



Landlord Newsletter 12/24



Steven Sim – Associate

Welcome to our Landlord Newsletter covering industry updates and insight.

Autumn Budget 2024 – a summary for property landlords

The Autumn Budget took place on 30 October 2024. This was Rachel Reeves' first budget as Chancellor and it intended to restore stability to our economy and to begin a decade of national renewal. Investment will be funded by revised debt rules to facilitate additional borrowing and a hefty £40 billion of tax rises. No changes were announced to income tax, so the taxation of rental profits will not change in 2025/26. The following measures will be of relevance to property landlords:

Capital Gains Tax

Whilst no changes were announced to the capital gains tax (CGT) rates on residential property gains, there will be increases to the rate of CGT applicable to other gains, such as disposals of commercial property or shares. For disposals made on or after 30 October

2024, the rate of CGT on gains falling in the basic rate band increases to 18% (from 10%) and the rate on gains falling above the basic rate band increases to 24% (from 20%).

Furnished Holiday Lettings (FHLs)

The Chancellor confirmed that the FHLs regime will be abolished from April 2025, meaning an end to the beneficial tax treatment. Thereafter, profits from FHLs will be taxed in the same way as any other property rental business.

Stamp Duty Land Tax

It has been confirmed that the 0% thresholds for Stamp Duty Land Tax (SDLT) will be reduced from 1 April 2025 as follows:

Main threshold: £125,000 (down from £250,000)

First-time buyers' threshold: £300,000 (down from £425,000)

For transactions with an effective date (generally the date of completion) on or after 31 October 2024, the higher rates of SDLT payable by purchasers of 'additional dwellings' (i.e. when they already own one dwelling), and by companies, increases from 3% to 5% above the standard residential rates. This measure is clearly targeted at buy-to-let landlords and those acquiring second homes.



Landlord Newsletter 12/24

The rate of SDLT payable by companies and non-natural persons (e.g. trusts) acquiring dwellings for more than £500,000 increases from 15% to 17% also from 31 October 2024.

SDLT applies to properties in England and Northern Ireland. Property purchasers in Scotland and Wales do not pay SDLT - Land and Buildings Transaction Tax (LBTT) applies in Scotland, and Land Transaction Tax (LTT) applies in Wales. No amendments to these transaction taxes have yet been announced.

Scotland – high expectations for the housing market



The September 2024 Royal Institution of Chartered Surveyors (RICS) Residential Market Survey shows that expectations for the Scottish housing market are at their strongest since the start of 2022.

Overall, 33% of respondents expect house prices to rise over the next three months and 32% expect the number of sales to increase in the same period. 40% of respondents reported that house prices had risen over the last three months.

However, overall new buyer enquiries had reduced, albeit at a slower rate than in August. This shows that demand is more limited. The survey can be read [here](#).

FHLs abolition - Clarification

In the Autumn Budget 2024, Chancellor Rachel Reeves confirmed the abolition of the furnished holiday lettings (FHL) status from April 2025.

On 7 November, HMRC published the document 'Clarification on abolition of the furnished holiday lettings tax regime' ([see here](#)), which responds to common issues that have been raised by stakeholders.



The document outlines the tax consequences of the abolition as follows:

VAT - Holiday accommodation, whether previously qualifying as an FHL or not is still standard rated for VAT.

Relief for mortgage interest - individual landlords can still obtain relief for finance and mortgage interest costs, but only at the basic rate of Income Tax of 20%.

Capital allowances – after April 2025, no new capital allowances claims can be made in respect of fixtures or furniture. Replacement of Domestic Items Relief will then be available on replacement items.



Landlord Newsletter 12/24

Capital gains tax – business asset disposal relief (BADR) and other reliefs will no longer be available although transitional provisions will apply.

Losses – Any FHL losses carried forward beyond April 2025 will be treated as losses of the ongoing UK or Overseas property business going forward.

The document also addresses what has been raised as an unusual situation for FHL businesses commencing in the 2024/25 tax year. Where an FHL business commences in tax year 2024/25, the relevant period for the purposes of the occupancy conditions begins on the first day in the tax year on which letting commences and may extend past April 2025. However, FHL status only applies to the tax year 2024/25.

A transitional measure applies to business asset disposal relief eligibility for FHL businesses that cease prior to 6 April 2025. The document confirms that the date of cessation is not the date that further bookings stop being taken, it is the date from which there are no longer any bookings or lettings nor any intention to resume such activity in future.

Interest Rates rise

In November, several major lenders increased the rates charged on new fixed mortgage deals, despite the Bank of England cutting the base rate to 4.75% earlier in the month.



This is because mortgage lenders price their products based not only on the current base rate but on what they and the financial markets expect the rate to be in future.

The Bank of England said that future cuts to the base rate are not likely to come as quickly as previously thought. The base rate is intended to control inflation and measures announced in the Autumn Budget on 30 October are widely expected to cause businesses to increase prices, thus fuelling inflation.

If you would like to speak to us and find out how we can help you with any property-related issues, please contact Steven Sim on 0131 226 2233 or email ssim@thomsoncooper.com.

The newsletter is part of our online [Property and Landlord Hub](#) which also features factsheets and property-related articles.