

Is Labour spiteful?

<https://www.taxresearch.org.uk/Blog/2024/11/06/is-labour-spiteful/>

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Sir James Dyson has accused Labour of being spiteful because it has taken away the inheritance tax reliefs worth a small fortune that he had hoped to enjoy by buying large acreages of farmland in the East of England. He's completely wrong about that. But Labour is spiteful, nonetheless. He just identified the wrong target for their spite.

<https://www.youtube.com/watch?v=J18Kn3myBgg?si=bpCv4RWKH9vTdMUD>

This is the audio version:

[https://www.podbean.com/player-v2/?i=djb85-172db55-pb&from=pb6admin&share=1&download=1&rtl=0&fonts=Arial&skin=c73a3a&font-color=&logo_link=episode_page&bt&tn-skin=ff6d00](https://www.podbean.com/player-v2/?i=djb85-172db55-pb&from=pb6admin&share=1&download=1&rtl=0&fonts=Arial&skin=c73a3a&font-color=&logo_link=episode_page&btn-skin=ff6d00)

This is the transcript:

Is Labour spiteful? That's a question that I was asked to discuss recently on Times Radio. I was up against Merrin Somerset Webb, who is the editor at large of Bloomberg News, whatever that means, and we were discussing comments made by Sir James Dyson.

You remember him - the one who invented a hoover, was all in favour of Brexit, and then left the UK to relocate to Singapore? Yes, he had made a comment about Labour saying that its budget was spiteful.

Why did he say that? It was in the context of Labour imposing an inheritance tax charge on farmland.

Why is he so interested in the subject of farmland? Well, rumour has it that he owns a very large amount of land, in particular in Lincolnshire, in the east of England.

And why does he own that land? Because he is using it to shelter his estate from inheritance tax. So, he thinks Labour is incredibly spiteful for having charged inheritance tax on his own personal situation. But he's wrapped that claim up, of course, inside a particular context, which is that this is an attack on the family farm, according to him.

And the charge that Labour has also put tax on the disposal of business interests when a person dies worth more than £1 million a year is also, according to Sir James Dyson, an attack on entrepreneurs.

Look, this is all complete and utter nonsense. Why is it nonsense with regard to agricultural land? Because if Sir James Dyson had just stood back and thought a moment, he probably shouldn't be talking about family farms when he comes to talk about agricultural land. Why is that? That's because he bought out a very large number of family farms to create his estate in Lincolnshire. His is not an agricultural farm owned by a family, it is an agricultural farm owned, in effect, by an industrial corporation, with the primary intention of avoiding tax.

He is not, therefore, the person to be talking about protecting the family farm because he actually has a lot of farming tenants on his land because I can assure you, I don't think Sir James Dyson is down there picking the spuds, which is what is largely grown on that land in Lincolnshire. He is instead using these as a tax shelter.

So, first of all, the spite that he's talking about is the fact that Labour has had the temerity, in his opinion, to impose tax on something that he thought would forever be tax-free, which he wanted to take advantage of, and secondly, let's just talk about that tax on enterprise that he says is going to kill the small business and the entrepreneur.

I've advised a lot of small businesses and a lot of entrepreneurs, and I think it's fair to say that I've been an entrepreneur in my time. I have invested my own money in startup companies of which I was a director and where I wrote the business plans and without exception they made money for the owners as a whole. I do, then, understand what being an entrepreneur is. And the point that I made during the course of this discussion was that the vast majority of family businesses are not entrepreneurial in the sense that they are not setting out to become large, and to go to a stock market, and to make millions for their owners.

Most family businesses are set up for the simple goal of providing an income. And that's fine, that's good, and our economy depends on businesses like that. They employ vast

numbers of people, they provide valuable services, they keep communities going and, for that reason, we should be really valuing them.

And this charge to inheritance tax on the death of an owner, where the value of the business at that time exceeds one million pounds, is not going to stop anyone in that situation creating a business.

These people are genuinely entrepreneurs, but they genuinely are not going to be hit by that tax. And there's good reason for that.

First of all, the lifespan of most small businesses is not that long. The idea didn't prove to be a good one, or competition drove it out of business, or technology changed, or people retired a long time before they died, which is much more likely than the passing on of a business via an inheritance.

So, the number of businesses that ever reach the point where they might be passed on through an estate is minuscule. I suspect it's less than one per cent of all businesses. And I suspect that of those businesses that are passed on, maybe one per cent might be subject to this charge. So, the claim that this is going to put off entrepreneurs is absurd because it won't apply to about 99 per cent of all businesses.

And it's also absurd because, frankly, nobody should hang on to a business until death. Because by then - if somebody reaches their anticipated lifespan, for a man, for example, at around 83 at present, on average, in the UK as a whole, and I know there are significant regional variations, but if somebody reaches that age - then their children are going to be, well, in their 50s.

That's a bit late to inherit, frankly, to have any influence on the future of that firm. So this is absurd. It's not good business planning to rely on passing on the estate on death. But there is another way of doing it, which is, of course, passing on during life. And that happens to have a tax charge on gains which arise only in excess of one million pounds.

In other words, this is actually just creating a level playing field between passing on estates during life and on death. So, he was talking nonsense on every single point that he raised.

But I did raise a point where I did say Labour was spiteful. Because I like to produce a political balance on these programmes.

Mervyn Somerset Webb, by the way, just simply said she didn't like inheritance tax, and that seemed to be the only point she had to offer. She also didn't really understand small businesses, very obviously. That's probably the problem of being based in Canary Wharf. But I did say Labour was spiteful in one way.

And that was because it has not tackled the real issues of concern that it should have addressed during the course of this budget.

There are still a million children in poverty. Its failure to address that was spiteful because that was done to protect Keir Starmer, who said on the spur of the moment to Laura Kuenssberg about a year or so ago that he would not remove the two-child cap.

They have left the winter fuel change in place, meaning that there will be pensioners who will die of hypothermia this year. That is spiteful.

They have failed to address things like the bedroom tax. That is spiteful.

Yes, Labour is spiteful. But it isn't spiteful for imposing tax charges on people who are buying land to protect themselves from any tax charge at all.

And it isn't spiteful for imposing a tax charge on the transfer of businesses on death. It's absurd to claim it is, and I was for once happy to stand up for Labour on that point.