, many business owners have a car which is also used privately and expenses can be apportioned based on usage, preferably supported by mileage records.

There are also some expenses which are specifically disallowed by law, such as fines and entertaining expenses (including gifts to customers or suppliers). Also disallowed by law is capital expenditure, which is the purchase of an asset rather than a consumable expense. Having said that, there is provision for tax allowances on plant and machinery, including vehicles; historically, such allowances were given over several years, but items other than cars can now be written off in the year of purchase. There is never tax relief on land and very rarely on buildings.

Limited Companies

From 18 November 2025, there are new rules requiring company directors and significant shareholders to verify their identity. That date is not a deadline but the start of a 12 month transitional period for individuals to comply. The easiest way is to use the "Verify your identity for Companies House" service through a GOV.UK online account. After verification, a personal code will be issued, which will be required in future when filing documents with Companies House.

Scam HMRC e-mail

There is a very convincing scam HMRC e-mail going round, which says that access to the Government Gateway has been disabled and business details need to be updated. It has the right logo and royal coat of arms but what gives it away, as always, is the address it came from: it is not a "gov.uk" e-mail but an address in Japan.

No doubt the purpose is to trick people into giving away their Government Gateway and log-in, so that fraudulent tax claims can then be made.

Pension Contributions

There are two ways of dealing with tax relief on an employee's contributions to the employer's pension scheme.

1. Salary sacrifice, where the contribution is deducted from earnings before tax. The benefit of that system is that it automatically gives the employee higher-rate tax relief (if applicable) and also reduces NI for both employer and employee. It is not beneficial for an employee not earning enough to pay tax.
2. The contribution is paid net of basic-rate tax out of net pay. This method is better for low-paid employees as they get tax relief even if not earning enough to pay tax. Higher-rate taxpayers, however, would have to make a claim for additional tax relief on a tax return, or by a claim made online or in writing. The online and written claims have just become more difficult, as the taxpayer must now provide evidence to support the claim in the form of a letter from the pension company or a payslip.

Cryptoassets

Many people don't realise that trading in Bitcoin and other cryptoassets can be liable to tax. Most people will only occasionally sell such assets and any profits would be treated as Capital Gains for tax purposes. If those gains, plus any other Capital Gains, are more than the £3,000 exemption in any tax year, then the excess is liable to Capital Gains tax at the basic and higher rates of 18% and 24% respectively. Losses can be set against other Capital Gains or carried forward indefinitely to set against Capital Gains in the future. Exceptionally, someone who has a lot of activity buying and selling cryptoassets could be regarded as carrying on a trade and liable to Income Tax on profits.

From 1 January 2026, buyers and sellers will have to provide personal information to their trading platform, including country of residence and tax reference. The platforms will then report trading activity to tax authorities in the country of residence.

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