

Overall, the March 2016 Budget was a bit of a let-down; there were no major changes other than to exclude residential landlords from the rather generous cut to CGT, and easing the Stamp Duty burden for those who buy commercial property.

In summary: -

Stamp Duty surcharge of 3%

This will apply on residential property investments regardless of size. The reality here is that SDLT is a transactional tax much like VAT and any ill effects will washout over time.

Stamp Duty on commercial property transactions

It looks like the bandings will be along the lines of those for residential property, albeit with a zero rate up to £150,000, 2% of any amount between £150,000 and £250,000, and then 5% of any amount above that. By way of example, a property costing £300,000 would pay £4,500 in Stamp Duty; i.e. £0 on the first £150,000, 2% on the next £100,000 (£2,000), and 5% on the next £50,000 (£2,500). It also appears that the change will impact on related transactions of six or more connected properties.

Capital Gains Tax Reduced

From April 2016, CGT is reduced from 28% to 20% for higher rate tax payers and from 18% to 10% for low rate tax payers; unless that is you're a residential landlord, in which case there's an 8% surcharge leaving you paying it at the old rates!

Tax-free income tax allowance threshold

From April 2017 you can earn £11,500 before paying tax.

Higher rate tax threshold

Increased to £45,000 from April 2017, so a more cash in your pocket.

Corporation Tax

Decreased to 17% by 2020; yet another reason to incorporate and run your property portfolio as a business.

Inheritance Tax

IHT is still a huge problem, and our experience shows that 95% of the landlords we've spoken to have IHT bills north of £500,000 and no mitigation in place (the average is considerably higher, and seven-figure sums are not uncommon). No changes this time round to this the most expensive tax of all, but one that is easy to mitigate with the right joined up help.

Less Tax For Landlords Limited is an appointed representative of Planned Succession Limited (www.planned-succession.com) and the Bailey Group Chartered Accountants (www.baileygroup.co.uk). You should please note that this fact sheet is based upon their understanding of legal and HMRC practice as of the 2016/17 tax year, and you should not proceed without first taking specialist advice.

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