

January 2026 Property Newsletter

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

Delays to implementation of Leasehold & Freehold Reform Act 2024

The Leasehold & Freehold Reform Act 2024 (LAFRA) received Royal Assent just before the 2024 general election and was welcomed by leasehold homeowners because it promised to make it easier and cheaper to extend a lease or buy a freehold.

LAFRA measures have not been implemented, however, mainly because the government was waiting for the outcome of a legal challenge by a group of freeholders. The group lost their challenge in the High Court in September 2025, but the Commons Housing Committee has confirmed that the group has applied to appeal the decision.

It is unclear whether the new appeal will further delay LAFRA's implementation.

VAT on flat maintenance trust services

In *Places for People Homes Ltd v HMRC [2025] TC09695*, the First Tier Tribunal (FTT) found that supplies of premises maintenance services made by flat maintenance trust companies were not exempt supplies of land.

VAT legislation exempts supplies of land as VAT. Maintenance services are standard rated at 20%. In some cases, when maintenance services are supplied ancillary to land, the services can also be VAT-exempt.

Places for People Homes Ltd argued that flat maintenance service fees paid to maintenance trusts were ancillary to the supply of the land lease for their flat. This was an unusual argument because the supply of land was being made by lessors who were separate entities, unrelated to the flat maintenance trusts.

The FTT found that:

- The maintenance trusts' supply of maintenance services was made to the lessors and not to the lessees.
- Supplies by the trusts did not form a part of a single supply of land by the lessor to the lessees.
- The trusts' supplies were not ancillary to the lessors' supply of land and could not take on the character of an exempt supply of land.

High Value Council Tax Surcharge: 'Mansion Tax'

The High Value Council Tax Surcharge (HVCTS) was announced at Budget 2025 and is set to be introduced from April 2028. Known as 'Mansion Tax', the surcharge has been both welcomed and criticised in equal measure.

- The HVCTS will apply to owners of residential properties in England worth £2 million or more

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- The charge will be in addition to the existing Council Tax and will be collected by local authorities
 - There will be a targeted valuation exercise to identify properties that will be affected, based on property values in 2026
 - Properties valued above the £2 million threshold will be placed into bands based on their value
 - The minimum charge will be £2,500
 - A public consultation will be held in early 2026
 - What Strategic Authorities need to do to introduce a levy and to change it
 - Liability for the levy and how this will be assessed
 - The administrative framework for overnight visitor levies, including options to minimise regulatory requirements
 - Equalities impacts
- The consultation closes on 18 February 2026 and can be viewed [here](#).

More information can be found [here](#).

Visitor levy

As announced at Budget 2025, the Government intends to give Mayoral Strategic Authorities in England the power to create local overnight visitor levies.

Similar levies have already been introduced in Wales and Scotland.

A consultation was published on 26 November, asking for views on the design of the new power, including:

- whether Foundation Strategic Authorities should also have the power to create overnight visitor levies
- how any revenue collected should be used
- the types of accommodation that will and will not be included
- how levy rates should be calculated and the powers Strategic Authorities have to change them