



FACTSHEET

Should I own my property in my own name or through a limited company?

This is a complex area and the answer is very much dependent upon your personal circumstances, income sources and amounts and your country of tax residency. The information below highlights the main differences between owning your investment property personally or through a limited company. Please contact us to discuss your personal circumstances in more detail.

The position on rents received and expenses

Personal ownership

Corporate ownership

<p>Income tax is payable on rental profits.</p> <ul style="list-style-type: none"> • Dependent on your other income sources and amounts assessable to tax in the UK, the rate of tax will be 0% / 20% / 40% / 45% or a combination of these rates. • Profits can be withdrawn with no further tax liabilities. • Dependent on your individual circumstances and tax rates, less of your rental profits will be available for investing in further property 	<p>Corporation tax is payable on rental profits.</p> <ul style="list-style-type: none"> • The current rate of corporation tax is currently between 19% and 25% depending on amount assessable to tax. • If you withdraw profits from the company, there will be a personal tax liability, which will vary dependent upon the method of withdrawal and your personal circumstances. • If your intention is to invest in further property, the generally lower rate of corporation tax will mean that more of
---	--

	your rental profits will be available for re-investment.
--	--

The position on transferring the property

Personal ownership

Corporate ownership

<p>Capital gains tax is payable by the owners.</p> <ul style="list-style-type: none"> • Dependent on your other income assessable to tax in the UK, the rate of tax will be 0% / 18% / 24% or a combination of these rates. • Individuals have an annual exemption for capital gains tax. • You can sell any amount of your property portfolio, you do not have to sell the whole portfolio. 	<p>Corporation tax is payable on the gain on a property. Individuals will pay Capital gains tax if they sell the shares that they hold in the company.</p> <ul style="list-style-type: none"> • The current rate of corporation tax is currently between 19% and 25%. • Companies do not have an annual exemption, instead, there is an uplift in the cost of the property called indexation allowance. This is designed to take out the inflationary element of the gain and is available up to 31 December 2017. • The proceeds from sale of the property remain within the company. Extracting the proceeds will result in personal taxation liabilities.
---	---

The position on death

Personal ownership

Corporate ownership

The full value of the property is part of your estate at death and if appropriate, inheritance tax will be payable.	The value of your shares in the company will be part of your estate at death and if appropriate, inheritance tax will be payable.
---	---

Accounting

Personal ownership

Corporate ownership

<ul style="list-style-type: none">• The only requirement is that sufficient information and records are maintained that allow your personal tax return to be prepared.	<ul style="list-style-type: none">• The Companies Act states that accounting records have to be maintained that are sufficient to enable the company's accounts to be prepared.• Accounts are filed on public record at Companies House.• Additional information in relation to the directors and shareholders of the company are filed on public record.• Professional fees are likely to be higher due to the increased disclosure requirements.
--	---

For more information

If you own, or are considering purchasing, property in the UK, it is vital that you are aware of the tax laws and how they apply to you.

Contact us today to discuss your individual circumstances:

Switchboard	business@btmrlimited.co.uk	0161 300 3458
Robert Jackson	robert@btmrlimited.co.uk	0161 300 3450
Susan Haworth	susan@btmrlimited.co.uk	0161 300 3452
Kath Johns	kath@btmrlimited.co.uk	0161 300 3449
Or visit	www.btmrlimited.co.uk	

These notes are for guidance only and appropriate specialist advice should be obtained before acting on any information contained therein. No responsibility can be accepted by BTMR Limited for any loss occasioned to any person or persons, business or other organisation as a result of action taken, or refrained from, in consequence of the contents of this document. BTMR Limited is registered to carry out audit work and regulated for a range of business activities by the Institute of Chartered Accountants in England & Wales.