

Already a landlord or thinking of becoming one?
Looking to expand your property portfolio?
Considering the sale of a rented property?
Accidental landlord through inheritance/marriage?



Whether you are new to the rental business or are a long term landlord, it is always worth a review of your affairs to make sure you are up to date with all things tax when it comes to property.

ArmstrongWatson[®]

Accountants & Financial Advisers

Am I up to date with HMRC?

HMRC are currently pushing their 'Let Property Campaign'. This gives you as a landlord letting out residential property in the UK or abroad an opportunity to bring your tax affairs up to date and get the best possible terms to pay the tax you owe. If you find yourself in this position then we can help.

What can I claim?

A question we are always asked is "what can I claim as a tax deductible expense?" There are numerous items you are able to claim which you may not be aware of, including:

- Mortgage interest
- Wear & Tear allowance
- Repairs and cleaning (including replacement windows)
- Advertising, letting agents and other professional fees, including accountancy fees
- Utilities and annual gas checks
- Costs of travelling between different properties

How should I own my rental property?

Do you have a spouse in a lower tax bracket? Perhaps you've heard that moving a greater portion of the property ownership into their name would utilise their basic rate tax band? We can help.

What if I'm thinking of selling my rental property?

Capital Gains Tax is payable on any profit made on the sale of your rental property. Your annual CGT exemption for 2014/15 is £11,000. We can help you calculate your correct CGT position and ensure you are claiming all available reliefs.

Capital Expenditure is relievable against a future sale; Revenue expenditure is relievable against the income from the property. Do you know the difference? We can make sure you're treating these correctly.

Inheritance Tax (IHT)

Rental properties are viewed as an investment and form part of your estate for Inheritance Tax, excluding some furnished holiday lets. Do you have the means to cover a possible IHT bill on the value of the property?

Furnished Holiday Lets

Income from furnished holiday lets is viewed as a trade for capital allowances, and HMRC see it as relevant earning for UK pensions. Certain conditions apply to this including:

- The location of the property
- How many days the property is available to be, and actually let to the public

Overseas Property

UK residents are liable to UK Income Tax on their worldwide income, so even though the property is not in the UK, you are still required to declare the income and pay the tax due.

Are you a non-UK resident with UK property? Equally, non-UK residents with property in the UK could have their rental income paid without the deduction of basic rate tax. Are you aware the rules are changing from April 2015?

What records do I need to keep?

It's essential that you keep hold of your paperwork, the information you are required to retain includes:

- All contracts relating to the purchase, lease or sale of the property
- Records of income and expenditure including professional fees
- Records of all mortgages that detail the interest and capital repayment elements of each payment
- Dates of actual occupation of the property by you (if any), dates the property has been let out and any evidence to prove these facts

If you find the paperwork associated with your tax affairs a hassle, you should consider Xero.

Xero is a cloud based product that gives you more control over your finances through an online portal. As Xero Gold Partner accountants, we can provide all the training you need at a small monthly fee.

www.armstrongwatson.co.uk/xero





for sale

Our Top Five Mortgage tips

1. Consider longer term fixed rate deals. This helps with budgeting and saves re-mortgage costs in the short term
2. Ensure you have a consent to let from your current mortgage provider if you have a normal residential mortgage
3. Change your buildings and contents insurance to a landlord specific policy
4. When looking for a mortgage, ensure your monthly rental income will cover 125% of the monthly repayments
5. Aim for a rental yield of between 5% - 10% gross. Work out the rental yield as a percentage using this formula:
$$\text{Monthly rent} \times 12 \text{ (months)} / \text{purchase price} = \text{gross rental yield.}$$

Feeling a bit in the dark? Let's talk.

Contact us now to arrange a free, no obligation appointment.



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