HW FISHER
Part of the SUMER Group

UK Residential Property

Tax guide for overseas investors



October 2026

Contents

1. HW Fisher 3
2. Our team 4
3. Tax guide 6
4. Our service 23
5. Appendix 25

1. HW Fisher

HW Fisher is a commercially astute firm of Chartered Accountants with roots firmly in the entrepreneurial sector. We are fully aware of the competitive environment in which entrepreneurial individuals and companies operate and have a thorough understanding of the challenges and opportunities they face.

- HW Fisher is part of the Sumer Group, a top 11 firm of Chartered Accountants.
- We advise large corporates, high-net worth individuals and SMEs.
- Our clients are active in all areas of commerce and industry.
- We have 40 partners and around 350 staff based out of our Central London office. The Sumer Group has over 2,500 dedicated professionals and more than 50 offices nationally, giving complete geographical coverage of the UK.
- We are a member of LEA Global, an international alliance of major independently owned accounting and consulting firms, allowing us to meet your needs both domestically and overseas.
- We have a dedicated Overseas Landlords department, who assist clients with their UK tax reporting obligations.

Our reputation is grounded in quality and consistency and delivering premium advisory services quickly and cost effectively. Key to our success is our accessibility, our open communication with clients and our personal, yet professional, partner-led service.

We specialise in advising Asia-based clients on moving to and investing in the UK and we currently assist over 1,200 clients based in the region. Whether you are acquiring your first investment property, expanding your business, or emigrating to the UK, as a leading accountancy firm in the UK our expert team is here to deliver a premium advisory service.

As a firm, we believe in close, two-way contact, and the development of long-term relationships. We encourage our clients to contact us as often as necessary to discuss any matters where our advice could be helpful. We maintain regular contact so that we are aware of any material or technical issues and keep up to date with your activities.

Please visit our website for more information:

English: https://www.hwfisher.co.uk/ukinvestments/

2. Our team

Jamie Morrison



Jamie sits on the Board of HW Fisher and as Head of Tax is responsible for the delivery of Tax services across the firm. He runs a significant portfolio advising high profile HNWIs, Entrepreneurs and Family Offices in both the UK and overseas.

He advises clients with residence issues, on restructuring and transactions, as well as assisting them with property structuring and capital taxes planning.

He spends a significant amount of time annually in Asia looking after clients who seek to invest into the UK, where he advises on property and business structuring. He lectures regularly on taxation issues affecting overseas investors looking to invest in UK real estate and businesses

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Trusha Shah



Trusha has a BA (Hons) degree in Accounting and Finance and studied further to gain her ACCA and CTA qualifications. Trusha has worked in various sized firms (Big 4, medium and small practices), gaining an all-round experience in accountancy and tax, before joining the Overseas Landlords team at HW Fisher in 2019.

Trusha manages the Overseas Landlord Department, ensuring they are providing efficient and timely services to their clients.

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3. Tax guide

Stamp Duty Land Tax (SDLT)

Current SDLT Residential Tax Rates - England and Northern Ireland

Purchase Price Band	First Property	+5% Additional Property Rate or By a Company	+2% Non-Resident Surcharge	+5% Additional Property Rate +2% Non-Resident Surcharge
Up to £125,000*	0%	5%	2%	7%
Above £125,000 and up to £250,000	2%	7%	4%	9%
Above £250,000 and up to £925,000	5%	10%	7%	12%
Above £925,000 and up to £1,500,000	10%	15%	12%	17%
Above £1,500,000	12%	17%	14%	19%

**Only applies to purchases over £40,000. For purchases at £40,000 or under no SDLT is payable, even if the residential property is not a replacement of a main home or not the only residential property owned.*

As noted in the table, there is a 5% SDLT surcharge on purchases of additional residential properties (above £40,000), such as buy to let (investment) properties and second homes. From 1 April 2021, there is a 2% SDLT surcharge applied to non-UK residents purchasing residential property in England and Northern Ireland. This applies to non-UK resident individuals, Trusts and companies (including UK companies controlled by non-UK residents). Both these surcharges are discussed in more detail overleaf.

Example: The additional SDLT due on the purchase of a buy-to-let property (being a second residential property for the purchaser) for £350,000 completing after 31 March 2025, in comparison to the purchase of a residential property (with no other residential property owned) for the same price would be £17,500; the overall additional SDLT due with the additional 2% surcharge would be £24,500, calculated as follows:

Purchase Price	First Property	SDLT Due	+5% Additional Property Rate or By a Company	SDLT Due	+2% Non-Resident Surcharge	SDLT Due	+5% Additional Property Rate & +2% Non-Resident Surcharge	SDLT Due
First £125,000	0%	0	5%	£6,250	2%	£2,500	7%	£8,750
Next £125,000	2%	£2,500	7%	£8,750	4%	£5,000	9%	£11,250
Final £100,000	5%	£5,000	10%	£10,000	7%	£7,000	12%	£12,000
Total		£7,500		£25,000		£14,500		£32,000

As mentioned above, there is a 5% SDLT surcharge on purchases of additional residential properties (above £40,000), such as buy to let (investment) properties and second homes. The higher rates do not apply to purchases of caravans, mobile homes or houseboats. The 5% surcharge applies unless the residential property that an individual purchaser acquires in the UK is their only worldwide residential property that they (or their spouse) personally own at the point of acquisition, or it replaces their main residence.

If a purchaser acquires a new property as their main residence and then sells their main residence within three years after the purchase of the new one, they can claim for a refund of the higher SDLT rate paid.

The 5% surcharge will always apply to a residential property purchased by a company and frequently trusts. Companies are also potentially caught by the 17% flat rate SDLT charge for certain acquisitions (see below ATED). The 2% surcharge for non-residents, if applicable, is charged in addition to this.

There is a further 2% SDLT surcharge applied to non-UK residents purchasing residential property in England and Northern Ireland, this applies to non-UK resident individuals, Trusts and companies (including UK companies controlled by non-UK residents).

A first-time buyer (a buyer who has never owned a residential property anywhere in the world) purchasing a residence for their own use (for under £500,000) pay slightly reduced rates. There is no SDLT for purchases under £300,000 and first time buyers paying between £300,000 and £500,000 will pay SDLT at 5% on the amount of the purchase price in excess of £300,000.

To determine whether an individual is UK resident or non-UK resident for the purposes of the 2% SDLT surcharge, the Statutory Residence Test (SRT) is ignored, and the specific rules set out in the SDLT legislation are followed.

Under the specific rules, an individual will be non-UK resident if they spend less than 183 days in the UK in the 12 months prior to the property purchase.

A refund of the 2% SDLT surcharge can be claimed within 2 years following the date of completion if the individual becomes UK resident (according to the SDLT rules) within 12 months of the purchase.

The residency surcharge test provides that an individual is UK resident if that individual is present in the UK for at least 183 days during any continuous period of 365 days that:

- Begins with the day 364 days before the completion date of the chargeable transaction: and
- Ends with the day 365 days after the effective date of the chargeable transaction.

For married couples and civil partners living together at the date of completion purchasing property jointly, they will both be treated as UK resident even if only one of them satisfies the UK residency rules set out above.

With regards to corporate purchasers, the normal tax residency rules apply to determine the residence of a corporate purchaser.

A company is non-UK resident for the purpose of the 2% surcharge where:

- The company is not UK resident for the purpose of the Corporation Tax Acts at the date of completion. i.e. it is neither incorporated in the UK nor managed and controlled in the UK;
- The company is a UK resident company controlled by 5 or fewer participators who do not individually satisfy the UK residency test for individuals as set out above.

In practice this means looking through the company to determine the position of the shareholders and the 2% surcharge cannot simply be avoided by using a UK company to acquire the property. Whilst these rates may increase up-front acquisition costs for non-UK resident purchasers and purchasers of second homes, purchasers can claim the increased SDLT as a deduction against the capital gain arising on a subsequent disposal of the property.

An SDLT return must be submitted within 14 days after completion and the SDLT is payable within the same time frame.



Residential property acquired by companies and other 'non-natural persons'

The aim of the legislation is to prevent mitigation of SDLT by buying residential property through a company. A rate of 17% applies to residential property acquired by companies, partnerships where any member is a company, or for the purpose of a collective investment scheme, where the property value exceeds £500,000.

No account is taken of the mixed nature of other property acquired, or the deeming of a single contract for purchase of six or more dwellings to be non-residential property (see below).

This enhanced SDLT rate will only apply to residential property bought in a company name for self-use (or that of a family member) where the property value exceeds £500,000.

As explained in the ATED section below, there are exemptions from ATED, which also extend to the flat 17% SDLT rate and must be claimed on the SDLT return filed by the purchaser.

Relief from the 17% charge will be clawed back or withdrawn, if the use giving rise to the relief does not continue to apply in the three years following the date of acquisition.

Where one of the ATED exemptions applies, the usual progressive basis of SDLT is used to calculate the tax due, rather than the flat 17% rate.

Acquisition of 6 or more dwellings in a single transaction

A deeming rule applies to the transfer of six or more dwellings in a single transaction which treats them collectively as non-residential for SDLT purposes and the lower non-residential rates will be applicable on the total whole consideration to be paid.

The non-residential rates are as follows:

- On the purchase price between £0 and £150,000: **0%**
- On the purchase price between £150,000 and £250,000: **2%**
- On the purchase price in excess of £250,000: **5%**

The 2% non-resident SDLT surcharge will not apply to transactions deemed as non-residential transactions as it only applies to residential property.

Annual Tax on Enveloped Dwellings (ATED)

ATED applies to UK residential property wholly or partly owned by non-natural persons (i.e. companies but not trusts) valued in excess of £500,000.

Properties must be revalued every five years following a statutory 5 year cycle. The last set of valuations required for all existing properties, which were owned at 1 April 2017 was 1 April 2022 and now need to be valued as at 1 April 2027.

In addition, properties must be valued immediately on acquisition by the company. Companies liable to ATED charges are required to self-assess the charge (or claim the relief) due by filing an annual ATED return.

The starting point is that all residential properties owned by non-natural persons are caught under the ATED rules.

However, exemptions from the charge are available by reference to use of the property, when the property is:

1. let to a third party on a commercial basis and not, at any time, occupied by anyone connected with the owner;
2. open to the public for at least 28 days a year;
3. being developed for resale by a property developer;
4. owned by a property trader as the stock of the business for future resale;
5. repossessed by a financial institution as a result of its business of lending money;
6. being used by a trading business to provide living accommodation to certain qualifying employees;
7. a farmhouse occupied by a farm worker or a former long-serving farm worker;
8. owned by a registered provider of social housing.

Except for the relief for being open to the public, no reliefs are available if the property is occupied by a connected party, such as a family member, even if market rent is paid for their use or occupation.

Please note that it is necessary to file the annual ATED relief tax return in order to claim an exemption, as they do not apply automatically.

The due date for filing ATED returns and paying the charge is 30 April annually. ATED Returns and payments are made in advance. There are penalties for late filing and non-compliance.

If you buy a property during the year which is subject to ATED you are required to file the return and make payment (or claim the exemption) within 30 days of acquiring the property.

The deadline is extended to 90 days in respect of newly built property and it is then within 90 days of the earliest of the date of first occupation and the date that the property is registered for Council Tax.

The annual chargeable amounts are as below:

Taxable value of the interest in the property on the relevant day	Annual chargeable amount (2027/28)	Annual chargeable amount (2026/27)
£500,000 - £1 million	£4,750	£4,600
£1 million - £2 million	£9,750	£9,450
£2 million - £5 million	£33,300	£32,200
£5 million - £10 million	£78,050	£75,450
£10 million - £20 million	£156,750	£151,450
More than £20 million	£314,050	£303,450

Tax on rental profits

Scope of charge

Income Tax is charged upon UK rental profits arising for individuals and trustees irrespective of their residence and domicile status.

Companies (both resident and non-UK resident alike) are liable to UK corporation tax on their rental profits.

Tax is charged on rental income after deduction of relevant tax-allowable expenses (see later).

In addition, those persons who are involved in dealing or developing UK land are liable to income tax or corporation tax on their profits, irrespective of the provisions of certain double tax treaties and whether they have a permanent establishment in the UK or not.

Personal allowances

All British citizens (irrespective of tax residency status) are entitled to a UK personal allowance, which is the amount of tax-free income that each individual is entitled to receive.

The UK personal allowance is £12,570.

In addition, the following individuals are also entitled to claim UK personal allowances (a non-exhaustive list):

- EEA Nationals
- Individuals who are resident and nationals of Thailand and Malaysia

Residents and nationals of the following countries will only qualify for UK personal allowances to the extent that they also hold full British (or other EEA) citizenship:

- China
- Hong Kong
- Singapore
- Dubai (and other UAE Citizens)
- Saudi Arabia
- USA

Residents in other countries will need to have regard to the bilateral tax agreement between the UK and their country of residence.

However, personal allowances are reduced by £1 for every £2 of income earned in excess of £100,000, so anyone earning rental profits in excess of £125,140 cannot benefit from a personal allowance irrespective of their residency status. Only UK taxable income is taken into account.

Trusts and companies do not benefit from a UK personal allowance.

Rates of tax

The rates of tax on net rental profits for 2025/26 and 2026/27 are as follows:

Individual	Basic rate	£0 – £37,700	20%
	Higher rate	£37,701– £125,140	40%
	Additional rate	Over £125,140	45%
Trust	Discretionary trusts are subject to the additional rate (45%) on their net rental profits. Interest in possession trusts are subject to the basic rate (20%) on their net rental profits.		
Company	UK resident companies with profits under £50,000 pay UK corporation tax at a rate of 19%. UK resident companies with profits greater than £250,000 pay the increased CT rate of 25% with marginal rates between 19-25% where the profits are between £50,000-250,000. All non-UK resident companies pay corporation tax at 25% (subject to their country's double tax treaty with the UK which may allow for the lower rates to apply as they do for UK resident companies).		

From 6 April 2027, a new tax rate will be introduced for property income. This is an additional 4% added to the rates above.

From that date, the rates of tax will be as follows.

Individual	Basic rate	£0 – £37,700	24%
	Higher rate	£37,701– £125,140	44%
	Additional rate	Over £125,140	49%

Reporting

Individuals

Individuals must report their income, expenses and net rental profits on Self-Assessment Tax Returns that are due for submission to HM Revenue & Customs by 31 January following the end of UK tax year. A UK tax year runs from 6 April to the following 5 April.

Any income tax payable by non-UK resident individuals is due for payment by the tax return filing date, i.e. 31 January (if submitted online) following the end of the relevant UK tax year.

In addition, such taxpayers are usually required to make payments on account of next year's tax liability in two equal instalments in advance.

The payments are due by 31 January during the tax year and 31 July following the end of the relevant tax year. Each instalment is equal to 50% of the previous year's liability.

From 6 April 2026 a new regime for reporting digitally property income and expenditure to HMRC is to be introduced ("Making tax digital – MTD"). The regime **only applies to** non-UK residents letting property in the UK who have been issued with a National Insurance number – typically either those born here or who have worked here previously.

Under MTD, taxpayers with gross income of over £30,000 (in 2025/26) will need to report property income and expenditure on a quarterly basis to HMRC starting April 2027 (as well as the annual tax return). The threshold of £30,000 is to reduce to £20,000 (income arising in 2026/27) and that regime will commence April 2028.

The MTD regime requires records to be kept digitally and the digital records must be 'bridged' to the quarterly transmission of data to HMRC with a clear audit trial. In many cases the software used to record the income and expenditure can also send the data to HMRC. If not (for example records are kept on an Excel spreadsheet) it is possible to purchase 'bridging software' that will extract the data from the spreadsheet and send it to HMRC.

In addition HRMC have indicated that from 2029, tax payments will also need to be made on a regular basis in a change from the current twice a year payment system.

Companies

Companies report their profits on Corporation Tax Returns which are due for submission within 12 months from the end of the accounting period.

Corporation tax is usually payable 9 months and 1 day after the end of the accounting period after the end of the company's accounting period.

Large companies and very large companies are required to pay by instalments. For large companies with profits between £1.5 million to £20 million, payments are due in four instalments starting 6 months after the beginning of the company's accounting period; for very large companies with profits more than £20 million, in four instalments starting 2 months after the beginning of the company's accounting period.

For the first year's accounts for non-UK resident companies, the company will need to prepare accounts usually from the date of incorporation ending either on their year-end date or 5 April 2024 where there is no fixed year end date.

E.g: *For a company that has a year end of 31 December 2023, the first period will therefore run from the date of incorporation to 31 December 2023. The tax payment date will be 1 October 2024 (if it falls outside the scope of large or very companies) and the filing deadline will be 31 December 2024.*

In addition to filing a company tax return, non-UK resident companies need to file accounts showing a profit and loss account as well as a balance sheet together with the company's tax return in a specific format.

Working out the profit

In calculating the net profit, the expenses that can be offset against the gross rent include:

1. Costs of repairs and maintenance (expenses incurred prior to first letting to put the property into good order may be allowable);
2. Agent's fees for managing the property;
3. Service charges and other expenditure on common parts;
4. Insurance premiums;
5. Legal costs of renewing a short lease or tenancy agreements;
6. Accountancy fees for preparing accounts and tax computations;
7. A 'renewals' basis applies to rental properties. There is no deduction for the initial installation of furniture, but the costs of replacements can be claimed. This will includes fixtures such as baths, wash basins and kitchen units. furniture and white-goods, but fixtures (such as radiators or fixed plumbing) do not qualify.
8. Any unrecovered VAT on the above items.

For individuals and Trustees, tax relief on finance costs is restricted to 20% of the total finance costs incurred in the year and this is deducted from the tax due on the rental profits. Any excess finance costs are rolled forward to the next tax year.

In practical terms, these measures do not affect basic rate individual taxpayers, whose net rental profits, before deduction of interest, fall within the 20% rate band (i.e. less than £37,700 of profit as stated above), nor will it affect companies, who will be able to get 100% tax relief under Corporation Tax rules.

To illustrate this change and how it will affect the amount of tax due by a higher rate (40%) taxpayer when the measures take full effect, please refer to the example below:

This example assumes an individual with no UK personal allowance who has £45,000 of gross rental income, £5,000 of expenses and £30,000 of mortgage interest payable:

	2026/27 Tax Year
Rent	£45,000
Expenses	(£5,000)
Mortgage interest	£0
Profit	£40,000
Tax @ 20%	£7,540
Tax @ 40%	£920
Tax due	£8,460
Tax credit (£30,000 x 20%)	(£6,000)
Net tax due for the year	**£2,460**

In 2026/27 the economic profit is £10,000, except that £30,000 is not deductible in calculating the taxable profit (a tax credit at 20% being given later in the computation) and the tax rate increases because part of the rental profits are then taxed at the higher rate of 40% rather than 20%.

As mentioned above, from 6 April 2027 the tax rates on property income are to increase by 4% on each band. From that date, the tax credit will increase to 24% in line with the basic rate for property income.

Tax on disposals

Individuals and trustees

All individuals and Trustees are required to report direct and indirect disposals of UK residential property within 60 days following completion of the sale and pay any Capital Gains Tax (CGT) due within the same time frame. A UK residential property interest includes an assignment of a contract of an off-plan residential unit. UK residents are required to report direct sales of UK residential property, unless completely exempted (for example, the disposal of a principle private residence) and pay the CGT within the same timeframe.

Each individual is entitled to an annual exemption from CGT. This is separate to the personal allowance for income tax and is not dependent on the individual's jurisdiction of nationality or residence.

The annual exemption for 2026/27 and 2027/28 is £3,000. Trustees also benefit from 50% of the individual annual exemption i.e. £1,500.

Disposals can take the form of a sale to a third person for consideration or a gift to a family member, although gifts between spouses are exempt from CGT.

A capital gain on a disposal of a UK residential property is ordinarily calculated by taking the disposal proceeds (decreased by any incidental costs incurred on the disposal, e.g. estate agents'/ solicitors' fees) and deducting from them the cost of that property on exchange (increased by such incidental cost incurred on an acquisition – the incidental costs on acquisition would also include SDLT) and any enhancement costs, such as capital improvements to the property, conversions, alterations etc.

However, there are three ways in which an individual can calculate the capital gain on a UK residential property which is directly owned by a non-UK resident person where the property was acquired before 6 April 2015.

These special rules only require that non-resident CGT is paid on the difference between the proceeds received on a disposal and the value of the property as at 5 April 2015 (known as 'rebasing'). It is also possible to elect to time-apportion any capital gain between the pre- and post-April 2015 periods, with the former exempted from tax. If it is beneficial to calculate the gain over the whole period of ownership, the gain can be calculated without rebasing or apportioning.

For disposals of indirectly held property, i.e. a disposal shares in a company that holds UK residential property, they can rebase the share value to 5 April 2019. For a gain on the disposal of an indirect holding (e.g. shares in a company or units in a collective investment vehicle) to come within the scope of CGT, certain conditions need to be met. The conditions are broadly that:

- the non-UK resident person (together with connected parties) has a 25% interest (or has done within the last two years); and
- at least 75% of gross assets is represented by all UK immoveable property (i.e. not just residential properties) – (a "property rich" company.)

An asset used for the purposes of a trade, for example, a hotel building, when the company operates a hotel, can be excluded (subject to various conditions) when determining whether the company is 'property rich'.

Companies

Both UK resident and non-UK resident companies pay corporation tax on disposals of UK residential property. Non-UK resident companies can still rebase the value of their UK residential property assets as at 5 April 2015.



Rates of tax

Individuals

For non-UK resident individuals, tax will be applied at a rate of 18% to the extent that their overall income and gains falls within the basic rate band (of £37,700) and 24% thereafter.

If property is used as the main residence, a gain realised on a disposal of such a property (including land of up to half a hectare or such larger area as is required for reasonable enjoyment of the residence) is fully covered by Private Residence Relief (PRR) and, consequently, exempt from CGT.

It is also possible for a non-UK resident individual to claim PRR for a tax year provided that the property is occupied by them for at least 90 nights during that tax year. Time spent in other UK properties owned by the individual can be aggregated for this purpose.

If the UK property is that individual's second home, a formal election should be submitted to HM Revenue & Customs to elect for that property to be a main residence to secure this relief in the future on parts of the gain that relate to the periods of main residence occupation. However, notwithstanding this, non-UK residents can delay an election for a property to be their main residence until submission of their non-resident CGT return.

Companies

UK resident companies with profits under £50,000 pay UK corporation tax at a rate of 19%. Companies with profits greater than £250,000 pay the increased CT rate of 25%. For UK resident companies there are marginal rates between 19-25% for companies with profits between £50,000¬250,000. All non-UK resident companies pay corporation tax at 25% unless they are resident in a country with a non-discrimination clause in their double tax treaty with the UK (in which case the lower rates may be available as they are for UK companies).

Properties owned prior to 31 December 2017 may benefit from indexation relief, designed to give inflationary relief based on cost.

Companies cannot claim PRR, even where the property is occupied by a director or shareholder.

Trusts

Trusts are liable at a flat rate of 24% and can benefit from half of the annual exemption available to individuals (£1,500 for 2024/25).

Reporting

Individuals

As mentioned above, both UK residents and non-UK residents disposing of a UK residential property interest will need to notify HMRC within 60 days following completion of the sale and pay the tax due within that timeframe (unless there is an exemption, such as principle private residence relief). Non-residents must also report disposals (and pay the tax) of non-commercial properties or shares deriving their value from UK property, within the same timeframe.

Non-resident CGT (NRCGT) returns must be submitted even where there is no tax payable.

Where properties are held jointly, each owner is required to submit an NRCGT return in respect of their share of the disposal.

Penalties apply for late filing and payment of the tax.

Companies

There is no 60 days filing requirement for companies, who instead report any disposals on their UK company tax return that is due 12 months after the year end on their company tax return.

Any tax due will usually be payable 9 months and 1 day after the year end, or by instalments if it is a large company or a very large company as stated above. Non-UK companies whose only UK transaction is a disposal of a property may have different payment and filing dates.

Inheritance tax (IHT)

IHT is charged in the UK upon the death of an individual in respect of assets owned at the date of their death and any gifts in the preceding 7 years. IHT is charged on both individuals and Trusts as set out below.

Individuals

The current IHT system for individuals is based on whether the deceased is a UK long term resident (LTR) or not. Domicile is now irrelevant.

The estate of an individual who is an LTR includes their worldwide assets. The estate of an individual who is not an LTR is subject to IHT on their UK situated assets only, such as directly held residential and commercial property, and indirectly held UK residential and, from April 2026, agricultural property assets (but not commercial property). Indirectly held property interests include shares deriving their value from UK residential assets, or loans made to fund the acquisition or enhancement of UK residential property. More details on indirectly held assets is below.

An individual will be treated as long term UK resident if they have been tax resident in the UK for 10 out the previous 20 tax years (all reference to 'years' in this section refers to tax years). Once an LTR, they remain fully within the scope of IHT until they have been non-UK tax resident for between three and ten consecutive years ("The IHT tail"). This tail is 10 years if the individual was resident in the UK for 20 years or more and is shortened if the individual was resident in the UK for between 10-19 years, in the last 20 years as follows;

Number of tax years of residence	Tail
In last 20 tax years	
<13 years	**3 years**
14	4
15	5
16	6
17	7
18	8
19	9
20	10

It is always years ended before the tax year of death that are considered when counting years of UK tax residency.

Indirectly held UK residential property interests include the following:

- Shares in an overseas company to the extent that the company owns UK residential property. Exemptions apply for very small shareholdings.
- A share of a partnership that owns UK residential property.
- A non-bank loan provided to finance the purchase of UK residential property or collateral provided for such a loan.
- In addition, the legislation includes an extension to the IHT charge for a period of 2 years, after a sale of shares in a company or interest in a partnership that owns a UK residential property. Any such consideration received, even if reinvested offshore, remains within the scope of IHT for the 2-year period.
- This does not apply to individuals who sell a property, nor does it apply where a company or partnership sells a UK residential property and subsequently repatriates the proceeds of sale overseas.

Chargeable events include where an individual directly owns UK residential property, as well as the following events:

- The death of an individual who owns any UK residential property interest, as defined above, at the date of their death.
- The death of an individual who has made a gift of a UK residential property interest within 7 years prior to their death.
- The transfer of a UK residential property interest to a Trust.

Residential type properties specifically excluded from the definition of 'residential properties' for IHT purposes include care or nursing homes, any buildings with 15 bedrooms or more which have been purpose-built for student accommodation and are occupied by students, as well as prisons and military accommodation.

Shares in a UK company are UK situated assets and the entire value attributable to such shares forms part of the deceased's Estate, not just that part of the value attributable to UK residential property.

IHT is currently charged at 40% on the total value of the estate, less the first £325,000 (known as the 'nil rate band' or 'NRB') which is tax-free.

Gifts between spouses are usually exempt from IHT, so on first death where all assets are left to the surviving spouse, no IHT charge would arise. In addition, the unused portion of an individual's NRB can be transferred and utilised on the death of their spouse. It cannot be transferred to any other family member or to an unmarried partner tax free.

There can be a restriction where the deceased is an LTR in the UK and makes a transfer to a non-LTR spouse. In such a case the spousal exemption is restricted to £325,000, in addition to the NRB. To benefit from unlimited spousal relief, it is possible for a non-UK LTR spouse to elect to be treated as a UK LTR spouse for IHT purposes only.

An enhanced NRB is available where one of the assets in the deceased's estate is a residence. It is unlikely that this will benefit overseas investors as the UK residential property is unlikely to satisfy the conditions, unless the deceased lived in the residence at some point (it does not have to be a 'main residence' but some degree of genuine residency is required).

The value of the asset when calculating the IHT due is the equity in the property – being the market value at the date of death less any outstanding mortgage. To obtain this loan deduction for IHT purposes, the property needs to have been bought at the outset with mortgage finance or a mortgage taken out later to enhance the property or purchase other chargeable UK assets.

However, no deduction is given for any debt incurred on a property where it is incurred to acquire assets that are not chargeable to, or are relievable from, IHT. Thus, no IHT relief is normally available for a debt where a property is acquired for cash and a mortgage taken out subsequently to acquire say non-UK assets which are outside the scope of IHT.

One form of planning for any future IHT liabilities is by acquiring low-cost life insurance policies or by gifting an interest in the property to prospective beneficiaries. However, for such gifts not to fall within the charge to IHT tax in the future, the donor must survive at least 7 years and not benefit from the assets gifted.

Residential property owned by trusts

The IHT legislation on UK residential property interests also affects those individuals who have established Trusts to acquire UK residential property through non-UK structures. Under the legislation, in addition to UK residential property directly owned, Trusts will face IHT charges in respect of such UK residential property interests based on the revised definition above,
so including:

- Shares in an overseas company to the extent that the company owns UK residential property
- A share of a partnership that owns UK residential property
- A loan provided to a company or individual to finance the purchase of UK residential property
- The 2-year extended period where a UK residential property interest is sold

The amount of charge is based on how much of the market value of the UK residential property interest owned by the trustees is attributable to the underlying UK residential property.

As for individuals, shares in a UK company are UK situated assets. Thus, the entire value attributable to the shares forms part of the Trust assets liable to IHT and not just that part of the value attributable to UK residential property.

An IHT charge usually arises under the following circumstances:

- On the 10-year anniversary from the creation of the Trust
- On a transfer of assets from the Trust to a beneficiary

In addition, there can be further IHT issues where the original settlor retains an interest in a Trust.

High Value Council Tax Surcharge

Council tax is a form of property taxation levied by the local authority (and not central government) to fund local amenities is typically paid by the tenant, not the landlord, and for that reason is not covered in this guide.

However, the government has announced that, from April 2028, a new High Value Council Tax Surcharge (HVCTS) will apply to **owners** of residential property in England worth £2 million or more.

Properties above the £2 million threshold will be placed into bands based on their property value. Charges will increase in line with CPI inflation each year from 2029-30 onwards.

HVCTS charging structure	
Threshold (£m)	**Rate (£)**
£2.0-2.5	£2,500
£2.5-3.5	£3,500
£3.5-5.0	£5,000
£5+	£7,500

The HVCTS will be administered alongside existing Council Tax by local authorities, who will collect this revenue on behalf of central government. Valuations of existing properties will take place in 2026 with revaluations every 5 years.

Registration of overseas entities

On 15 March 2022, the Register of Overseas Entities came into existence under the Economic Crime (Transparency and Enforcement Act) 2022.

The rules apply to all overseas entities who invest in UK land and property, including:

- An overseas company or partnership or other similar legal entity
- An Individual who is the beneficial owner of an overseas entity

A person will be a **beneficial owner** of an entity if they:

i. hold more than 25% of the shares or voting rights in that entity;

ii. have the right to appoint or remove the majority of the directors of that entity; or

iii. have the right to exercise, or actually do exercise, significant influence or control over that entity.

An overseas entity needs to identify its beneficial owner(s) and register with Companies House in the UK.

Entities cannot themselves make such a notification, the notification to Companies House must be made by an appropriately authorised individual. HW Fisher can assist you in complying with this requirement.

Once registered, an overseas entity ID number will be issued, and the entity will need to submit annual statement to Companies House.

Overseas entities that already own land or property in the UK had until 31 January 2023 to register.

The rules will apply retrospectively to land or property acquired after 1 January 1999 in England and Wales and since 8 December 2014 in Scotland.

Registration requirements

To register, the entity will need to supply the following information:

a. name;

b. country of incorporation or formation;

c. registered or principal office;

d. a service address;

e. an email address;

f. the legal form of the entity and the law by which it is governed;

g. any public register in which it is entered and, if applicable, its registration number in that register.

In addition, the information required in respect of the beneficial owner(s) is as follows:

a. name, date of birth and nationality;

b. usual residential address;

c. a service address;

d. the date on which the individual became a registrable beneficial owner in relation to the overseas entity;

e. which of the definitions of a beneficial owner is met in relation to the registrable beneficial owner and a statement as to why that condition is met;

f. whether the individual meets that condition by virtue of being a trustee;

g. whether the individual is a designated person (within the meaning of section 9(2) of the Sanctions and Anti-Money Laundering Act 2018), where that information is publicly available.

Any foreign entity disposing of residential property from **28 February 2022** must also submit their details at the point of sale.

Failure to comply with the Act's registration obligations will constitute a criminal offence for both the entity and, importantly, each officer of that entity. The offence will be punishable by a daily fine (not exceeding £2,500), imprisonment of up to five years, or both.

4. Our service

Service overview

Our service for overseas property owners is designed to manage your tax affairs with the maximum efficiency, and the minimum of red tape. Once we have the information referred to at the back of this guide, we will:

- Register you for the relevant taxes
- Obtain rental statements from your managing estate agents, calculate tax liabilities, considering all legitimate costs and expenses
- Notify you of any tax paid or to be paid and, if appropriate, whether any tax withheld can be reclaimed, arrange for personal tax allowances to be claimed where applicable
- Review copies of all existing correspondence with HMRC and liaise with HMRC on your behalf
- Appeal against incorrect tax assessments or any penalties, if applicable
- Make applications for postponement of tax payment, if appropriate
- Prepare rental accounts/company accounts and file annual tax returns on your behalf

We also provide family office services for High Net Worth clients, which provides an in-depth, holistic approach that addresses many aspects of our clients' needs in the UK. With this service we assist with our clients by liaising with their property manages to provide regular financial reporting, whilst also supporting their day-to-day administration and management of their family affairs and long-term strategy.

We are also on hand to update you on any relevant changes to the UK tax legislation affecting your investment.



Cost of service

The annual charge for our services for **individuals and Trustees** not caught by MTD is as follows:

- Production of property rental accounts (per property) **£650**
- Preparation of tax return **£350**

The annual charge for our services for **individuals and Trustees caught by MTD** is as follows:

- Production of each quarterly rental statement (per quarter) **£250**
- Filing annual declaration **£30**

The annual charge for our services for **companies** is as follows:

- Production of company accounts (including balance sheet) for one property **£1,200**
- Preparation of corporation tax return **£450**

There is an additional charge of £500 for each additional property in the company.

- Monthly/quarterly bookkeeping services **£Bespoke**

Cost of registration of overseas entities

The charge for our services to register overseas entities are as follows:

- Registration of overseas entity (standard structure) **£1,750**
- Registration of overseas entity (trust or PEP) **£2,250**

These rates may be reviewed from time to time as appropriate, and different terms could apply in the case of offshore company owners and larger or multiple investments. But in any case, basic costs will always be discussed and agreed in advance. Should you wish, you can instruct your managing agent to pay our fees out of rental income collected by them.

If the tax authorities raise further issues when examining your property investment, we will report to you in the first instance and advise you of the cost of any additional professional time necessarily incurred on your behalf. Similarly, if you require additional advisory services - perhaps relating to the ownership of an investment or its financing – it may be necessary to charge an additional fee.

The above fees are subject to 3% compliance surcharge. No VAT will be charged on our fees for non-UK resident clients. Fees quoted exclude disbursements.

HW FISHER
Part of the SUMER Group

5. Appendix

- **Property information sheet**
- **Managing Estate Agents Authority letter**
- **HMRC - Authorising your agent (64-8) form**

PROPERTY INFORMATION SHEET

HW FISHER
Part of the SUMER Group

1. Personal details for you	
Full name of purchaser	
Overseas postal address of purchaser	
Email address	
Home telephone number	
Mobile telephone number	
Nationality	
Job title or type of business if self-employed	
Level of earnings	
Is the property owned by an offshore company?	
Introduced to HW Fisher by	
2. Property details	
Date of completion of purchase	
Property address	
Basic purchase price	
Source of funds used to purchase property (i.e., from earnings or if from savings, the origin of those funds) Please specify your company, position and annual salary if applicable	
3. Loan	
Amount borrowed	
Name and address of lender	
Telephone/email address	
Contact	
4. Managing Agent	
Name and address of agent	
Telephone/email address	
Contact	
5. Lawyers	
Name and address of lawyers	
Telephone/email address	

MANAGING ESTATE AGENT'S AUTHORITY

To: ..... (agent's name)

Email address: .....

Address: .....

.....

.....

.....

Date: .....

Concerning: .....

..... (address of Let Property)

I/we have appointed HW Fisher to act as my/our accountants and tax advisers in connection with the letting of the above property. Please release to HW Fisher (for the attention of Trusha Shah) copies of all quarterly statements produced and for all other documents they require concerning this property.

Yours sincerely,

..... Name

..... Signature

(if joint owners all should sign)

HM Revenue & Customs

Authorising your agent

This form was updated in March 2022.

Read the Notes on page 3 before filling in this authority
If you do not have an agent but would like another person to communicate with HMRC on your behalf follow the guidance at www.gov.uk/appoint-tax-agent

This form overrides any earlier authority given to HMRC.

HMRC may contact you in the future to reauthorise your agent relationship to comply with the UK General Data Protection Regulation (UK GDPR). For more details on what your agent will have access to, follow the guidance at www.gov.uk/government/publications/tax-agents-and-advisers-authorising-your-agent-64-8

To change your agent or withdraw your consent
Follow the guidance at www.gov.uk/guidance/change-or-remove-your-tax-agents-authorisation

Multiple agents
If you have more than one agent (for example, one acting for the PAYE scheme and another for Corporation Tax) fill in one of these forms for each agent.

I, (print your name)
of (name of business, company or trust if applicable)
authorise HMRC to disclose information to (agent's business name)

Give your personal details or company registered office here

Address
Postcode
Phone number

I confirm that the nominated agent has agreed to act on my behalf, and the authorisation is correct and complete. This authorisation is limited to the matters indicated on this form.
Signature
Date

Give your agent's details here

Address
Post code
Phone number
Agent code (SA)
Agent code (CT)
Client reference

Self Assessment ☐ If you tick this box you must give your National Insurance number (NINO) and/or your Unique Tax reference (UTR)

Partnership ☐ If you tick this box you must give your Unique Tax reference (UTR)

Your agent will have access to your Self Assessment and Partnership information such as your income, tax, national insurance, pension as well as your personal and financial information. For more information go to www.gov.uk/selfassessment

National Insurance number

☐☐ ☐☐ ☐☐ ☐☐ ☐

Unique Tax reference (UTR) if applicable

☐☐☐☐☐ ☐☐☐☐☐

If UTR has not been issued yet tick here ☐

If you're a Self Assessment taxpayer, we'll send your Statement of Account to you, but if you would like us to send it to your agent instead tick here ☐

Paying any amount due is your responsibility.

Trust ☐

Your agent will have access to your personal and financial information for your trust. For more information go to www.gov.uk/trusts-taxes

Unique Tax Reference (UTR) if applicable

☐☐☐☐☐ ☐☐☐☐☐

Individual Pay As You Earn (PAYE) ☐

Your agent will have access to your PAYE information such as your income, tax, national insurance, pension as well as your personal and financial information. For more information go to www.gov.uk/topic/personal-tax/income-tax

National Insurance number

☐☐ ☐☐ ☐☐ ☐☐ ☐

Corporation Tax

Your agent will have access to your company and financial information and be able to update the company communication and contact details. For more information go to www.gov.uk/topic/business-tax/corporation-tax

Company Registration number

Company's Unique Tax reference

Tax credits

Your agent will have access to your personal and financial information relating to your Tax Credit claim. They can act on your behalf but cannot receive payments. Correspondence will still be sent to you. For joint tax credit claims we need both claimants to sign this authority for HMRC to deal with your agent. For more information go to www.gov.uk/taxcredits

National Insurance number

If you have a joint tax credit claim and the other claimant wants HMRC to deal with this agent, they must give their name and sign here

Joint claimant's name

Joint claimant's National Insurance number

Joint claimant's signature

VAT

Please note if you have signed up for Making Tax Digital for VAT, this form cannot be used to authorise an agent to manage your Making Tax Digital services.

We'll continue to send correspondence to you rather than to your agent but we can deal with your agent in writing or by phone on specific matters.

If your agent wants to submit VAT returns online on your behalf, you'll need to authorise them through your business tax account or ask your agent to begin authorisation through their digital services. You may receive a letter containing a PIN which you'll need to pass to your agent to complete authorisation.

For more information go to www.gov.uk/topic/business-tax/vat

VAT Registration number

If not registered yet tick here

Construction Industry Scheme (CIS)

Your agent will have access to your returns, subcontractors' income and deductions.

For more information go to www.gov.uk/what-is-the-construction-industry-scheme

CIS Reference number

PAYE Reference number

/

Agent Government Gateway identifier
(required for online access)

PAYE Agent ID code

Please select below how you would like your agent to receive the information, you can tick more than one box.

I am a contractor in the CIS and authorise the agent named above to use the CIS online services to receive information over the internet from HMRC on my behalf and I have given my Agent Government Gateway ID and PAYE Agent code.

I am a contractor in the CIS and authorise the agent named above to receive information over the phone and in writing from HMRC on my behalf.

Employers' PAYE

Note: Only complete this section if you're an employer operating PAYE.

Your agent will have access to your employees' personal and financial information.

For more information go to www.gov.uk/paye

PAYE Reference number

/

Agent Government Gateway identifier
(required for online access)

PAYE Agent ID code

Please select below how you would like your agent to receive the information, you can tick more than one box.

I authorise the agent named above to use PAYE online services to receive information over the internet from HMRC on my behalf and I have given my Agent Government Gateway ID and PAYE Agent ID code.

I authorise the agent named above to receive information over the phone and in writing from HMRC on my behalf.

Notes

How we use your information

HMRC is committed to protecting the privacy and security of your personal information.

This authorisation covers acts under:

- UK General Data Protection Act (UK GDPR)
- Data Protection Act (DPA) 2018
- Commissioner's for Revenue and Customs Act (CRCA) 2005

For more information go to:

- www.gov.uk/government/publications/data-protection-act-dpa-information-hm-revenue-and-customs-hold-about-you
- IDG40120 - Sharing information outside of HMRC: legal obligations: lawful disclosure under section 18 CRCA www.gov.uk/hmrc-internal-manuals/information-disclosure-guide/idg40120

This authority allows us to exchange, amend and disclose information about you with your agent and to deal with them on matters within the responsibility of HMRC, as specified on this form.

HMRC is not responsible for how your agent uses or holds your personal information. You should contact your agent directly if you want more information.

Who should sign this form

Please note the legal age for an individual to give consent is generally 13 years and above in England and Wales and 12 years and above in Scotland.

If the authority is for	Who signs the form
You, as an individual	You, for your personal tax affairs
A company	The secretary or other responsible officer of the company
A partnership	The partner responsible for the partnership's tax affairs. It applies only to the partnership. Individual partners need to sign a separate authority for their own tax affairs
A trust	One or more of the trustees

Agent Government Gateway identifier

Agents can find their Agent Government Gateway identifier by logging on to HMRC online services for agents and selecting 'Authorise client' from the left hand menu. The identifier will appear on the next screen under the title 'Agent identifier'.

Other Agent Authorisation options

Temporary basis
Use form COMP1 to temporarily authorise an agent to act on your behalf if you're having a compliance check carried out. For more information go to www.gov.uk/guidance/tax-adviser-authorisation-for-compliance-checks

High Income Child Benefit Charge
Use form CH995 to authorise an appointed tax adviser to deal with your High Income Child Benefit Charge affairs. For more information go to www.gov.uk/government/publications/child-benefit-authorise-a-tax-adviser-for-high-income-child-benefit-charge-matters-ch995

Tax credits and Child Benefit
Use form TC689 to authorise someone to act on your behalf for Tax Credit and Child Benefit matters. For more information go to www.gov.uk/government/publications/tax-credits-and-child-benefit-allow-someone-else-to-act-for-you-tc689

Digital Services

You can also authorise your agent to act for you online using our digital services. For more information go to www.gov.uk/guidance/client-authorisation-an-overview

Where to send this form

Only send pages 1 and 2 to HMRC, do not send page 3. Keep page 3 for your records.

When you've completed pages 1 and 2 of this form please send them to:

National Insurance Contributions and Employer Office

HM Revenue and Customs

BX9 1AN

There are some exceptions to this to help speed the handling of your details in certain circumstances. If this form:

- accompanies other correspondence, send it to the appropriate HMRC office
- is solely for Corporation Tax Affairs, send it to the HMRC office that deals with the company
- is for a High Net Worth customer, send it to the appropriate High Net Worth Unit
- accompanies a VAT Registration application, send it to the appropriate VAT Registration Unit
- has been specifically requested by an HMRC office, send it back to the office

HW Fisher Professional Services Limited

Business Advisers – a medium-sized firm of chartered accountants based in London.

Related entities and specialist divisions:

HW Fisher Business Solutions Limited

Advisers to small businesses and start-ups, including online accounting and back-office services

HW Fisher Forensic

Litigation support, forensic accounting, licensing, royalty auditing and contract compliance

HW Fisher Corporate Trustee Limited

Corporate trustee services

Audit services are provided by HW Fisher Audit, a trading name of Sumer Auditco Limited, which is registered to carry out audit work in the UK. Details of the audit registration can be viewed at www.auditregister.org.ukunder reference C01101214.

HW Fisher is a trading name of HW Fisher Professional Services Limited and HW Fisher Business Solutions Limited.

HW Fisher Forensic is a trading name of a specialist division of HW Fisher Professional Services Limited.

HW Fisher Professional Services Limited and HW Fisher Business Solutions Limited are not authorised under the Financial Services and Markets Act 2000 but are regulated by the Institute of Chartered Accountants in England and Wales for a range of investment business activities. They can provide these investment services only as an incidental part of the professional services they have been engaged to provide.

In October 2024 HW Fisher became part of Sumer – a collaboration of renowned regional accountancy practices with a shared vision to champion local small to medium-sized enterprises.

By bringing together the best in business services, Sumer retains the value that community-based practices offer and combines this with the scale, breadth of expertise and technologies that only a national organisation can muster.

Through our unique approach, we believe we can make a real positive impact and achieve growth for our company, our staff and our clients. Together, we are about doing the right things, putting people first and delivering the best possible services to those who sit at the heart of our economy and communities.

To find out more about Sumer, visit: https://sumer.co.uk/

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