

December 2025 Property Newsletter

**Welcome to our monthly newsletter for property landlords.
We hope you find this informative.**

Budget 2025: Key measures for property landlords

Budget 2025 was presented to Parliament on 26 November 2025. Several tax measures were announced that will affect property landlords.

Income tax on dividend income

The income tax rates for dividend income will increase from **6 April 2026**:

- The basic rate will increase from 8.75% to 10.75%.
- The higher rate will increase from 33.75% to 35.75%.
- The additional rate will remain unchanged at 39.35%.

The dividend allowance will remain at £500 in 2026/27.

Income tax on property income

The government will create separate Income Tax rates for property income from **6 April 2027**.

- The property basic rate will be 22%.
- The property higher rate will be 42%.
- The property additional rate will be 47%.

- Finance cost relief will be provided at the separate property basic rate (22%).

The new rates will apply to taxpayers in England and Northern Ireland.

The Scottish and Welsh governments will be given powers to set rates of property income tax applicable to Scottish and Welsh taxpayers.

Income tax on savings income

Also, from 6 April 2027, the rates of income tax on savings income will increase as follows:

- The basic rate will increase from 20% to 22%.
- The higher rate will increase from 40% to 42%.
- The additional rate will increase from 45% to 47%

'Mansion Tax'

From 1 April 2028 a new High Value Council Tax Surcharge (HVCTS) will apply to owners of residential properties in England worth £2 million or more.

December 2025 Property Newsletter

The charge will be in addition to the existing Council Tax and will be collected by local authorities.

Properties valued above the £2 million threshold will be placed into bands based on their value. The minimum charge will be £2,500.

Tourism tax

The government has announced that it will give mayors and potentially other local leaders, subject to consultation, the option to introduce a visitor levy on overnight visitor accommodation in their area. This will fund further investment in growth locally, including the visitor economy. The government is consulting on the design of the levy. This measure will apply to England only; similar levies have already been introduced in Scotland and Wales.

Making Tax Digital (MTD) for Income Tax:

'soft landing period' for penalties

In the Budget 2025 document it was announced that for those mandated into MTD for Income Tax in 2026/27, penalties for late quarterly summaries will not be issued.

This easement only applies to quarterly summaries that are filed late; MTD-mandated

taxpayers may still be subject to late filing penalties if they file their year-end tax return after the deadline.

The filing deadline for those mandated into MTD will remain the same as the current self assessment filing deadline – 31 January following the end of the tax year.

Renters' Rights Act: Implementation plan announced

The government has confirmed how the new Renters' Rights Act will be phased in, setting out a three-phase approach that runs from May 2026 through to the end of the decade.

Phase 1: Initial reforms from 1 May 2026

The first and most immediate changes will take effect on 1 May 2026. These include the end of Section 21 "no-fault" evictions, meaning landlords will no longer be able to evict tenants without giving a valid reason.

At the same time, if landlords need to get their property back, they will have stronger, legally valid reasons to do so. These include moving in, selling the property, dealing with serious rent arrears or tackling anti-social behaviour.

December 2025 Property Newsletter

Tenants will gain other new protections, including the ability to challenge above-market rent increases intended to encourage them to leave. Landlords will also no longer be able to unreasonably refuse requests for pets.

From 1 May 2026, it will become illegal to:

- Increase rent more than once a year.
- Request more than one month's rent in advance.
- Run rental bidding wars between prospective tenants.
- Discriminate against tenants because they receive benefits or have children.

Councils will be overseeing these new rights. Fines can reach up to £7,000 for breaches, increasing up to £40,000 for repeat or serious offences. Tenants and local authorities will also be able to seek rent repayment orders.

Guidance for landlords and letting agents will be published ahead of these changes, with councils receiving additional funding to help them prepare.

Phase 2: Ombudsman and database

The second phase, beginning in late 2026, focuses on improving oversight and resolving disputes in the private rented sector.

A new Private Landlord Ombudsman will be introduced, offering tenants a free, independent service to help them resolve complaints that have not been addressed by their landlord. This is intended to reduce the need for court action and deliver faster outcomes.

A Private Rented Sector Database will also be launched, requiring all landlords to register themselves and their rented properties. The database will be rolled out in stages across England.

Phase 3: Further quality and safety standards to follow

The final phase will introduce measures aimed at ensuring safe conditions in private rented homes, including the introduction of a Decent Homes Standard. The government also plans to consult on extending Awaab's Law to private renting.

The government has already consulted on plans to require that all domestic privately rented properties in England and Wales meet an EPC rating of C or equivalent by 2030, unless an exemption applies. Further details on this will be set out when the government responds to the consultation.

December 2025 Property Newsletter

See:

<https://www.gov.uk/government/news/no-fault-evictions-to-end-by-may-next-year>

