



Notes for clients purchasing Residential Property for occupation by others.

These notes are for general information only. They should not be relied upon in the absence of advice about a particular situation and no liability is accepted in the absence of our receiving formal instructions and providing formal advice.

There are numerous ways in which you can maximise the benefits of this sort of investment and also points which you should watch to reduce the risks.

It is important that you obtain advice from your Solicitor and your Accountant before committing yourself to the purchase.

You should also take advice from time to time while you are operating the property and prior to selling it.

Even if you intend the property to be occupied by e.g. a child of your own who is a student in another town, you should still treat it as an investment.

If you purchase a house to let to your student child (perhaps with others,) then, upon its sale you will be subject to Capital Gains Tax.

If you put that house into a discretionary trust with you and your child as beneficiaries then if, when it is sold, that child has been an occupier, you may well be able to obtain the occupier's exemption from Capital Gains Tax.

There might be an advantage in the house being in the child's name but subject to a mortgage in your favour.

These are just examples of arrangements which can be made easily, profitably and cheaply.

Matters to discuss with your **Accountant** include

1. (a) In whose names can the purchase best be made, or should a limited company be acquired for the purpose?
 - 1 (b) What is the best method of financing the purchase?
 - (c) Tax differences between holiday letting and long-term letting of residential properties.
- 2 (d) The financing and tax treatment of differing types of improvement or repair.
- 3 (e) Any re-arrangements of ownership which could usefully be made before a sale.
- 4 (f) The timing of a sale.
2. The terms of **Insurance** policies should be checked for any special conditions relating to occupiers other than the person taking out the policy and for periods during which the property is empty.

3. Various concessions on **Council charges** apply in different situations.

You may decide to make a **Gift** of the property at some stage to members of your family. This is often advantageous although care must be taken. We can advise on this and on the Inheritance Tax and other implications.

If the property is for occupation by a member of the family then you might want to make special provision for it in your **Will**.

Tenancy Agreements. We can prepare these for you taking into account any particular requirements you may chose e.g. no pets

Problems can arise. We can help if you need help with an unsatisfactory tenant, either by taking proceedings for you or helping you to do so.

Insurance. We can introduce you to a broker able to offer cover against Fire and other usual risks and also Legal Expenses cover.

On application by a Tenant for registration of a fair rent, increases are restricted to certain percentages (subject to rules which change from time to time).