

40th Edition June 2019

Improve your Knowledge & Save Money
LLAS training will do both!
Accreditation is good for business

Inside this issue

- >> *Foreword by Dave Princep*
- >> *Tessa –Lawyer- 10 important points on the tenant fees*
- >> *How can landlords avoid passing costs onto tenants in 2019*
- >> *If S24 did not exist, would you still incorporate?*
- >> *Advice for owners of Buildings with smoke control systems*
- >> *Agents can keep incentive payments from Councils*



Welcome to the latest edition of the PReSs

Change in the private rented sector continues unabated.

The Government is deadlocked over Brexit which has curtailed almost all new legislation except for the rented sector where they still manage to find the resources to enable ever more restrictive, complex, knee jerk and ill-conceived changes as they seek the votes of tenants and younger electors.

The Tenants Fees Act 2019 came into force for all new assured shorthold tenancies and licensees (lodgers) from 1st June 2019. The Act bans all fees paid by the renter except for those limited numbers, which are specifically permitted. Fortunately rent is a permitted fee but limits any tenant deposit to a maximum of only 5 weeks rent, or 6 weeks if the annual rent is more than £50,000, and holding deposits are limited to 1 weeks rent and requires any agreement to be completed within 15 days. Limited fees to replace locks, tenancy changes when requested by Tenant, bills such as Utilities and Council Tax are also allowed. The Act also appears to apply to all existing tenancies after 12 months, but what this will entail is not yet clear (and from past experience probably never will be).

As a result of the Fees Act the "how to Rent" checklist was updated on 1st June as was the section 21 prescribed form 6A. Landlords must ensure they use the correct version of the documents, but unfortunately older version of the How to rent leaflet are not available on the Government website and the current version is dated May 2019 (not June and with no specific date).

From 1 April 2019 all agents had to have to Client Money Protection Insurance covering any money they hold in "clients' accounts".

Good news from the latest Ministry of Justice figures showing that the downward trend in possession action has continued for over 5 years. Possession claims down 5%, Orders down 1%, Warrants down 3% and actual Repossessions down 5% with the Biggest reductions having been in London. Frequently not reported by those organisations which habitually criticise the private rented sector, is that 63% of all possession are by Social Landlords (Councils & Housing associations) meaning the social tenants are almost 4 times more likely to be evicted than private landlord's tenants.

The trade body for the buy to let lenders show that lending fell by almost 8% in the last 12 months primarily due to the tax changes to stamp duty and interest tax relief. The Government are consulted until 19 July 2019 on further changes to capital gains tax and all landlords and agents should consider responding.

Finally, the Office of national Statistics in its latest report showed that rents continue to rise less than the inflation rate. In London the rise was 0.5%, the lowest in the country, whilst the consumer prices index inflate rate was 1.8% further undermining the sector.

I hope you enjoy this issue and look forward to seeing you all at the excellent Summer Networking & Live BBQ Event on Thursday 11 July 2019, at: The TAJ HOTEL St. James' Court.

Dave Princep (Chair of LLAS & ATLAS)

A NETWORKING EVENT WITH A DIFFERENCE

Thursday 11 July 2019 from 12pm - 6pm

TAJ HOTEL St. James' Court, 54 Buckingham Gate, London, SW1E 6AF

SPEAKERS



David d'Orton-Gibson – MD of Training for Professionals (TFP)

David will speak on HMOs and the changing rule with which you have to comply & Fitness for Human Habitation Act 2018 (a new right for tenants to take their landlord's to court about the property conditions, which came in March 2019)

David has worked for many years in the letting industry and has first-hand experience of most roles involved in lettings. For the last 30 years he has worked full time running training and consultancy for landlords and agents throughout England and Wales. He teaches public courses as well as running In House courses for local authorities, letting agents, landlord associations, housing associations, colleges and other bodies. Widely respected for his technical knowledge and teaching style, David combines an authoritative understanding of the legal framework with practical suggestions on working with people and presents in an engaging style.

For more info visit www.tfponline.co.uk



Malcom Rose - Management Consultant & Founding Director of Less Tax 4 Landlords

Malcom, will cover some of the scenarios his clients have faced, and share with you how they have managed to take the tax changes in their stride and get their businesses lined up with their goals and aspirations

After a successful career in change management for a global insurance company, Malcolm trained as a professional coach and business mentor. In particular he specialises in enabling people to realise their goals by helping them to develop objective business plans and see them through to implementation and realisation. Since 2005, Malcolm has helped hundreds of individuals and companies to become even more successful, which is in large part due to his hands on approach to coaching, mentoring, and business advice.

For more info visit: lesstaxforlandlords.co.uk



Navid Hakimmaani – ChildandChild Solicitors-Associate

And will speak on the proposed removal of the Section 21; and amendments to Section 8;

Navid acts for private and corporate landlords, high net-worth individuals and several national property development companies. His practice encompasses licensing, trusts (claims brought under 'TOLATA'), commercial and residential landlord & tenant, restrictive covenants, easements, boundary disputes, enfranchisement, lease extensions, rights to manage, service charges and party wall disputes.

For more info visit: www.childandchild.co.uk



Richard Tacagni – CEO of London Property Licensing

Richard will speak on property Licensing

London Property Licensing is an independent housing consultancy offering simple, impartial and expert advice on property licensing and the regulation of private rented homes. Established in 2015, we work with landlords, letting agents and local authorities across the country. The company was recently awarded Best Landlord Service Provider 2019 by LLAS / ATLAS.

Our website www.londonpropertylicensing.co.uk contains a wealth of information to help landlords and agents make sense of housing regulation and to date has received over 750,000 page views. Landlords can sign up to our free monthly newsletter and can search for goods and services in our Landlord Suppliers Directory. We are here to help! For further information contact: info@londonpropertylicensing.co.uk



Marie Parris CEO & Founder - George Ellis Property Services

On 1 June the Tenant Fees Act came into force in England. It is an important act and brings in many changes that landlords need to be aware of. Marie will run through what agents and landlords should be aware in order to avoid being in breach of the law.

Marie Parris is a residential lettings & management specialist and oversees the services the company delivers across their five key areas – lettings, management, inventories, training for landlords and a dedicated tenant referencing division. In addition to this, Marie is a regular speaker at various property exhibitions and events. She also sits on the judging panel of a property award show. She is an accredited landlord with over 20 years continuous experience, who manages her own property portfolio without any rent arrears and a cash positive income. For more info, visit: www.georgeellis.london



Dave Princep PRS Housing Consultant & Chair of LLAS/ATLAS

Welcome from the Chair

Dave is an independent housing consultant and currently Chairs, the London Landlord Accreditation Scheme/UKLAP. He has over 30 years' experience of working in the PRS. His current work includes advising and training on property standards, landlord tenant issues, health and safety and sustainability issues and he is an adviser to the Residential Landlords Association (RLA). Dave has been involved in energy efficiency and sustainability for several years and chairs the PRS Working Group on energy efficiency and chaired the Government's working party advising on the new PRS regulations to be established under the Energy Act.



Peter Littlewood – Founder & iHowz Director

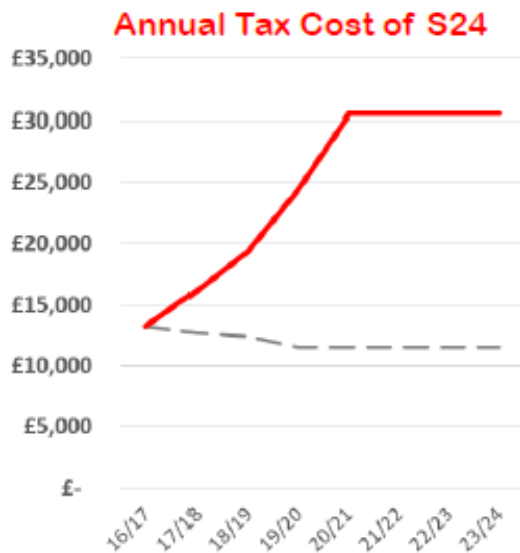
Master of Ceremony

Peter has been involved in lettings since the early 80's, starting with letting a room in his house to make ends meet! In fact, he started even earlier than that, with the obligatory period as a tenant in his teens. Very useful to see life from both sides. Since that time he has seen all sides of rental: -owned, and managed property; ran a letting agency; owns and manages licensed HMO; been involved with Landlord Associations for the past 10 years; is a trainer for the London Landlords Accreditation Scheme (LLAS) & sits on the steering group for LLAS. For more info visit: www.iHowz.uk

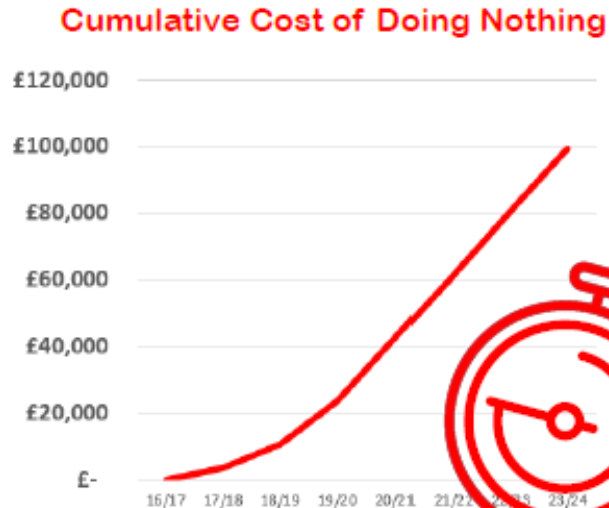
Own More than 4 Rental Properties?

Earning Over £80,000*?

What have you done to mitigate S24?



Based on a Gross Rental Income of £160,000, Allowable Expenses of £30,000 and Finance Costs Disallowed by 2021 of £70,000, one person, no other income.



Time is running out...

Don't Let the Tax Changes 'Accidentally' Bankrupt You

Take joined up advice from fully indemnified sector specialists with a 100% record with HMRC to maximise the commercial benefits of building, running, and growing a professional property business.

By doing so, you can enjoy:

- No need to remortgage or change title (thus no CGT or Stamp Duty)
- Lender friendly business structure
- Seamless succession planning and Inheritance Tax typically mitigated within two years
- Maximum Tax Rate of 20% payable on your property income

Can we help you?

FREE
Assessment:

[LessTaxforLandlords.co.uk/s24](https://www.lesstaxforlandlords.co.uk/s24)

visit [lesstaxforlandlords.co.uk](https://www.lesstaxforlandlords.co.uk)
email info@lesstaxforlandlords.co.uk
call 0203 735 2940

*If you own rental property in personal names, are a portfolio landlord and are a higher/advanced rate tax payer, then you're almost certainly paying too much tax on your property income. Take our initial assessment to see if we can help you benefit financially from running a recognised property business.


Less Tax 4 Landlords
Tax & Estate Planning Consultants



Specialist landlord & tenant lawyer -Tessa Shepperson

Answers landlords' FAQ: Ten important points on the Tenant Fees Act 2019

On 1 June the Tenant Fees Act came into force in England. It is an important act and brings in many changes that landlords need to be aware of. Here are ten of them.

1. ALL charges are illegal unless they are specifically authorised

This means you need to be really, really careful about the things that you charge tenants. Clever attempts to work around the rules are NOT a good idea and could get you into trouble.

2. Rent is allowed – so long as it is not variable

What this means is that you cannot charge a higher rent in month 1 (or indeed in any month) to compensate for not being able to charge admin fees.

The fact that rent is down in the legislation as a 'permitted payment' just goes to show how determined the legislators are to prohibit ALL payments other than those specifically allowed.

3. Holding deposits are now strictly regulated

You can charge 1 weeks rent (which has to be calculated in the correct way) but you can only hang on to it for 15 days – although this period can be extended by agreement.

You may want to consider using a special form to give prospective tenants when they pay a holding deposit, recording how much they have paid, when they paid it, setting out the rules and also providing for any extension of the 15 days if you and the tenant agree this would be a good idea. We have such a form, for example, for our Landlord Law members.

In essence, you can only retain the holding deposit if:

- The tenants pull out
- You are able to prove that they have provided incorrect information to you (e.g if they said that they have no CCJs when in fact they do)
- The agreement is not signed within the 15 days or agreed time due to their delay, or
- If they fail a 'right to rent check'.

4. Tenancy Deposits are now limited

You can only charge 5 weeks rent or 6 weeks rent for tenancies with an annual rent of £50,000 or more. You have to calculate this in the correct way and round down rather than up – as if you charge £0.01p too much you will be in breach.

We have developed a free calculator which you will find at www.landlordlawessentials.co.uk which you can also install on your own website.

5. You can charge £50 if the tenant asks you to amend the tenancy

For example, if the tenant asks for leave to keep a pet, or run a home business from the property, or take in a lodger. The £50 is inclusive of VAT and is all you can charge unless you are able to prove that amending the tenancy has cost you more than this. However, you should only charge more than the permitted £50.00 if you are able to prove these expenses ideally by way of receipted invoices. Your right to make these charges has to be set out in your tenancy agreement

Note by the way, that you can increase the rent as a condition of agreeing to the tenant's request. For example, if the tenant wants to keep a dog, you can agree to this on condition that they pay a higher rate of rent.

6. You can only charge the permitted rate of interest for unpaid rent

The permitted rate of interest is 3% above the Bank of England base rate. You can only charge it after the rent has been outstanding for 14 days, but it is then payable for each day that the rent is outstanding. Provided this is set out in your tenancy agreement.

Given the current rate of interest, you are unlikely to recover much from this unless your rent is very high!

7. You can charge if tenants have lost their keys

But you can only charge a reasonable amount which in most cases will be the actual cost of locksmiths cutting new keys or (if appropriate) changing the locks.

You will need to be in a position to prove this by having receipts available if your tenants challenge the sum charged.

Note that in order to make the charge this needs to be set out in your tenancy agreement.

8. You can make limited charges if your tenants request a change of tenant

Again, this is limited to £50 or the actual costs incurred by you. For example, if you need to employ inventory clerks to inspect the property so the deposit can be apportioned properly.

As usual if you charge anything over the permitted £50 you need to be in a position to provide receipts and invoices. Your right to make this charge must also be set out in your tenancy agreement.

9. You can make limited charges if your tenants want to end the tenancy early

Here you can recoup the actual costs of advertising the property for let and things such as getting inventories done, and charge rent, but the total cost of rent and charges combined must not be more than the total amount of rent remaining under the tenancy.

Plus, your right to do this must be set out in the tenancy agreement.

10. The penalties for non-compliance are severe

They include:

- A civil penalty notice of up to £30,000 for EACH BREACH. So, if you make several charges and charge them to several tenants the total fine could be very substantial
- Prosecution with a fine of up to £5,000 for each offence
- The possibility of a banning order if you are found guilty after being prosecuted
- You are also unable to serve a valid section 21 notice until any prohibited fee has been refunded to the tenants.

And finally

This is a big change and obviously, you will want to avoid problems and penalties. One important thing you need to do is ensure that you are using a compliant tenancy agreement. We have these at my Landlord Law service, but will also be available from other suppliers. However, before using a tenancy agreement do check first that it is compliant with the new rules!

Tessa Shepperson. Tessa is a specialist landlord and tenant lawyer and runs the Landlord Law online information service at <https://landlordlawservices.co.uk>

AZAD AYUB

Azad Ayub started as a property management company in 1980 and it was incorporated in 1995, providing continuity to our clients both landlords and tenants for over 35 years.



We manage properties in North London and other areas within the M25. Most properties are owned by the directors of the company and a small number by our clients, who use the management services that we provide to Landlords.

36 Wightman Road, London N4 1RU

Tel: +4420 8348 3135

Fax: +4420 8348 3298

Mob: +447956 131310

azad@azadayub.co.uk

www.azadayub.co.uk



Investor in People



How can Landlords Avoid Passing Costs onto Tenants in 2019

2019 will witness many changes in the letting industry that many fear could end up increasing rents.

Landlords are constantly juggling with finding the right rent balance. You ask too little and you end up hurting yourself, you go too high and you might end up dealing with a long void period. One of the main things you need to take into account when it comes to deciding rent is the expenses you'll need to cover.

Expenses when you're a landlord come from a range of sources and sometimes, the Government puts out legislation that has a direct impact on your bottom line. Government legislation aims at landlords most of the time only results in increasing the burden on tenants – as “robbing Peter to pay Paul”.

While landlords need to cover their expenditures and make a profit, constantly increasing the rent could have a detrimental impact on your income in the long-term. You might find it hard to maintain long-term tenants, leading to longer void periods.

What's happening this year that will put further pressure on landlords' yields?

Tenant Fees Ban

This means that landlords and letting agents cannot charge a range of tenant fees, and there are also reductions in the maximum deposit cap. The fees ban includes a ban on any fees or charges on top of rent and tenant default fees. Tenants also can't be made to pay for third-party services – such as reference checks.

This ban applies to all shorthold tenancies and licences, excluding long leaseholds, social housing, holiday and company lets, and non-Housing Act tenancies.

Reduction in Maximum Deposits

As mentioned, security deposits must not exceed the equivalent of five weeks' rent – currently six weeks – and holding deposits will be capped at a maximum of one week's rent.

Tax Changes

There have also been ongoing tax changes, which don't necessarily increase expenses but rather limit the amount of profits landlords can achieve. The amount of mortgage interest landlords can offset against their tax bill will be reduced even further. When you'll file your tax return for 2018-2019, you will only be able to claim tax relief on 50% of your mortgage interest and get 20% tax credit on the rest.

How Can Landlords Deal with the Changes?

In a recent Upad survey, some landlords were openly considering selling their properties and stepping away from the business altogether. Interestingly, previous research we conducted indicated that fewer were selling up in comparison to the national average, partly because using solutions such as proptech leaves them in a more resilient position when legislation bites and costs ramp up.

There are alternative strategies that work as an alternative to selling or raising rents.

Become a Self-Managing Landlord

Being a self-managing landlord is a great way of saving money, especially at the start of tenancies. When you conduct viewings yourself, you get to talk to the tenants in person, which can lead to a

better tenant/landlord relationship and help you find a good, reliable tenant in the first place.

You should still always conduct a tenant reference check. Since you've met the person face-to-face and had a chat with them, you already have some kind of understanding of who's worth referencing and who isn't.

Self-managing landlords will have more power in determining other things that could impact expenses and thus, rents. For instance, you can pick or do your own repairs and improvements.

Opting for Alternative Deposit Options

A reduction in the deposit cap can feel like it's leaving landlords more exposed, but this is a good time to consider alternative arrangements. One popular option is to consider deposit 'insurance' schemes, which allow the tenant to pay in regular instalments rather than having to pay a lump sum at the start.

Other popular schemes require the tenant to only pay for a deposit guarantee worth one week's rent, but you'll still get the same protection as a six week's deposit. Your tenant remains fully accountable for paying rent.

Improving Void Period Management

If your property is empty for a long time, the costs won't stop running and you might think it's easier to recover these by raising rents. However you could end up with longer voids than usual because your rent price is uncompetitive!

The best option to keep your void periods to a minimum is to ensure your tenants want to stay long-term. This means taking good care of the relationship – communicating regularly, sorting out issues within the property as soon as they arise, and showing flexibility in terms of rent payments when you can, especially if the tenant is facing difficulty, while of course acknowledging you have the mortgage to pay and your own expenses to cover. •



James Davts
Portfolio Landlord
& Property Expert

In Partnership with LLAS & ATLAS



Less Tax for Landlords is a specialist multi-disciplinary consultancy that helps portfolio landlords maximise the commercial benefits of building, running, and growing a recognised professional property business. We only work with those who are involved in owning or developing buy-to-lets, HMOs, or commercial property.

If you own rental property in personal names, are a portfolio landlord and a higher/advanced rate tax payer, then you're almost certainly paying too much tax on your property income. Take our [property business tax assessment](#) to see if we can help you benefit financially from running a recognised property business.

Visit <https://lesstaxforlandlords.co.uk/llas> for more information

Less Tax for Landlords Limited

0203 7352940,

info@lesstaxforlandlords.co.uk

www.lesstaxforlandlords.co.uk



Azad Ayub Ltd has been offering their services in the residential property sector since 1980. We provide an exceptional and personal level of service to both landlords and tenants. This has been recognized in our winning a number of industry awards. We also have Investors in People accreditation for over 10 years. A very dedicated team of staff take great pride in offering professional services of a very high standard. This is reflected in the customers' satisfaction ratings we have received from existing and past tenants. Having been in business for over 35 years has given us the opportunity to provide continuity of service to landlords and tenants, and share the benefits of our experience with others.

We have won the Best Green Landlord of the Year & awarded by LLAS/ATLAS for 2012, 2014 and 2016 and in 2019 awards. We won the Best Landlord of the Year for Student Letting . For more info, please visit www.azadayub.co.uk

In Support of LLAS & ATLAS

LEGACY
Education Alliance, Inc.

Legacy Education Alliance Inc. (LEA) offers comprehensive instruction and mentorship in the areas of property investing, entrepreneurship, personal development and stock market trading Established in the UK since 2001,

LEA's UK property-specific training programmes include; Rich Dad® Education, based on the teachings of the internationally acclaimed author, Robert T. Kiyosaki; Making Money from Property by Martin Roberts; Property Academy by Robbie Fowler; Perform in Property by Steve Backley and Roger Black; Building Wealth and Women in Wealth. Our customers derive all corners of the globe, many of whom make up our roster of part-time trainers and mentors. LEA is actively committed to giving back and is a Gold Supporter of Make-A-Wish® UK. For more info, please visit Web: leaacveducationalliance.com



London Property Licensing is a housing consultancy offering simple, impartial and expert advice on property licensing and the regulation of private rented homes. Established in 2015, the business was awarded 'Best Service Provider in the Private Rented Sector 2016' by the UK Landlord Accreditation Partnership and was a finalist in the FSB London Business Awards 2017.

Our website www.londonpropertylicensing.co.uk maps out the property licensing requirements across every London borough. We can handle license applications and provide expert advice on compliance. Landlords can also sign up to our free **newsletter** (www.londonpropertylicensing.co.uk/newsletter) for regular updates. For further information contact: info@londonpropertylicensing.co.uk



Central Housing Group's 'Guaranteed Rent Scheme' provides landlords with a guaranteed monthly rental income for up to 5 years. Quite simply, it's the most reliable way to let your property! We are a trusted and well established residential letting and management Agency that has been successfully acquiring and managing private rented accommodation since 2000 in North, West & East London. We are members of the Government's 'National Approved Lettings Scheme' (NALS), 'Ombudsman Services' for residential lettings, and the UK Association of Letting Agents (UKALA).

We are regarded as a professional letting services team that give our clients — landlords and local authority housing departments — a friendly, reliable, high-quality residential letting and management service. For further info please visit www.centralhousinggroup.com



LandlordsBase is the comprehensive system designed for landlords, property managers, etc to manage their properties. Tenants can also log in to view their accounts, print statements, etc. LandlordsBase is completely web based and hosted on secure servers. Users can access their data anytime, anywhere from any computer connected to the internet. LandlordsBase is very easy to use and requires little training.

The following are the modules available in LandlordsBase:

- **Tenants Database Transactions**
- **Repairs and Maintenance**
- **Properties**
- **Waiting Lists**
- **Tasks Reminder**
- **Notice Board**

For more information, or to arrange a demonstration, please visit www.landlordsbase.com



Landlord Law

Online legal services at from specialist landlord & tenant lawyer
Tessa Shepperson

Services include

- Unlimited use of our 25+ tenancy agreement templates
- Answers to frequent questions - written in plain English so you can understand them!
- Support for members from Tessa in the members discussion forum
- Save money with our DIY eviction kit (+Plus members only)

Standard membership £20 pm +Plus membership £96 for six months or £180 pa (VAT included)

www.landlordlaw.co.uk

"Landlord Law's great documents, information and customer support have been a God send and helped put me on the right path when I started out as a novice landlord. Thank you Landlord Law!" John Meades, Landlord

Do you have a property to let in Lewisham?

Lewisham Council runs two schemes to meet
your needs.



Lewisham Landlord Letting Scheme

With this scheme you manage your property yourself on an Assured Shorthold Tenancy. Benefits include:

- one-off cash payment for new landlords
- continuous supply of tenants
- four-week deposit bond
- free professional inventory
- fast-track payments from tenants on housing benefit.

Private Sector Leasing Scheme (PSL)

With the PSL scheme, we manage your property for you. Benefits include:

- guaranteed rent 52 weeks a year
- protection from LHA changes
- no void or bad debts
- professional housing management services
- property inspections.

Find out more – with no obligation.

www.lewisham.gov.uk/landlords • 020 8314 7086 / 9772 / 6753



Never in the field of British politics has so much been taken away from so many by so few’.

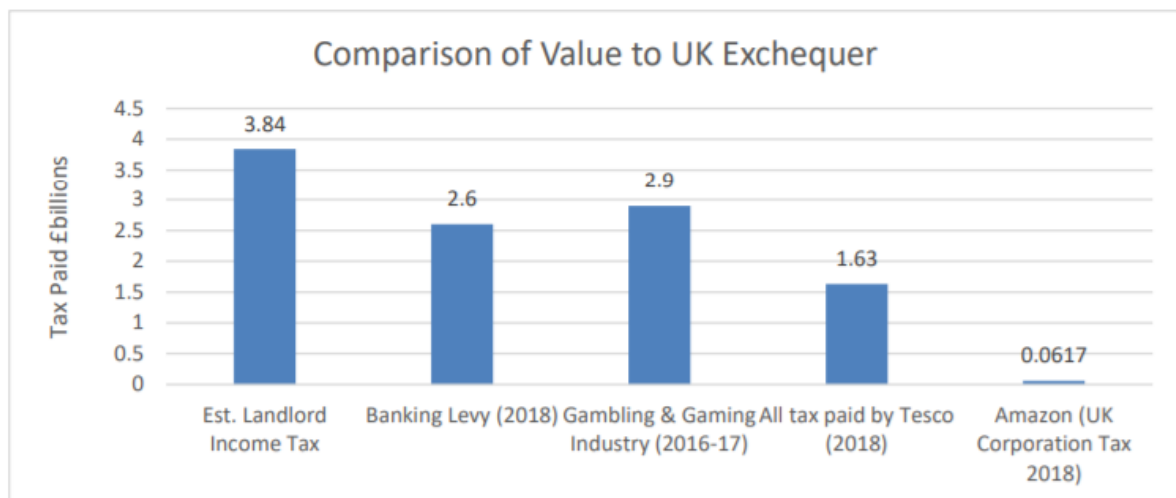


On August 20th, 1940 Winston Churchill delivered ‘The Few’, being one of the most recognisable speeches ever given in the English language. Wind the clock forward to 2019 and he might have been saying ‘Never in the field of British politics has so much been taken away from so many by so few’.

I am of course talking about George Osborne’s now infamous S24, Tenant Tax. Add to that the entire Brexit debacle, a Tory party in complete disarray, ‘reforms’ to S21 notices, and a political throw-back in the form of Comrade Corbyn who despite all the evidence to the contrary, believes that Marxism actually works; it’s no wonder that the entire Private Rental Sector (PRS) feels as besieged as our forebears did in those dark days when we stood alone against tyranny.

Some of you may say that I am taking my analogies too far, but when you take into account that the PRS is the only sector to be taxed on turnover and not profit, then perhaps I’m not going far enough.

According to analysis by The National Landlords Association, the PRS contributes at least £3.84bn a year in taxes, which is more than the £2.9bn that the entire UK gaming and betting industry was forecast to pay in 2016-17, and greater than the banking levy of £2.6bn; add to that the hundreds of millions of pounds raised through Stamp Duty, Capital Gains Tax, Council Tax, and Licensing fees, and that these numbers quoted are pre-S24, do you still think I’m taking it too far?.



<https://landlords.org.uk/sites/default/files/2019-03/Benefits%20of%20the%20PRS.pdf>

Government is being short-sighted.

So let’s now take a look at how government policy is distorting the rental property market, as well as suffering from a crisis in confidence as to how far left a Tory administration can go before it becomes indistinguishable from New Labour, or worse still the neo Marxists currently threatening to renationalise the utilities at a fraction of their true worth, which in turn will undermine peoples pensions and the economy as a whole.

In the excellent report by the Institute of Economic Affairs (IEA), entitled **Taxation Without Justification** (<https://iea.org.uk/publications/taxation-without-justification/>), the authors write that the PRS plays a critical role in increasing and improving housing provision in the UK. Around 80% of private sector tenants are satisfied with their homes, which compares favourably with that in the social rented sector. This contribution has gone unrecognized; instead, landlords have been made convenient scapegoats for a housing crisis primarily caused by land-use planning restrictions.

The government has recently passed tax measures that discriminate against private rented housing, both as an asset class and as a form of housing tenancy.

The most damaging of these measures is 'Section 24' which prevents landlords entirely offsetting mortgage interest costs against rents before taxable profits are calculated.

As a result of that change alone, many landlords will pay huge amounts of tax as a proportion of profits, meaning that in some cases the tax rate will exceed 100% of their underlying profit leaving landlords making losses where before they were making healthy profits.

The government has also increased Stamp Duty (SDLT) on buy-to-let properties. SDLT in general is widely regarded as one of the worst taxes from an economic efficiency point of view. The late James Mirrlees, Nobel Prize winner in economics wrote: 'There is no sound case for maintaining stamp duty and we believe that it should be abolished', and 'stamp duty and business rates defy the most basic of economic principles by taxing transactions and produced inputs respectively'.

Looking at Stamp Duty in particular, a House of Lords committee has called for the government to reform stamp duty because it has "seriously distorted the housing market".

<https://publications.parliament.uk/pa/ld201719/ldselect/ldintfair/329/329.pdf>.

Providing her opinion, Centre for Economic Justice chief economist Carys Roberts emphasised that she had "*never met an economist who thinks that stamp duty is a good tax*", while the House of Lords economic affairs committee chair Lord Forsyth added that stamp duty in the capital has "*brought some sections of the housing market to a complete dead stop*"

Increases in landlord taxes are likely to reduce the supply of rental housing, increase rents, reduce quality, and reduce the size of the 'professional' landlord sector, being the exact opposite of George Osborne's stated objectives to professionalise the sector.

Overall there is a huge misunderstanding at Westminster that the Private Rental Sector is doing nothing more than holding passive investments designed solely to exploit those who cannot afford to buy their homes. Whilst that view is something that we've come to expect from the Left, it now seems to apply to the political class as a whole.

In which regard, an analysis of Members' financial interests carried out by FactCheck and reported on by Channel 4 News in July 2017, showed that 123 MPs earn extra money by renting out homes and private property; and that includes Philip Hammond the current Tory chancellor and his boss Theresa May, along with 85 Tory and 28 Labour MPs – who said that turkeys don't vote for Christmas! But then wasn't it George Orwell who said in his allegorical novel about communism that "*All animals are equal, but some are more equal than others ...*",

If S24 did not exist would you still incorporate?

As Samuel Johnson so aptly said, "*Depend upon it, sir, when a man knows he is to be hanged in a fortnight, it concentrates his mind wonderfully.*"

Pretty much the entire PRS thought that S24 was said hangman, and there's been a headlong rush to take the panacea of incorporation as their last-minute reprieve, even though the 'drop' will be even sharper when that particular bear trap is finally sprung. The truth be told though, if it wasn't for S24 very many BTL landlords would still be struggling and doing nothing to build, run, and grow professional businesses. So rather than being vilified as one of the four horsemen of the apocalypse, perhaps George Osborne should be seen as the landlord's knight in shining armour by single-handedly 'concentrating' the sector's collective psyche on running a business as opposed to having had an 'accident'.

Most of us are perfectly happy to gripe about the amount of tax we have to pay the State protection racket, and rightly so; but rather than continuing to let the tax tail wag the planning dog, perhaps now is the time to turn the telescope around and start looking at the future rather than the past.

Meanwhile, as Lord Justice Tomlin said in his 1936 landmark ruling when the then Duke of Westminster was challenged by the HMRC of its day; *“Every man is entitled if he can to order his affairs so that the tax attaching under the appropriate Acts is less than it otherwise would be. If he succeeds in ordering them so as to secure this result, then, however unappreciative the Commissioners of Inland Revenue or his fellow taxpayers may be of his ingenuity, he cannot be compelled to pay an increased tax.”*

In which regards, according to the Chartered Institute of Tax Accountants (CIOT) there are a range of structures available when setting up a business, each with differing tax and commercial consequences. The potential tax advantages of using one structure over another, or a combination of structures, are merely one of the commercial issues to be considered when setting up any business, and derive from the inherent differences in tax rates on corporate and non-corporate structures.

They go on to say that if the government is intent on levelling the playing field and making tax fairer, a better option would be to address this underlying issue. Otherwise, it should accept that businesses will utilise a range of structures to try to prevent their competitors from gaining a commercial advantage over them.

With that spirit in mind, the chart below illustrates your options, and if you'd like to find out how you can stop being an accidental landlord and instead maximise the commercial benefits of building, running, and growing a professional property business insofar as the law allows, then please visit www.lesstaxforlandlords.co.uk/

	Retain Property in Personal Names	Transfer to Limited Company (via S162)	Mixed Partnership Hybrid Business Model
Full Relief for Finance Costs	✗	✓	✓
CGT Mitigated on Entry	✗	✓	✓
No change in property legal ownership	✓	✗	✓
Re-mortgage NOT Required	✓	✗	✓
Inheritance Tax Mitigated on Existing Estate Value	✗	✗	✓
Inheritance Tax Mitigated on Future Value	✗	May be possible for next generation only	All future Generations
Likely Maximum Tax Rate	45% & 60%*	50%** & 60%*	20%

* Loss of personal allowance between £100,000-£125,000

**Corporation tax at 19% followed by dividend tax at 38.1%

Less Tax for Landlords Limited - 33rd Floor, Euston Tower, 286 Euston Road, London NW1 3DP.

Switchboard: - 0203 735 2940

Email: - info@lesstaxforlandlords.co.uk

Web: - www.lesstaxforlandlords.co.uk



Calling all landlords

Do you have a property to let?

Then why not contact us immediately? We offer:

- cash incentives
- housing benefit fast tracked and paid directly to you for properties in Brent
- advice on tenancy issues
- competitive rents.

We currently have a high demand for all sized properties in and out of Brent

To find out more about our schemes and incentives, call us now on **020 8937 2777** email landlords@brent.gov.uk

www.brent.gov.uk/rwb



Wednesday 18th September 2019

6.30 – 9.00pm

King Georges House (Evolve Conference Centre), 40 Stockwell road, London, SW9 9ES

NLA and London Borough of Lambeth Landlords Forum

Lambeth Council and NLA are hosting a joint Lambeth Landlords Forum, a **FREE** event for landlords and agents in the borough. This is an opportunity to find out about the latest taxation, regulatory and other changes affecting the private rented sector.

Guest speakers will be delivering speeches on the current rental market as well as providing update regarding changes in welfare system and the implications for Landlords and Agents.

A range of topics will be covered by expert speakers such as

- Johnathan Pinney – Fixxa.com, Nikki Wakeford - NLA Inventories, Another TBC –

Providing;

- Updates from the Lambeth on their Private Lettings Scheme and incentives for landlords.
- Information on new developments and any legislative changes to ensure you keep up with the latest requirements.

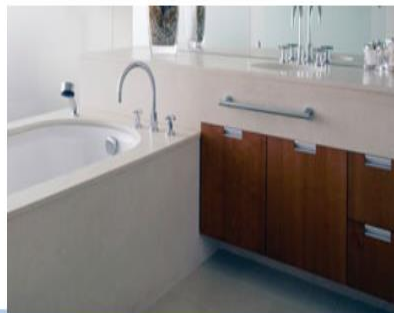
If you have any questions about this event please contact Jwoodstockgraham@lambeth.gov.uk for more information.

Book now through [Eventbrite](#)

Click this link & Book your free ticket today!:

<https://www.eventbrite.co.uk/e/nla-and-lb-of-lambeth-landlords-meeting-tickets-62409435301>

Do You Have A Property To Rent In South London?



Incentive Scheme

- Up to **£4,500 non-refundable incentive** at the start of your tenancy.
- A **competitive weekly rent** at or near the Local Housing Allowance
- Carefully selected tenants to suit your property
- A dedicated lettings officer to guide you through the lettings process
- A Benefit **sign up service** to ensure all claims are made
- A dedicated **Tenancy Support Service** to advise you on any problems which may occur during the tenancy
- **Viewings arranged within 24hrs** of being advertised

Contact our team of highly trained Lettings Negotiators to arrange viewings for your property.

Leasing Scheme

- Safe in the knowledge that your rent will be **guaranteed for up to 5 years.**
- We will offer you a **bond to claim off** in the event of any damages to your property.
- Carefully selected tenants suitable for your property

Why not try our new landlord insurance cover?

- We can provide you **rent guarantee insurance** that will also cover you for up to **£20,000 contents insurance** and **£5,000 damage cover.**

Tel : 020 7926 9105

Email: lettings@Lambeth.gov.uk

Benefits of Accreditation

- Be recognized as a good landlord or agent
- Learn about your rights and responsibilities under the new and existing legislation
- You will be recognized as a Fit and Proper Person
- Rent your property to Councils through their leasing or letting schemes
- Learn about key issues of property management and managing a tenancy
- Have access to the latest, up-to-date information via our website, newsletters and further development courses.
- Receive a comprehensive reference manual on a USB
- No membership fees
- Business advantages as tenants seek out accredited landlords and agents
- Use of the LLAS & ATLAS logos for advertising, on your letterheads, website, property adverts etc.
- * Reduced HMO licensing fees
- * **Grant money** to improve your premises
- * **Grants** to bringing empty properties back into use
- Preferential treatment by landlord organisations and universities
- Discount and preferential consideration opportunities with suppliers including insurance companies, materials supplies etc
- Improved access to local authority services for housing advice, housing benefit advice, etc.

Do you have a property available to rent in Medway? Join our private Rented Scheme

Medway Council is actively looking for affordable rental accommodation of various sizes to meet the needs of a wide variety of tenants.

The council provides landlords with an introduction to prospective tenants. Where a letting is agreed, landlords will be able to access a number of incentives (dependent on property size, area, rent charged).

Some benefits of joining the Private Rented Scheme (PRS):

- There are no fees or commission payable for this service
- For new landlords there is help and assistance with accessing the lettings market
- There is assistance with completing housing benefit forms
- It saves landlords time and money, as there is no advertising and can reduce the amount of time a property is left vacant
- Ongoing tenancy support assistance

If you are a managing agent or if you own a property which you wish to offer a client from the council, please contact us. One of our officers will be in touch with you to discuss the scheme in further detail.

For more information about the PRS phone: **01634 333053** or email: lenka.trent@medway.gov.uk

Do you have a property to let in Lewisham?

Lewisham Council runs two schemes to meet your needs.



Lewisham Landlord Letting Scheme

With this scheme you manage your property yourself on an Assured Shorthold Tenancy. Benefits include:

- one-off cash payment for new landlords
- continuous supply of tenants
- four-week deposit bond
- free professional inventory
- fast-track payments from tenants on housing benefit.

Private Sector Leasing Scheme (PSL)

With the PSL scheme, we manage your property for you. Benefits include:

- guaranteed rent 52 weeks a year
- protection from LHA changes
- no void or bad debts
- professional housing management services
- property inspections.

Find out more – with no obligation.

www.lewisham.gov.uk/landlords • 020 8314 7086 / 9772 / 6753



LB of Lewisham Consultation about introducing licensing for all private rented homes in the borough

We are consulting on proposals to introduce licensing for all private rented homes in the borough. [Existing licensing schemes](#). There are two licensing schemes already operating in the borough for homes in multiple occupation (HMOs). These are mandatory licensing and additional licensing.

Mandatory licensing

This scheme applies to the whole of England and requires landlords to license HMOs with shared bathroom or kitchen facilities, where there are at least five people living in two or more households.

Additional licensing

This scheme applies to HMOs in the Lewisham borough that are above commercial premises where there are at least three people living in two or more households.

Proposed changes to licensing

We are consulting on the introduction of two new schemes. These are the new additional licensing scheme and the selective licensing scheme

New additional licensing scheme

We are proposing to extend additional licensing to cover all HMO properties in the borough.

Selective licensing scheme

We are proposing to implement a selective licensing scheme across the borough. This would mean that all privately rented properties would be licensable. This scheme would need approval from the Secretary of State for Housing, Communities and Local Government.

The two schemes would work in tandem to ensure that all privately rented properties would be subjected to controls in order to improve standards.

Why we are doing this

We want to license all private rented houses to:

- improve property standards, security and decency in the private rented sector
- better protect vulnerable tenants
- help tenants feel safe and secure in their homes
- crack down on rogue landlords and protect tenants from illegal evictions
- reduce the gap between good and poor landlords
- address antisocial behaviour and crime.

Complete the consultation

Have your say on the proposals if you live in Lewisham or you are a:

- tenant
- landlord
- homeowner
- business owner.

[Complete the consultation](#) by 20 August 2019.

What happens next

After the consultation closes on 20 August 2019, we will produce a report of the consultation results. This report, alongside other evidence on the impact of the proposed schemes, will be considered by Mayor and Cabinet in October 2019 as part of the decision-making process.

If the decision is made to apply to the Secretary of State for borough-wide selective licensing, the consultation report will form part of our application to support the secretary's decision-making process.

We will publish any decisions taken, alongside any relevant documentation, on our website.

Further reading is available at this link <https://lewisham.gov.uk/articles/news/consultation-about-introducing-licensing-for-all-private-rented-homes-in-the-borough>

Advice for owners of buildings with smoke control systems

This Advice Note provides advice to building owners on Smoke Control Systems.

Although written for those responsible for the safety of residents of high-rise (18m or more) residential blocks of flats, the principles of this guidance may, in certain circumstances be applied to other premises.

Summary

1. Smoke Control Systems play an important role in protecting escape routes in residential buildings in the event of fire. The primary objective being to protect the staircase enclosure, but the system may also provide some protection to the adjacent lobby or corridor.

2. The responsible person under the Regulatory Reform (Fire Safety) Order 2005 has a duty to ensure that there are appropriate fire safety measures in place and to carry out a fire risk assessment.

3. The Independent Expert Advisory Panel believes that an appropriately designed, installed and maintained smoke control systems is essential to effectively managing fire safety risks in a residential building.

4. Immediate action should be taken to remedy any defects in the operation of smoke control systems and the local Fire and Rescue Service should be informed if a smoke control system is not operating effectively.

Smoke Control Systems

5. Building owners should be aware of the type of smoke control system they have in place and how this is intended to control the spread of smoke in the event of fire. This should be available in original design information, but if it is not then building owners should seek professional advice to ascertain how it should function.

6. Depending on the number of stairs and the age of property, ventilation to remove smoke is normally installed in either the stair lobbies or corridors that form the common access area to the residential flats, as well as in the staircase enclosure itself. Simple smoke ventilation measures could comprise of manually or automatically opening windows, or in older buildings, permanently opening vents.

7. However, complex natural or mechanical smoke extraction systems can also be employed using smoke ventilation shafts or 'chimneys', particularly in more modern buildings. In some cases, where the building may only have one staircase, or where there are long common corridors, these can be mechanical single or two-speed smoke extract systems, with pressure sensors and manual override controls for fire fighters.

8. Where an automatic smoke control system is in place, in the event of heat and/or smoke entering the common parts it should vent that heat and smoke to allow the means of escape to continue to be safely used and to facilitate the fire fighting activities within buildings.

In the case of an automatically opening system that relies on a smoke shaft, if smoke is detected the door/damper to the smoke shaft on that floor should open together with the vent at the top of the shaft. This creates a chimney effect, allowing the smoke to vent to open air. All other vents opening into the smoke shaft should remain closed in order to maintain the fire separation in the building, prevent smoke spreading to other floors and avoid reducing the rate at which smoke is being vented from the affected floor.

Maintenance of Smoke Control Systems

10. The standards for the maintenance and testing of smoke control systems are set out in BS EN 12101 and BS 9999. Smoke control systems should be tested weekly by the building owner to ensure that they are operating effectively, with a full system inspection and test carried out by a suitably qualified person at least annually. If you are in any doubt as to the tests that should be carried out then you should contact the manufacturer or installer of the system for further information.

11. The Smoke Control Association provides advice on issues related to smoke control systems and have published a guide "*Guidance on Smoke Control to Common Escape Routes in Apartment Buildings (Flats and Maisonettes)*". This is available on their website, along with other specific advice at: <https://www.feta.co.uk/associations/hevac/specialist-groups/smoke-control-association>

12. We are aware that there have been issues with electromagnetic holding devices for vents which can have an unpredictable performance leading to failure under fire conditions. Such failure can occur due to a loss of power to the devices, or through the magnetic fields of the devices being weakened as temperatures in and around the smoke shaft increase. It is therefore recommended that the use of electromagnetic holding devices as part of any smoke ventilation shaft installation

should be reviewed as part of fire risk assessments with consideration being given to replacing these devices with a more robust form of vent actuator.

13. Manual override controls for automatic smoke control systems should also be reviewed as part of the fire risk assessment to ensure that they function effectively and are clearly identified for use by fire fighters in the event of fire.

14. If you become aware that any element of the smoke control system is defective or in need of repair this should be remedied immediately.

15. Where the repair cannot be carried out immediately, a review of the fire risk assessment should be carried out to determine whether mitigation measures should be put in place. The mitigation measures to be put in place will vary from building to building and you should seek professional advice from a suitably qualified fire engineer. The local Fire and Rescue Service should also be informed and consulted on the planned mitigation measures.

16. The building may have other fire safety risks in place and these will need to be considered in developing the mitigation measures (for example, leaving vents on external walls open to disperse smoke may risk fire spread where combustible cladding is present). Issues around compartmentation should also be considered as defects that were low priority to remedy with a functioning smoke control system, may now be urgent.

17. Mitigation measures should remain in place until the smoke control system is repaired and has been tested to evidence that it is functioning effectively.

18. Professional advice on smoke control can be obtained from a qualified engineer with relevant experience in fire safety and the installation and maintenance of smoke control systems. They will normally be a chartered professional registered with the Institution of Fire Engineers but may include registered professionals from another built environment profession specialising in fire safety.

Source: <https://www.gov.uk/government/publications/advice-for-owners-of-buildings-with-smoke-control-systems>



LandlordsBase Management Software for Landlords

LandlordsBase is the comprehensive system designed for landlords, property managers, etc to manage their properties. Tenants can also log in to view their accounts, print statements, etc. LandlordsBase is completely web based and hosted on secure servers. Users can access their data anytime, anywhere from any computer connected to the internet.

LandlordsBase is very easy to use and requires little training. The following are the modules available in LandlordsBase:

Tenants Database
Rent Collection and Management
Repairs and Maintenance
Properties
Waiting Lists
Tasks Reminder
Notice Board

For more information please visit www.landlordsbase.com or call 07432 649734 or to arrange a demonstration,

New licensing scheme in Thurrock

Landlords in Thurrock are being reminded to apply for a licence ahead of the launch of a new scheme to improve the conditions and management of shared homes.

Thurrock Council's additional licensing scheme starts on 1 June and will require private landlords and managing agents renting shared houses or flats to three or four unrelated people (houses in multiple occupation) to be licensed in certain parts of Thurrock.

Under the new regulations, landlords will have to comply with national health and safety standards and local criteria before a five-year licence is granted. Those who are not licensed could be prosecuted and receive an unlimited fine or be served with a civil penalty notice of up to £30,000.

The new scheme will complement existing UK-wide mandatory licensing, which applies to homes rented to five unrelated people or more. Thurrock Council this month became the first local authority in the Essex area to serve a civil penalty notice to landlords for failure to licence under the mandatory scheme, with three landlords fined a total of £16,000.

It is estimated there are currently about 700 homes in multiple occupation in Thurrock.

Cllr Barry Johnson, portfolio holder for Housing, said: "We support responsible landlords in supplying good quality and safe homes to residents, but sadly there are those who fail to provide acceptable living conditions and don't have adequate protection in place for their tenants or neighbouring homes.

"We believe everyone should have a good quality place to live and tightening the regulations around more shared houses and flats will assist us in ensuring privately rented homes are safe and well managed."

To find out more and apply for a licence, visit www.thurrock.gov.uk/HMO

Agents can keep incentive payments from councils – but only if the landlord agrees

Already well documented in the press, rising rents in the private rented sector combined with cuts to housing benefits following the introduction of Universal Credit, have made letting to councils a less attractive proposition for private landlords.

However, as councils face mounting pressure to house a growing number of people, it has become common in some areas, in particular those with higher property prices, for local councils to offer financial incentives to landlords offering rented accommodation to tenants with defined housing needs.

In circumstances like this, some letting agents have enquired whether they are entitled to keep that incentive payment as part of their fee. The simple answer is yes, a letting agent may be able to include an incentive payment to the landlord as part of their fee, **but only as long as they are very clear and up front with the landlord that that is what they intend to do and the landlord agrees.**

[Primary Authority Assured Advice 33](#), which takes into consideration Consumer Protection from Unfair Trading Regulations 2008 (CPRs) and Business Protection from Misleading Marketing Regulations 2008, was obtained from Warwickshire County Council and is applicable to all TPO member agents.

It provides further detail on this question and addresses letting agents' duties and how their fees may be defined. The CMA Guidance has this to say about a letting agent's duty of loyalty:

"The agent's responsibility is to represent the interests of their principal, and not to allow any other interest (their own, or someone else's) to conflict with this. If a potential conflict of interest arises, the agent must make full and frank disclosure of this to their principal.

"This duty also restrains agents from making 'secret profits', meaning money the agent is paid in addition to their agreed commission from the landlord client, and which the landlord client does not know about. "So, for example, you should disclose any commissions or other benefits you receive from workmen for passing work to them."

This advice fits with the CPRs in relation to consumer landlords (as defined in Assured Advice no. 3, making reference to the *OFT v Foxtons*) and also, to a lesser extent, the BPRs in relation to professional landlords.

As a basic principle, landlords and their agents are of course free to contract as they wish, and this includes the calculation of fees. If a contract is agreed whereby the agent's fee will include a sum equal to that paid by the council as incentive for taking tenants in receipt of housing benefit, then that is permitted.

However, as set out above, agents must not make "secret profits".

If such a sum is to be charged (or kept), then failure to tell a landlord about this could constitute a misleading action or omission likely to affect their transactional decision, and could therefore be an offence under the CPRs.

In this context, "failure to tell" includes "telling in an unclear way", for example by means of a poorly-worded clause buried in the small print.

Source: <https://www.propertyindustryeye.com/agents-can-keep-incentive-payments-from-councils-but-only-if-the-landlord-agrees/>



AZAD AYUB



Some of our clients have been with us since we started our business in 1980. More importantly, we maintain costs at a reasonable practical level for good practice and there is no wasteful expenditure.

As a result of this long period of service, we have been able to provide continuous support to our clients both landlords and tenants.

We own and manage properties in North London and other areas within the M25. Recently we have expanded our business in Spain, USA and Pakistan.



36 Wightman Road,
London N4 1RU
Tel: +4420 8348 3135
Fax: +4420 8348 3298
Mob: +447956 131310
azad@azadayub.co.uk
www.azadayub.co.uk

If you would like your property managed by a long established award winning company, please contact Azad or Elena.



Investor in People

