

March Property Newsletter

Welcome to our monthly newsletter for property landlords. We hope you find this informative. Please [contact us](#) to discuss any of these topics further.

House prices slump

The most recent Nationwide House Price Index report shows that in January 2023, annual house price growth slowed to 1.1%, down from 2.8% in December 2022. House prices have fallen for five months in a row, with January seeing a monthly fall of 0.6%. This leaves prices at 3.2% lower than their August 2022 peak.

The average house price in January was £258,297, compared with £262,068 in December.

Robert Gardner, Nationwide's Chief Economist, commented that it is too early to tell whether the housing market has started to recover, although there are signs that mortgage rates are normalising.

The affordability of servicing a mortgage remains the biggest reason for the fall in house purchases, and with economic headwinds set to remain strong in 2023, some industry experts predict that the fall in house prices will continue.

The affordability picture varies across UK regions, with London and Southern England seeing the highest affordability pressures. The most affordable regions are Scotland and Northern England.

The hope is that recent reductions in mortgage rates will continue. Combined with sustained rates of wage growth and the fall in

house prices, this should improve the affordability position for potential buyers.

Given the high house prices relative to earnings, deposit requirements will remain a major challenge, especially for those who are currently renting - rents in the private rental sector have been rising at their strongest pace on record.

When considering the outlook for the housing market it's worth remembering that the Help to Buy Equity Loan Scheme is due to end in March, but the government's mortgage guarantee scheme has been extended to the end of 2023.

Surge in rental evictions

Ministry of Justice figures for England and Wales show that there were 5,409 repossessions by landlords between 1 October and 31 December 2022. This number is 98% higher than the same period in 2021.

The Ministry said that they cannot yet say whether this marked increase will continue through 2023, and that, generally, the numbers have not yet reached pre-pandemic levels.

It is thought that the reason for the increase in landlord repossessions is the recent steep increase in private rents, driven by increased demand for rental properties, which, in turn, is being driven by potential homebuyers putting their house buying plans on hold.

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Ahead of the 15 March Budget, homelessness charity Crisis is urging the government to better fund housing benefit.

HMRC “nudging” offshore corporate property owners

HMRC may send a nudge letter to taxpayers whose tax affairs do not appear to be in order.

As part of a new campaign, HMRC have used Land Registry data to identify offshore companies that own UK property. If HMRC suspects that the landowner has not met its UK tax obligations, they will issue one of two nudge letters.

The two types of nudge letter are as follows:

1. A letter to non-UK resident companies who may need to declare income received as a non-resident corporate landlord, or pay Annual Tax on Enveloped Dwellings (ATED). Although this letter will be addressed to the company, it will recommend that UK-resident individuals who have an interest in the income or capital of the company ensure that their tax affairs are up to date, particularly in relation to the Transfer of Assets Abroad anti-avoidance legislation.
2. A letter to non-UK resident companies who appear to have disposed of UK residential property between 6 April 2015 and 5 April 2019 without submitting a non-resident capital gains tax return.

HMRC do not automatically issue nudge letters, so if you receive one, do not ignore it.

Upcoming deadlines

April 2023

5 – Final day of 2022/23 tax year. The last chance to pay into an ISA and make pension contributions for 2022/23.

14 – CT61 deadline for the quarter ended 31 March 2023.

30 – ATED return and payment deadline for 2023/24.

30 – Last day to file self assessment before £10 per day penalties apply.

July 2023

14 – CT61 deadline for the quarter ended 30 June 2023.

31 – Second self assessment payment on account due for 2022/23.

31 – Last day to file 2021/22 self assessment before £300 (or 5% of tax due, if higher) penalty applies.

31 – Last day to pay overdue 2021/22 self assessment bill before a second 5% penalty applies.

October 2023

5 – Last day to notify HMRC of a 2022/23 tax liability if tax returns not currently submitted.

14 – CT61 deadline for the quarter ended 30 September 2023.

December 2023

30 – Last day to submit 2022/23 self assessment if taxpayer wishes to pay tax due via PAYE.