

The DPM and SDLT: a cautionary tale

Paul Rosser explains how and why Angela Rayner fell foul of the SDLT rules

As you no doubt read, Angela Rayner, the then Deputy Prime Minister, hit the headlines this summer when it was claimed that she avoided paying the correct amount of Stamp Duty Land Tax (SDLT) on a property she had purchased in Hove in May 2025.

It subsequently emerged that Ms Rayner hadn't paid the right amount of SDLT, and she was forced to resign over this matter. So, how did the Deputy Prime Minister end up in such a position?

When Ms Rayner bought the property for £800,000, she paid £30,000 of SDLT, based on this being the only property she owned.

In 2016, an enhanced rate of SDLT was introduced, which meant that when someone is buying a property which results in them owning two or more properties, they sometimes have to pay a surcharge (which as of May 2025 was 5%). There is an exception for someone who buys a property to live in as their sole or main residence, if they count as 'replacing' their residence (one of the conditions for this exception is that there has been a sale or disposal of another property which they had lived in as their only or main residence).

Ms Rayner did not buy the Hove property intending to live in it as her sole or main residence; she has been clear that a property in her constituency of Ashton-under-Lyne is her main home, so the replacement rules could not apply. So, if the Hove flat counted as Ms Rayner owning two or more properties, then she would have been liable to SDLT of £70,000.

It might seem hard to believe, given Ms Rayner's position, that she would deliberately underpay SDLT, or overlook that she already owned another property, but unfortunately for her it was one of the more obscure SDLT rules that would catch her out.

In 2020, following a medical incident, a trust was established to manage a financial award for Ms Rayner's son, who has disabilities. During her 2023 divorce, Ms Rayner and her ex-husband agreed that parts of their shares in their family home in Ashton-under-Lyne would be placed into their son's trust and they would have a 'nesting' arrangement for childcare (taking turns to stay in the home with the children).

In January 2025, Ms Rayner sold her remaining stake in the Ashton-under-Lyne home to her son's trust for £162,500. Then, in May 2025, she used this money towards the purchase of the flat in Hove.

So, at the time Ms Rayner purchased her Hove property she did not personally own any other property, even though she could use the family home in Ashton-under-Lyne and a flat in Admiralty House, London, which came with her ministerial job.

However, where a child under the age of 18 is the beneficiary of a trust which owns a property, then for SDLT 5% surcharge purposes it's usually deemed that the parents of that child are treated as the owners. The terms of the trust are not known, but it seems that having recently received specialist advice on the issue, Ms Rayner accepted that the terms of the trust in favour of her son are such that she was treated for SDLT 5%

surcharge purposes as owning the Ashton-under-Lyne property. This meant that Ms Rayner should have declared her Hove property as being a second property, with the enhanced rate of SDLT being payable.

SDLT specialist John Shallcross said there is some irony here – if Ms Rayner had waited a few months until her son was over 18, the extra 5% SDLT would not have applied.

Shallcross also pointed out that the original press coverage had focused on the wrong issue; that Ms Rayner did not buy the Hove property intending to live in it as her main home. In the end, it was not that point which was critical, but the terms of the trust in her son's favour of the Ashton-under-Lyne property.

Why Ms Rayner didn't realise the extra 5% was due is probably down to the fact that she relied on her conveyancer to help her on SDLT; they simply used the HMRC SDLT online calculator, which does not account for situations like hers, resulting in it incorrectly suggesting that only standard SDLT should be payable.

Ms Rayner's conveyancer did suggest that she seek specialist SDLT advice, which she did not, and which may give HMRC grounds to issue a careless penalty. Tax expert Dan Neidle has written about this and suggests that a 20% penalty might be imposed (20% of £40,000 being £8,000).

John Shallcross has noticed that conveyancers are now taking a more cautious approach on SDLT, with more saying that they do not give 'tax advice'. More are saying on unusual transactions that clients should obtain their own specialist advice.

Many conveyancers are horrified by the proposals in the draft Finance Bill (intended to take effect on 1 April 2026) that those submitting land transaction returns and interacting with HMRC would fall within the proposed definition of 'tax adviser'. That will mean conveyancing firms having to register with HMRC and conveyancers meeting minimum standards about to tax advice (yet to be set).

Whether the need to register with HMRC as a tax advisor will see conveyancers start to increase their fees to compensate, or if they will change their business models to avoid having to register, we will have to wait and see.

- Paul Rosser is the founder of R&D Consulting Ltd