ZAZEN TAX

Buying an Additional Property

About fifty five minutes, and the first fifteen have to happen before you make an offer rather than after it.

Property .... **Asking price** .... **Date** ....

Once you have offered, the price is fixed and the ownership structure is expensive to change. Almost everything worth deciding is decided before then.

1. Before you offer — about 15 minutes

- [ ] **Work out the yield on everything you will put in**
  Purchase price plus stamp duty plus legal fees plus works. A yield on the price alone flatters every purchase.
- [ ] **Stress test the mortgage two points above today**
  Interest is not a deduction, so a rate rise costs you almost all of it. Test before you fix, not after.
- [ ] **Check the running costs against similar properties**
  Service charge, ground rent, and whether the block has a major works bill coming.
- [ ] **Price in a void and a re-letting fee every year or two**
  Six weeks empty costs far more than six weeks of rent.

> THE SURCHARGE APPLIES TO THE BAND THAT USED TO BE FREE
>
> Five points on every band including the nil rate one, so a £250,000 flat costs £2,500 as a home and £15,000 as a rental. It rose from three points to five on 1 April 2025, so any figure you remember from before then is low.

2. The stamp duty — about 10 minutes

- [ ] **Calculate it at the surcharge rate from the start**
  Not the residential rate with a bit added. Five points on every band.
- [ ] **Check whether you are replacing your main home**
  If you are, and the old one sells within 36 months, the surcharge can be reclaimed.
- [ ] **Add two more points if you are non-resident**
  A further two per cent on top for a non-UK resident buyer.

3. The finance — about 10 minutes

- [ ] **Compare personal and company mortgage rates**
  Company buy to let usually costs more, which eats into the interest deduction a company gives you.
- [ ] **Check the rental cover the lender wants**
  Usually 125 to 145 per cent of the interest at a stressed rate, and it decides how much you can borrow.
- [ ] **Budget the arrangement fee as a finance cost**
  It goes through the basic rate reduction, not the expenses.
- [ ] **Know what the early repayment charge is**
  It decides whether you can sell or remortgage inside the fixed term.

4. Ownership structure — about 10 minutes

- [ ] **Decide personally or through a company before you offer**
  Changing later means selling it to the company, with stamp duty and capital gains tax on the way.

- [ ] **If jointly, decide the split and record it**
  Married couples are taxed 50:50 by default. A different split needs the beneficial ownership and a Form 17.
- [ ] **Consider whose name the mortgage is in**
  It constrains the ownership split, and lenders are not always flexible about it later.

5. Before completion about 10 minutes

- [ ] **Confirm the EPC rating and what it will cost to improve**
  A poor rating is a works bill you inherit.
- [ ] **Check for a licensing scheme in that street**
  Selective licensing is set by the council and varies within a single town.
- [ ] **Get the gas and electrical certificates in place**
  Before the first tenant, not after they have moved in.
- [ ] **Open the records before the first rent arrives**
  Bookkeeping template, finance costs log, improvements register. Retrofitting them is the hard way.

Zazen Tax
Accountants for landlords. zazentax.com/contact

General information, not advice for your circumstances. Rates are 2026/27 for the UK and change from time to time. Regulatory items are England unless stated.