

# Landlord Stealth Tax

## Overview

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The Government is 'levelling the playing field' between buy-to-let and buy-to-live by requiring landlords to pay a 'green tax' of up to £5,000 to make properties more energy efficient.

If you are a landlord of any of the estimated 330,000 residential properties that currently fall into energy efficiency Bands F or G, you will be responsible for taking measures to increase those levels to at least Band E.

Until recently, landlords could benefit from The Green Deal scheme by applying for loans to make the necessary improvements, the costs of which would be passed on to the tenants who'd benefit from lower bills.

Landlords are now expected to pay these costs up front by borrowing more.

The Government has proposed a 'hypothetical spending cap of £5,000', insisting most landlords won't spend much more than £1,800 to meet the standards, but we all know the true cost of measures such as insulation, cavity wall filling and new boilers.

Richard Jones, policy adviser at the Residential Landlords Association, says 'This could make being a buy-to-let landlord prohibitive. They could struggle to find such a large amount of money upfront. Landlords have been harshly treated. This is an extra stealth tax on top of all the other measures that threaten the finances of the sector'.

These measure will come into effect from 2018 so if you will be affected we advise you start planning now.

There are lots of ways to minimise your tax liabilities and structure your property portfolios to increase tax efficiencies.

To find out how you can prepare contact Simon Gray, our resident Property Tax Specialist, on [simon@hentons.com](mailto:simon@hentons.com) or give him a call on 0113 234 0000.

