

November Property Newsletter

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

SDLT threshold changes

In the UK mini-budget in September, the government announced that it would increase the threshold at which SDLT must be paid on the purchase of residential properties in England and Northern Ireland.

From 23 September 2022, the 'nil-rate' threshold was increased from £125,000 to £250,000 for residential properties. This means that property bought for less than £250,000 will not be subject to SDLT unless it's the purchase of a second home.

The government has also made a point to further support first-time buyers. They have increased the threshold on which first-time buyers begin to pay SDLT from £300,000 to £425,000, as well as increased the maximum property value on which relief be claimed from £500,000 to £625,000.

This change eliminates the 2% SDLT band that previously applied for the purchase of a property between £125,000 and £250,000.

While the government's plan is to make buying a home more affordable, some experts have stated that the lack of houses on the market may mean that increasing demand for homes will only fuel prices even higher, making home ownership seem farther away than ever before.

Rising interest rates and the effect on mortgage deals

In October, the Bank of England raised rates by 0.75%, to 3%, the highest level in 14 years. They also mentioned that they wouldn't hesitate to make further increases. One estimate suggests that rates could reach as high as 6% next year.



Due to these concerns, hundreds of residential mortgage deal offers in the UK have been pulled. Major lenders including HSBC, Santander and NatWest either completely pulled mortgage offerings from the market or repriced their products with increased rates.

Despite these concerns, experts have stated that borrowers should not panic. Instead, they should seek advice from an independent broker as these measures to withdraw offerings are temporary. More offerings should become available once there is more certainty surrounding the interest rates.

What to look for in accounting software for landlords

When choosing accounting software, there are a few key features to look for. Surprisingly, not all accounting software will work for landlords. In fact, most accounting software does not accommodate smaller landlords who operate as individuals, own less than 5 properties and don't treat property as their primary income.

With Making Tax Digital (MTD) for Income Tax coming into effect in April 2024, it would be beneficial for these types of landlords to start looking for suitable software now. MTD for Income Tax will affect landlords and self-employed business owners with a combined property/business income of over £10,000 per year.

Regardless of the software you choose, you should make sure that it will comply with upcoming Making Tax Digital for Income Tax rules, and that it can manage the books for multiple properties.

Landlords require financial help to meet EPC targets

The organisation Propertymark has urged the government to provide financial and tax incentives to landlords to meet ambitious EPC targets.



As part of the government's plan to be net zero by 2050, all properties in the private rented sector (PRS) in England and Wales will require an Energy Performance Certificate (EPC) rating of C or above by 2028. New tenancies will need to achieve this by 2025. In addition, the fine for not having a valid EPC will be increased from £5,000 to £30,000 from 2025. There have also been discussions to make an EPC B rating mandatory by 2030.

Data suggests that over 60% of PRS properties have an EPC of D or lower. Landlords are concerned about the costs involved in achieving this goal, and even with a government-backed cost cap of £10,000, it will be a challenge for landlords with a smaller portfolio.

Propertymark has submitted a written request to the government to provide a package of financial and tax incentives to support these landlords.