

RELAX – YOU HAVE PROPERTY TAX EXPERTS ON YOUR DOORSTEP!



How can you pay less tax?

Capital Expenses – Generally you can't claim for value-enhancing works but you may be able to offset against Capital Gains Tax in the future.

Fees from Letting agent and costs to find tenants- If you use an agent to let and manage your property, you will typically pay 10-15% in fees which are an allowable expense for tax purposes.

Mortgage Interest - The interest you pay on your mortgage can be used to offset your tax bill but is restricted if you are a higher rate tax payer. McPhersons can review your situation to maximise your claim.

Mortgage fees - Any arrangement fees or mortgage broker fees are generally tax deductible, restricted for higher rate tax payers.

General upkeep & repairs - you can claim any reasonable expense relating to the upkeep of the property.

Leasehold related costs - Service charges, ground rent and similar charges paid to a freeholder are allowable.

Bills paid on behalf of tenant - As a landlord, you can opt to pay for a tenant's bills and can offset this.

Insurance - Landlords require landlord insurance which is allowable for tax purposes.

Any other direct costs like travel and accountants fees are also allowable.

What happens when you sell your property?

From 6th April 2020 there are some significant changes to Capital Gains Tax that are relevant to properties being disposed of that are owned by individuals. Any Capital Gains Tax due is now payable within 30 days of completion rather than the current situation where it is payable on 31st January following the end of the tax year. This will arise mainly when the property being disposed of is a second home or a buy-to-let.

However, this is not the only change. Currently if you sell a residential property which was previously your home but was then rented out you can deduct up to £40,000 letting relief from your Capital Gain. From April 2020 this is no longer the case unless the owner was actually living in the property at the same time as letting it out.

Finally, the last 18 months of ownership currently qualify for principal private residence relief so becomes exempt from tax. This is being reduced to the last 9 months from April 2020.

How can our dedicated property tax experts help you?

Tax planning for property developers and landlord clients is one of our specialisms and our dedicated tax team has experienced every situation over the past 60 years in business. This means our clients benefit from this wealth of knowledge and experience.

Our services include:

- Tax return completion;
- Capital Gains Tax planning and calculations;
- General tax planning – for example, would buying properties through a limited company be a better option?
- Overseas property advice;
- Business Property and Inheritance Tax;
- Mortgage references.

 **mcphersons**
chartered accountants and tax advisors