



PROPERTY MANAGEMENT & LETTINGS

Welcome to AGT's newsletter, keeping landlords and tenants up to date with ever changing legislation.

Our 2 year anniversary was recently well celebrated. Again we would like to thank everybody we have worked with, without our landlords, tenants and contractors, we would not be where we are today.

2016 is quickly proving to be a turning point for landlords. We've seen a number of changes to buy-to-let this year.

Stamp duty

Earlier this year the Government announced it would be increasing stamp duty for those buying second homes, including buy-to-let properties. As of April this year, landlords have to pay a stamp duty surcharge on buy-to-let homes of three percentage points above the previous rates.

Wear and tear

April this year also saw the implementation of the new rule that means landlords can only claim for wear and tear costs that have actually been incurred. Under the previous rules, landlords were allowed to deduct an annual allowance from their taxable profits for wear and tear, regardless of

what was actually spent. Now you will have to provide itemised receipts if you wish to have the costs deducted from your tax.

Mortgage interest tax relief

Changes mean that landlords will only be able to claim the basic rate of tax as relief, regardless of which tax bracket they come under. For those who pay basic rate tax anyway there will be no change, but as many landlords fall into higher tax brackets this could have a serious impact on their income.

At the moment landlords can claim back a percentage of their mortgage interest costs equal to the percentage of tax they pay, so those who pay basic rate tax can claim back 20 per cent of the mortgage interest costs, while those in the highest tax bracket can claim back 45 per cent. When these changes are implemented, the limit for the amount landlords can reclaim will be set at 20 per cent for everyone. The change will be phased in over a four year period, starting in April next year.

However, those who have a lodger or wish to rent out a room on a casual basis, will face no tax on the first £7,500 of their income. Before April, the amount had been frozen at £4,250 since 1997.

Capital gains tax

As part of the 2016 budget the Chancellor announced a cut to capital gains tax, but this cut will not be applied to landlords.

The basic rate of capital gains tax has gone from 18 per cent to 10 per cent, while the higher rate has fallen from 28 per cent to 20 per cent. Profits made from assets such as stocks and shares will now be subject to these lower rates of tax, but the same is not true of properties. Landlords (and homeowners) who sell their properties will now effectively be subject to an eight per cent surcharge that those selling other assets won't face.

Final thoughts

AGT believes in thorough management. Making sure tenants and landlords maintain their properties, drastically lowers the risk of high repair bills. Regular inspections and good relationships with tenants helps towards this.

Maximising the rental income and minimising any potential arrears, means less evictions, which at £355 for the court order is a high cost alone.

Selective licensing is about to be introduced on the 1st of December in Peterborough. I will be applying for the license on the landlords behalf, where affected.

We're always thriving to improve our business, if you know of any landlords looking to let out their property, please pass on our number.

Thank you for reading, we're looking forward to another great year ahead.

