

October 2025 Property Newsletter

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

Renters Rights Bill: an update

In September 2025, the Government rejected all of the House of Lords' amendments to the Renters Rights Bill.

Many of the Lords' amendments were in favour of landlords and addressed concerns that had been raised by the sector. They included:

- Simplification of the legal process by which the Secretary of State will be able to backdate rent increases. This was considered necessary because the Tribunal will not be granted immediate power to award backdated rent.
- A previous amendment had removed the need for landlords to require tenants with pets to have insurance to cover pet damage. A proposed amendment to the bill would have enabled landlords to require a 'pet deposit' of up to three weeks' rent.
- Previously, the ability for a landlord to seek possession of a property that they wish to sell was accompanied by

a prohibition on the landlord letting the unsold property for 12 months. A proposed amendment sought to reduce this period to 6 months.

- Numerous amendments exempted tenancies of purpose-built student accommodation from the bill's assured tenancy system.

The next stage of the parliamentary process is for the House of Lords to consider the Government's reasons for rejecting the amendments. This is set to happen on 14 October 2025.

The scope for further amendments is very narrow so it is unlikely that any major changes will be made to the bill. It is expected that the bill will receive Royal Assent by the end of October.

When it comes to implementation dates for measures contained in the bill, there is a lot of uncertainty and speculation, but the industry should be prepared for the ending of section 21, the abolition of assured shorthold

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tenancies and changes to rent increases as soon as Spring 2026.

Interest rates held at 4%

On 18 September 2025 the Bank of England Monetary Policy Committee voted to hold the main rate of interest at 4%, following a cut from 4.25% in August.

Is this news likely to affect mortgage rates? Predictions for further rate reductions are mixed, with some economists expecting another cut before the end of 2025 and others forecasting a pause or delay in cuts due to ongoing inflation concerns.

Property tax overhaul being considered

In August 2025 the Guardian newspaper reported that the Treasury is considering overhauling the country's stamp duty and council tax systems. A significant measure under consideration is a new 'proportional' national property tax on the sale of homes over £500,000.

The new tax would replace stamp duty and would be paid by owner-occupiers on houses worth more than £500,000 when they sell their homes. The rate would be set by central government and collected by HMRC. Crucially,

the new tax would not replace stamp duty on second homes.

No final decisions have been made at this point, but it is possible that some related announcements will be made in the Autumn Budget on 26 November.

Phasing in a replacement for stamp duty would take time and it is thought that a range of options are being considered. It is thought that the current government would be able to introduce the new tax during this parliament but that overhauling the council tax system would require Labour to win a second term.

Autumn Budget 2025 – how could it affect landlords?

With the Autumn Budget set to take place on 26 November 2025, rumours and speculation are inevitable. Whilst it is true that we should take budget predictions 'with a pinch of salt', it is worth being aware of what *could* happen on 26 November. Such awareness could prompt scenario planning and help avoid shock and panic in the event of unfavourable measures being announced!

In addition to the new property tax and council tax overhaul mentioned in the

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previous article, the following measures could be announced on budget day:

- The scope of National Insurance Contributions (NICs) could be widened to include landlords, levelling the playing field with those running their own trading business.
- Tax reliefs in respect of pension contributions may be restricted.
- The rates of CGT (currently 18% for basic rate taxpayers and 24% for higher/additional rate taxpayers) could be aligned with those for Income Tax, making the rate as high as 45%.
- There may be further restrictions to available IHT reliefs, possibly by introducing limits on exempt lifetime gifting.
- The VAT registration threshold, currently £90,000, may be lowered or abolished.
- The rate of VAT on domestic fuel is currently 5%. There are rumours that, in order to help with the cost-of-living crisis, such supplies will become zero-rated.

Labour's 2024 manifesto pledged that there would be no increases to National Insurance, the basic, higher or additional rates of Income Tax, or VAT. It is likely, however, that thresholds will be frozen further, perhaps until April 2030.

After budget day, we will make sure that you are informed of the measures that affect you. Watch this space!