



TAX AND THE OVERSEAS LANDLORD

There are many reasons why investors from abroad find the UK property market so attractive, but one of the most important is tax.

UK regulations treat overseas landlords generously, and recent changes to the law have made the tax climate even more liberal. However, it is important that overseas investors arrange their affairs properly, in order to benefit from the tax concessions, and take appropriate professional advice.

In theory, overseas landlords could be affected by the following taxes, but in practice these are seldom a deterrent to profitable investment.

- **Income Tax** applies to all rental income arising in the UK. However, a variety of allowable expenses including financing costs, maintenance and repairs, and certain professional fees generally make it possible to reduce a tax liability very considerably, or even eliminate it altogether.
- **Inheritance Tax** applies to all personal assets situated in the UK - above certain lower limits - no matter where the owner resides. Once again, however, this is a tax that can usually be avoided, with suitable advance planning.
- **Capital Gains Tax** Overseas residents are normally exempt from tax on capital gains arising in the UK, but it is possible - in the case of a lengthy stay in Britain, for example - to lose this exemption. Property owners considering frequent or extended visits, or a permanent change to become resident in the UK should be sure to take appropriate advice. Capital gains tax will apply from April 2013 to disposals of residential property held in offshore structures.
- **Corporation Tax** could in certain rare circumstances arise if an overseas investor is buying and selling UK properties frequently, and if HM Revenue & Customs considers that trading is taking place. Investors with ambitious plans should ensure that they are fully aware of their tax position.

HW Fisher & Company is a medium-sized London firm of Chartered Accountants which acts for a great many overseas investors in UK property. The firm maintains a specialist Overseas Landlords Group, and is able to provide comprehensive, effective and cost-efficient advice on all aspects of this subject.

The above is only a brief guide and does not purport to represent individual professional guidance. Pitfalls can trap the unwary, but there are ways of avoiding exposure and professional help should always be sought. For further information including a free tax guide for overseas investors in UK residential property, including details of services provided and related costs, please contact Alan Lester, HW Fisher & Company, Acre House, 11 – 15 William Road, London, NW1 3ER, England, telephone 44 (0)207 388 7000, fax 44 (0)207 380 4900, e-mail alester@hwfisher.co.uk or website: <http://www.hwfisher.co.uk>

Alan Lester is a partner of HW Fisher & Company, a firm of Chartered Accountants, with offices in London, Watford and, through Fisher Leung & Co, in Hong Kong. *AKL/dab*

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A list of the names of the partners is open to inspection at our offices.

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