

2015 / 2016

TAX SAVING TOOLS FOR THE PROPERTY INVESTOR

Notes

- 1 Loan interest relief is allowable on let properties as a deduction.
Plan your mortgage strategy to get the maximum relief on your let properties.
- 2 You can rent a room in your own home and the first £4,250 of rent receivable per year is tax free.
- 3 An allowance of 10% of the rent receivable can be claimed for the wear and tear of the furnishings on furnished lettings
- 4 An allowance of £1,500 per residential let property is available if installing insulation.
- 5 If you are a higher rate tax payer and your spouse/ civil partner a lower rate tax payer, it might be beneficial to buy your property in joint ownership with your spouse/ civil partner which may reduce your joint income tax on the rental income and Capital Gains tax to a lower rate.
- 6 If you rent a house in which you have lived, you may be protected from capital gains tax when it is eventually sold.
You can claim up to £40,000 private letting relief and up to £80,000 of gains can be exempted if the property is in joint names.
The last 18 months will also be exempt, even where it was still let.
- 7 Be aware that stamp duty land tax (SDLT) is payable on the purchase of properties over £125,000, and that the rates increase at different purchase prices or valuation.
- 8 Pre letting expenses can be claimed as long as they are within the rules.
- 9 Ensure you make full use of your losses from the let properties.
- 10 You may pay a wage to your partner for the administration of your let property as long as they do not own a part of the property and are actually providing services such as finding tenants, inventories, checking in / out, preparation of accounts and record keeping etc.

Disclaimer

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