



**PURCHASING INVESTMENT PROPERTIES
IN THE UNITED KINGDOM**

a&m
Adams & Moore
AUDIT · TAX · ADVISORY

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TAX ON UK INVESTMENT PROPERTY

Investing in UK property is becoming more and more attractive for overseas investors. The UK rental market is in high demand and capital growth in particular with London property is at an all-time high. Put simply, now is the time to invest in UK property.

However like most countries the UK is highly regulated. Your investment will trigger many legal and taxation matters in the UK that will require attention. Failure to adhere to these requirements can result in unnecessary penalties and excess tax being paid to the UK authorities.

Naturally, there are clear benefits to outsourcing your UK tax and administrative affairs to competent UK advisors. Adams & Moore have spent many years looking after and advising non-UK residents on their UK activities. We have a specialist team within our firm dedicated to ensuring your taxation and administrative affairs are kept efficiently and effectively as possible.

Please find below some of the frequently asked questions from our clients.

1. How does the UK tax year work?

The UK tax year runs from 6 April to 5 April each year and you are required to submit your tax return and pay any taxes due by the following 31 January. Paper submissions are allowed up to 31 October, otherwise submission must be online.

2. How can I invest in UK property?

UK investment properties can be purchased personally, through a non-UK Company/Trust, or through a UK Company/Trust. Each option has its benefits and disadvantages. Specific circumstances and objectives will determine which option is best suitable and Adams & Moore are readily available to advise on the matter accordingly.

3. How much Income Tax will I pay?

The rate of UK tax payable will depend on your level of rental profits, your other UK income and whether you qualify for the UK taxation Annual Allowance (currently £10,600 per annum). If tax is payable then it will most likely be at 20%, but can be at 40% or 45%.

4. How is my rental profit calculated?

Your rental profit is your rental income less your allowable expenses. Adams & Moore have vast experience in preparing rental accounts for both UK and non-UK residents and will ensure each Landlords tax liability will be kept down to an absolute minimum.

5. What are new Capital Gains Tax rules for non-UK Investors?

As you may be aware new Capital Gains Tax rules apply to non-UK residents with effect from 6 April 2015. Adams & Moore have full extensive knowledge of these new rules and can advise investors accordingly on a case by case basis.

6. What happens when I sell my UK property?

From 6 April 2015 if you sell UK property you have to report it to HM Revenue & Customs (HMRC) within 30 days of sale. You also have to provide HMRC with full computations to show your Capital Gains Tax calculation even if no tax is due. Adams & Moore are able to take full control of this requirement for you as part of our services.

7. What if I am behind in my tax returns?

We understand some of you may have not fully understood the UK tax requirements and fallen behind in your UK tax affairs and incurred penalties. Adams & Moore can bring you up to date quickly and have an excellent track record of reducing penalties.

8. What are the new Stamp Duty Rules?

On 6 April 2016 new Stamp Duty rules apply to UK property purchases that are not your worldwide main residence. Only those who complete before 6 April 2016 or have exchanged contracted before 26 November 2015 are exempt. Please speak to us for more information.

9. Is there tax planning available?

Whatever your circumstances and desires there is usually an option that suits you. You could be selling a UK property with a significant gain and want to mitigate your CGT liability, or simply looking at the most efficient way to hold your UK property and pass it to your children with Inheritance Tax in mind. Adams & Moore work closely with High Net Worth tax advisors to be able to offer you a range of tailor made solutions to suit your personal circumstances.

SELECTING THE RIGHT FIRM

It is wise and prudent that good judgement is exercised in choosing the right adviser. To enable you make an informed decision, please refer to our brochure on “Selecting the right Accountant”, a copy of which is on our website or that can be requested by contacting us on our contact information below. In essence, it is important to choose a firm that:

- 1. Is qualified and regulated:** You can be assured of quality advice and service and a depth of knowledge on the law on matters of taxation and the administration of your affairs.
- 2. Has in-depth expertise in dealing with Non-UK resident landlords:** You can be rest assured that the particular aspects of the law which affect your investments are understood by us as comprehensively as possible.
- 3. Independent and objective:** Someone that can be trusted to exercise judgement and to act with integrity at all times.
- 4. Is the right size:** Picking a firm that is too big often result in clients facing “client distance” issues where you do not feel important enough thereby making it difficult for the firm to really get to know its clients. Equally a small firm is unlikely to have the depth of expertise and/or the bandwidth to deliver a truly unique experience and specialised to you.
- 5. On ground in Asia:** We make regular trips to Asia covering areas such as Malaysia, Singapore, Hong Kong and China and are usually present at least once a quarter. Through these regular visits we are able to offer face to face advice that is local to you.

Who are Adams & Moore?

Adams & Moore is one of the largest independent firms of Accountants in the UK providing Audit, Tax and Advisory services. We have offices in London and Kent.

We possess a global clientele ranging from mainland Europe, Africa, Middle East and Far East Asia. Our relationship with our clients goes beyond what you might expect from traditional accountants. We pride ourselves on our ability to form long lasting partnerships with our clients. We are proud that this has allowed us to achieve growth primarily through referrals and repeat business.

From the beginning, we have strived to provide first class, professional service that goes beyond our clients' expectations. Our personal approach to clients' needs has been one of the underpinning principles upon which our firm has been built. This has been achieved through our ability to listen and understand the requirements of our clients in order to be able to deliver effective, tailor-made solutions.

Whilst the submission of your UK tax return and payment of UK tax is your most pertinent requirement, our services at Adams & Moore extend much beyond this.

With our specialist in-house team dedicated solely to your taxation and administrative affairs in the UK, you can be rest assured that your investments will be tax efficient and comprehensively looked after.

Our services include:

- Preparation of property statements and rental accounts for each property.
- Complete Self-Assessment tax returns for each landlord / company.
- Register you with HMRC for Gross Status and Self-Assessment.
- Register with HMRC's Let Property Campaign to bring you up to date.
- Gather appropriate registration information from up to SIX places:
 - HMRC / Land Registry / Real Estate company / Solicitors / Letting Agents / Bank
- Report property sales to HMRC and complete full Capital Gains Tax computation.
- Advice on Purchase structures.
- Liaise directly with and manage payments to HMRC on your behalf.
- Keep you aware of any changes in HMRC legislation.
- Advice on Exit Strategies.
- Advice on all UK tax matters including the new Stamp Duty rules, income tax, capital gains tax and inheritance tax where required.
- Face-to face consultations when we are present in your jurisdiction.
- Perform a comprehensive review tailor made to your personal UK affairs.

The above list of services is by no means exhaustive. Should you require assistance in any other matters not listed above please let us know.



COSTS

Adams & Moore are vastly experienced in preparing property rental accounts and tax returns for both UK and non-UK residents. As such we are able to liaise with you and the necessary third parties professionally and efficiently which in turn allows us to keep our costs highly competitive ensuring value for money.

Our fees in relation to your UK affairs are as follows:

Fee per property rental accounts: Available on request
Student let accommodation per property: Available on request
Fee per individual tax return: Available on request
Fee per non-UK company tax return: Available on request
Let Property Campaign fee: Available on request
Capital Gains Tax report & computation: Available on request

The above rates are specific for single individually or company-owned property investments, and different fees may apply for multiple investments. Such costs will always be pre-agreed.

A one-off administration fee is also payable upon commencement of our services.

The registration fee will allow us to contact all authorities you have dealt with in purchasing and using your investment, including HMRC, Land Registry, Real Estate company, Solicitors, Letting Agents and Bank to collate all the necessary information and ensure consistency.

If you require specific or detailed advice relating to your investments, or if the UK tax authorities raise queries with your UK returns, then such time spent by us may be chargeable. In this event fees will be in accordance with our Terms of Service Provision & Standard Terms of Business and, where possible, will be pre-agreed prior to any work commencing.

Our above fees are payable upon presentation of our invoice or at such a time otherwise pre-agreed. For simplicity, we strongly recommend where possible that you instruct your managing agent to pay our fees out of rental income collected by them.

Please note for non-UK residents who reside outside the European Union, there will be no UK VAT added to our above fees. Where applicable, however, UK VAT will be added at 20%.

As is normal with all of our clients, out of pocket disbursements will be added as incurred.

THE NEXT STEPS

Recognising the need for an expert advisor to take over your tax and administrative affairs in the UK is the first major step to ensuring your investments remain efficient and well looked after.

In order to manage your affairs with optimum efficiency, we require some basic information from you regarding your UK investments. We also require a letter of appointment allowing us to formally act for you, as well as your authority to receive a variety of additional documents from other sources. Such documents include:

- Copies of rental agreements, statements & other relevant information from your letting/managing agent.
- Photo identification and proof of personal address.
- Copies of assessments and other correspondence from HMRC.
- Information from the provider of the loan used to purchase the property.
- Appropriate copies of legal documents or agreements from your solicitors.

Please complete the attached forms, and send the originals and any supporting documents to Natalie Riley at our Adams & Moore Head Office, retaining copies for your own records should you wish.

Alternatively you can meet with us personally when we are present in your jurisdiction. This will happen regularly so please contact us now to find out when we are next in your area.

Upon receipt, we will acknowledge your appointment of Adams & Moore, setting out the services to be performed in a letter of engagement. We will then immediately put in hand all matters described in this leaflet.

Please do not hesitate to contact our office should you have any queries or require any further information.

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