

Coronavirus Act 2020 and Possession

September 2020

The Coronavirus Act 2020 provides protection to social and private tenants by delaying when landlords can start proceedings to evict tenants.

From 29 August 2020, with the exception of the most serious cases, landlords will not be able to start possession proceedings unless they have given their tenants six months-notice. These serious cases include those in relation to anti-social behaviour (including rioting), domestic abuse, fraud and where a tenant has accrued rent arrears to the value of over six months' rent.

Courts

The evictions ban has been extended until 20 September 2020. When hearings restart, the judiciary will prioritise the most serious cases including those involving anti-social behaviour, domestic abuse and arrears spanning over a year. We have no further details at the time of writing, but we will keep our members up to date on our website news feed. We will email any important updates as always. Reminder to begin proceedings by applying to the court when the notice period expires. However, claims will not be progressed by the courts before 21 September 2020. Landlords have been advised by the government not to commence or continue eviction proceedings during this challenging time without a good reason.

New court rules have been agreed, which will come into force when the courts restart possession proceedings on 21 September 2020. Landlords will be required to set out in their possession claim any relevant information about a tenant's circumstances, including information on the effect of the COVID-19 pandemic. Where the claim relates to rent arrears, landlords will also need to provide an updated rent account for the previous two years in advance of the hearing.

If a landlord made a possession claim to the court before 3 August 2020, they will be required to notify the Court and their tenant (in writing) that they still intend to seek repossession before the case will proceed, including in section 21 cases. A reactivation form will be made available to support landlords in doing this.

Where a warrant for possession has been issued by the courts, bailiffs will be required to provide notice of the eviction date to the tenant. The notice will include information on how the tenant can apply to suspend the eviction and where to go to for advice.

More detailed guidance on using the courts and the new arrangements will be made available in advance of possession proceedings starting again.

Notice Periods for Section 21

Up until 25 March 2020, the minimum notice period was 2 months. For notices served between 26 March 2020 and 28 August 2020 inclusive, the minimum notice period was 3 months.

For notices served between 29 August 2020 and 31 March 2021 inclusive, the minimum notice period is 6 months. The validity period for these has been extended to 10 months (so retaining 4 months after expiry to use). The form 6a has been changed completely, ensure to use the correct form at the time of service. SWLA forms are kept up to date in the members area of our website.

Continued on Page 2...

Inside this Edition:

Notice Periods for Section 8

Making Tax Digital

Section 21 & Gas Safety Record Before Occupation

Get Ready to Apply for the Green Homes Grant Scheme

Membership Renewals

Court Rules 'No DSS' Letting Ban Unlawful

England Trailing Rest of UK in Support for Renters & Landlords

Last Minute Cancellation by a Student, Who Pays?

Important Dates

Capital Gains Tax (CGT) Review for Landlords

Buy-to-Let Landlords Welcome Stamp Duty Cut

Coronavirus - Job Retention Scheme Updates

Training Courses

SWLA Meeting & Office Arrangements

Electrical Safety Standards Reminder

Notice Periods for Section 8

Up until 25 March 2020, the notice period varied for each ground used. If a tenant was over 2 months in rent arrears, the notice period was minimum 2 weeks, this was the most common ground used by our landlord members.

For notices served between 26 March 2020 to 28 August 2020, the required minimum notice period was three months.

For section 8 notices served between 29 August 2020 and 31 March 2021 inclusive, landlords must provide minimum six months' notice in most circumstances.

Certain grounds have been suspended from the Coronavirus Act, these grounds revert back to pre-Covid rules and are known as 'exceptions'. For MOST section 8 grounds, the notice period required is minimum 6 months. Here are the 'exceptions' which may be relevant to our landlord members;

Where a landlord is relying on an Anti-Social Behaviour ground, that is grounds 7A or ground 14, the notice period is reset to the original Housing Act 1988 time periods. That is 4 weeks for ground 7A and 2 weeks to no notice at all for ground 14. Ground 7A is a mandatory ground for possession but generally requires the tenant (or other person residing in or visiting the property) to have been convicted of an anti-social behaviour offence or another relatively serious disorder offence. Ground 14 is a discretionary ground. For rent arrears the notice period depends on whether or not six months' rent is unpaid at the time the notice is served. So if six months or more rent is unpaid then for ground 8, the notice period is just minimum four weeks whereas if less than six months' rent is unpaid then the notice period is minimum six months.

There are also a few other, less used, grounds that get shorter notice periods. Ground 7 for situations where a tenant has died and ground 7B where a notice has been served by the Home Office stating that the tenant has no right to rent stay at three months' notice. Ground 14ZA for convictions during a riot and ground 17 for giving false references drop back to two weeks' notice.

The notice periods are confusing. This table simplifies each scenario;

	Notice before 26 March	Notice between 26 March and 28 August	Notice on or after 29 August
Grounds 1, 2, 5, 9, 16	2 months	3 months	6 months
Grounds 3, 4, 6, 12, 13, 15	2 weeks	3 months	6 months
Ground 7 (where the tenant has died)	2 months	3 months	3 months
Ground 7a (serious antisocial behaviour)	4 weeks	3 months	4 weeks
Ground 7b (no right to rent)	2 weeks	3 months	3 months
Grounds 8 (serious rent arrears) 10 (some rent arrears) 11 (late payment of rent)	2 weeks	3 months	4 weeks if you are in at least 6 months rent arrears 6 months if your arrears are below 6 months
14 (antisocial behaviour)	2 weeks	3 months	2 weeks (but the landlord can go straight to court if it's very serious)
17 (tenancy given because of a false statement)	2 weeks	3 months	2 weeks

Article abridged from gov.uk & table from Shelter. Due to the timing of the September bulletin, please be aware that some information in this article may become out of date very quickly as the government release new information and rules in relation to Coronavirus.

Making Tax Digital (MTD) – Date Set for Landlords

Self-employed businesses and landlords with annual business or property income above £10,000 will need to follow the rules for MTD for Income Tax from their next accounting period starting on or after 6 April 2023. Most businesses will have 2 years to prepare and test the service voluntarily prior to its introduction.

Some businesses and agents are already keeping digital records and providing updates to HMRC as part of a live pilot to test and develop the Making Tax Digital service for Income Tax. If you are a self-employed business or landlord you can voluntarily use software to keep business records digitally and send Income Tax updates to HMRC instead of filing a Self Assessment tax return.

The government says that providing notice of the extension of MTD now will give businesses and individuals, including the self-employed and buy-to-let landlords, enough time to plan for the switch.

Making Tax Digital was originally announced by the now former chancellor George Osborne in the 2015 Autumn Statement, with a view to digitising the tax system with the self-employed, small businesses and unincorporated landlords needing to keep digital records and use software to update HMRC quarterly.

Businesses and landlords who join MTD for Income Tax will need to send a quarterly summary of their business income and expenses to HMRC using MTD-compatible software. In response they will receive an estimated tax calculation based on the information provided to help them budget for their tax. At the end of the year, they can add any non-business information and finalise their tax affairs using MTD-compatible software. This replaces the need for a Self Assessment tax return.

The deadlines for finalising tax affairs and making payments are not changing. Businesses and landlords will be able to use their software to send all of the information that they need to under Self Assessment, not just their business or rental income. This includes employment income, bank and building society interest, dividends, pension contributions, student loan repayment etc. Software developers will need to continue to build this additional functionality into their products, resulting in a richer experience for customers as MTD continues to develop.

Software

'MTD-compatible software' means software that can integrate with HMRC systems to send updates to HMRC.

HMRC is not offering its own software products but has provided the Application Programming Interfaces (APIs) that commercial software developers are using to develop a range of applications that enable businesses to keep their records digitally and integrate with HMRC systems. An API is software that links 2 or more software programmes together, allowing them to exchange data.

The benefit of this approach is that commercial software developers can offer a more flexible and tailored range of options, functionality and technical support that can cater not just to the requirements of the general business population but also specific businesses and sectors like agriculture, construction, landlords and freelancers.

Details of MTD-compatible software products for Income Tax are available on GOV.UK and this information will be updated as and when new products become available.

There are many resources already available on the gov.uk website, including videos, webinars and 'how to' guides. Well worth watching as landlords need to start preparing for the switch.

[Information from gov.uk/guidance/help-and-support-for-making-tax-digital](https://www.gov.uk/guidance/help-and-support-for-making-tax-digital)

Section 21 & Gas Safety Record Before Occupation

Landlords need to ensure that they provide a Gas Safety Certificate to a tenant before occupation. However, what if this certificate is given late? Does that mean that a landlord can never serve a Section 21 notice? A Court of Appeal decision has been made. In *Trecarrell House Ltd v Rouncefield* the Court of Appeal has held (by 2 to 1) that a landlord who has failed to provide his tenant with a gas safety certificate before the tenant enters into occupation is not prevented from using s.21, Housing Act 1988 to recover possession so long as he remedies that omission before service of the notice.

Legal framework

The Gas Safety (Installation and Use) Regulations 1998 impose various obligations on residential landlords. These include a requirement to carry out an annual gas safety inspection (r.36(3)); to give a tenant a copy of a gas safety certificate within 28 days of any such inspection (reg.36(6)(a)); and, to give the current certificate to any tenant prior to occupation (reg.36(6)(b)).

Section 21, Housing Act 1988 creates a “no fault / notice only” ground for possession against an assured shorthold tenant. A notice may not be given at a time when a landlord is in breach of a prescribed requirement (s.21A, 1988 Act). The prescribed requirement includes reg.36(6) of the Gas Safety (Installation and Use) Regulations 1998, save that the requirement is limited to the requirement on a landlord to give a copy of the relevant record to the tenant and the 28 day period for compliance with that requirement does not apply (Assured Shorthold Tenancy Notices and Prescribed Requirements (England) Regulations 2015).

The Facts of the Case

In February 2017, Ms Rouncefield became the assured shorthold tenant of a flat of which Trecarrel House Ltd was her landlord. The landlord did not give her a gas safety certificate before she entered into occupation but, in November 2017, provided her with a copy of a certificate dated January 2017.

In May 2018, the landlord served notice under s.21, Housing Act 1988 and issued possession proceedings. The tenant defended the claim on the basis that because no gas safety certificate had been provided prior to her taking occupation, the landlord was not entitled to serve notice under s.21. The Circuit Judge held that a failure to provide a gas safety certificate before the tenancy commenced was not capable of being remedied and dismissed the claim for possession.

The Court of Appeal granted permission to appeal. The tenant served a Respondents’ Notice taking a new issue. It was said that there had been a further gas safety check carried out in February 2018 and that no gas safety certificate had been provided in respect of that test; the failure to do so was said to amount to a breach of a prescribed requirement and so to provide a further reason why the s.21 notice was invalid. The landlord contended that the certificate had been given before the s.21 notice was served.

The Court of Appeal Decision

By a majority, the Court of Appeal held that the correct construction of s.21A and the 2015 Regulations was that the time period for compliance with both Reg.36(6)(a) and (b) was disapplied.

Thus, a s.21 notice could be given so long as the landlord had – at any time before service of the s.21 notice – given the tenant a copy of the certificate which was in force before they entered into occupation and a copy of any further certificate which related to a subsequent inspection.

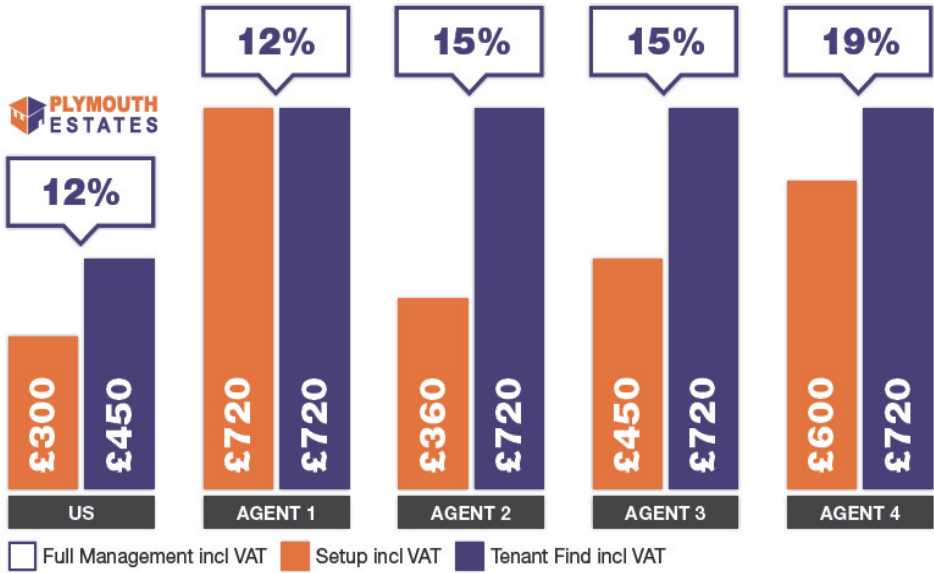
It was therefore immaterial that the January 2017 certificate had not been given to the tenant until November 2017. There was, however, a factual dispute as to whether the 2018 certificate had been provided and that was remitted for consideration by the county court.

What can we take from this?

Most SWLA members give the correct documents before the start of each tenancy, the SWLA Assured Shorthold Tenancy Agreement has a back page with a tick list and signature boxes to remind landlords what they need to provide and remind tenants what they need to receive. So very little chance of our members getting it wrong!

Article abridged from Landlord Blog & housing barrister Justin Bates

WE ARE NO 1 IN THE PLYMOUTH AREA ON FEES AND SERVICE



Data taken from company websites. Correct at time of print.

01752 407774 | info@plymouthestates.co.uk | www.plymouthestates.co.uk



LOYALTY UPGRADE!



By being a member of the South West Landlords Association **YOU HAVE BEEN UPGRADED!**

Congratulations your **5% DISCOUNT** is now live!

[SHOP NOW TO START SAVING >](#)

SAVE MORE!

Double your discount by spending the **£500** threshold and earning **10% OFF***

* Excludes delivery, gift cards, concessions, clearance, Amazon products, supplier quoted and selected made to measure products. Cannot be used in conjunction with any other voucher or customer discount card. Discount does not apply to the initial qualifying spend. Discount will be applied within 7 days of the qualifying spend.

Landlords, are you paying too much on letting agent fees?

Compare local agents now in seconds. 100% free. No obligation.
www.comparelettingagentfees.co.uk



- ✓ You could save £100's on agent fees
- ✓ Compare letting agents in your area for free
- ✓ Absolutely no obligation to proceed
- ✓ Save time and money using our site
- ✓ Select the best package and agent for you
- ✓ Deal direct with the agent of your choice

Find your letting agent now at www.comparelettingagentfees.co.uk

Get Ready to Apply for the Green Homes Grant Scheme

You can apply for the voucher from the end of September. In the meantime, you can find out what improvements can be made to your home and obtain quotes from certified tradespeople. The government will provide a voucher worth up to £5,000 or £10,000 to help cover the cost of making energy efficient improvements to your home. Improvements could include insulating your home to reduce your energy use or installing low-carbon heating to lower the amount of carbon dioxide your home produces. You must redeem the voucher and ensure improvements are completed by 31 March 2021.

The government will provide a voucher that covers two-thirds of the cost of qualifying energy efficiency or low carbon heating improvements to your home. The maximum value of the voucher is £5,000. If you are on a low income and receive certain benefits, you can receive a voucher covering all of the cost of the improvements. The maximum value of the voucher is £10,000. The installer will request and receive payment from the government for the costs covered by the voucher.

Eligibility

To apply for the voucher, you must either:

- own your home (including park home owners, long-leaseholders and shared ownership)
- be a private or social landlord

Your property must be in England to be eligible for the scheme.

Landlords cannot apply for the low-income portion of the scheme.

New-build properties that have not previously been occupied are not eligible for the scheme.

What the voucher can be used for:

The available measures are split into 'primary' and 'secondary' measures.

Primary measures

The voucher must be used to install at least 1 primary measure. This can be an insulation measure and/or a low carbon heating measure.

Insulation measures—The following insulation measures are covered by the voucher:

- solid wall
- under floor
- cavity wall
- loft
- flat roof
- room in roof
- insulating a park home

Low carbon heat measures—The following low carbon heating measures are covered by the voucher:

- air or ground source heat pump
- solar thermal (liquid filled flat plate or evacuated tube collectors)
- biomass boilers

Further information on these measures will be announced soon.

You cannot use the voucher to help pay for works that were carried out prior to the voucher being issued.

You cannot use the voucher to replace insulation or low carbon heating measures that are already installed in your home. However, you can use the voucher to 'top up' existing measures (for example, installing additional loft insulation up to the recommended level).

Secondary measures

If you install at least 1 primary measure, your voucher can be used to help cover the cost of any of the following secondary measures:

- draught proofing
- double/triple glazing (where replacing single glazed windows)
- secondary glazing (in addition to single glazing)
- external energy efficient doors (replacing single glazed or solid doors installed before 2002)
- heating controls
- hot water tank thermostats and insulation

The amount you get towards the cost of secondary measures cannot exceed the amount you get for primary measures.

Example; A homeowner wants to install cavity wall insulation and receives a voucher worth £400 towards the work. They can receive a maximum of £400 more for secondary measures, such as replacing single glazed windows with double glazed windows.

Items not covered by the voucher

There are certain items that are not covered by the voucher, including:

- building a new extension or conversion to your home
- insulating a conservatory with no fixed heating
- installing a new fossil fuel boiler (such as gas, oil or LPG boilers)

How to apply

1. Use the Simple Energy Advice (SEA) website to check what energy efficiency or low carbon heat improvements can be made to your home.
2. Use the SEA website to find accredited tradespeople or businesses in your area that are able to undertake the work and obtain quotes from them. You should get at least 3 quotes to make sure you are getting the best value for money.
3. Apply for the voucher from the end of September 2020.

You should only enter into a commitment to carry out work once you have had confirmation that your voucher application has been accepted.

You must make sure the work is scheduled to be completed, and the voucher redeemed subject to its terms and conditions, by 31 March 2021.

For further information, see the gov.uk website; <https://www.gov.uk/guidance/apply-for-the-green-homes-grant-scheme>

Membership Renewals

It was decided and agreed in the January 2020 SWLA AGM that membership would be increasing to £50.00 from this year (01 November 2020). Due to the current crisis and its financial impact, we have decided that it will remain at £45.00 for this membership year.

Renewal payments are due on 01 November 2020. Please pay £45.00 by Standing Order or BACs, ensuring to quote your name and membership number so that we can swiftly issue you a receipt by email.

Renewal of Membership (£45.00) can be made by BACS to:

Account Name: SWLA

Sort Code: 20-68-10

Account Number: 50498610

Or by Cheque to; SWLA, 30 Dale Road, Plymouth, PL4 6PD

Court Rules 'No DSS' Letting Ban Unlawful

The claimant had been a tenant for many years, with no problems and good references. She is a single mother with a disability, who was employed. She was searching for a new tenancy and contacted the defendant letting agents, only to receive an email stating that for years the agents "have had a policy of not accepting housing benefit tenants".

The claimant, with Shelter acting, then brought the present claim for sex discrimination and disability discrimination under sections 19 and 29 Equality Act 2010 and for a declaration in the County Court.

Usually the defendant agents settle out of court in similar circumstances. But for once the defendant agents did not settle. However, it appears that they had a change of mind, possibly on the advice of counsel, as what was apparently a case management hearing was turned into a final hearing at the request of both parties and, as the order records, terms were agreed by the parties. However, as well as ordering the agent to pay damages of £3500 and costs, the District Judge also went on to make a declaration as sought and to give reasons.

The declaration is as follows;

The Defendant's former policy of rejecting tenancy applications because the applicant is in receipt of Housing Benefit was unlawfully indirectly discriminatory on the grounds of sex and disability contrary to sections 19 and 29 of the Equality Act 2010.

The reasons record that:

A 'No DSS policy' puts or would put women at a particular disadvantage. 53.1% of female single-adult households renting privately claim Housing Benefit compared to 34% of male single-adult households. When households with couples are included, 18.8% of women renting privately claim Housing Benefit compared to 12.4% of men. This means that, in the private rented sector, using whichever of the two analyses set out above, women are more than 1.5 times as likely to rely on Housing Benefit, and thus be excluded by a No DSS policy, than men.

And in relation to disability:

A 'No DSS policy' puts or would put persons who are disabled at a particular disadvantage. 44.6% of households who claim DLA or SDA claim Housing Benefit compared to 15.1% of households who do not claim DLA or SDA. This means that, in the private rented sector, disabled households are almost three times as likely to rely on Housing Benefit, and thus be excluded by a 'No DSS policy', than non-disabled households.

A policy of 'No DSS' would therefore have an increased impact on women and on people with a disability. This amounted to indirect discrimination under section 19 Equality Act 2010.

It is, we must note, a county court judgment, and so not binding on other courts. However, in the absence of a defence under s.19(2)(d) Equality Act 2010, that the discriminatory practice is "a proportionate means of achieving a legitimate aim", it would seem likely that other courts would reach the same conclusion. No such defence was maintained in this claim (and for letting agents at least, it is hard to imagine what one might look like). I do not think it would be a defence for a letting agent to say the policy was at the request of the landlord(s).

What it means is that a blanket policy of refusing potential tenants who claim housing benefit is unlawful. What it does not mean is that potential tenants who claim housing benefit can't be refused.

In principle, the same should apply to landlords, as well as letting agents. However, it may be that some landlords may have a s.19(2)(d) defence, for example, that their mortgage agreement has a condition of no letting to housing benefit claimants. Most of the bigger lenders have changed their policies on this, but there will still be some lenders and historic mortgages with those conditions.

What this doesn't mean, alas, is that housing will be any more affordable. It should mean that housing benefit claimants have the opportunity to be considered for a tenancy on their own circumstances, rather than rejected straight away under a blanket policy. Rose Arnall of Shelter has been pursuing this issue for years.

Article abridged from Nearly Legal

SWLA MEMBERS

LET
PROPERTY
INSURANCE

SWLA
South West Landlords Association



Let us save you 10% off your existing landlords insurance renewal.

As your local landlord insurance specialist, Excaliber Insurance Services have over 10 years experience arranging insurance cover for most property and tenant types and can offer you terms 10% less than your current insurance renewal!*

A few reasons why you should use Excaliber

- All tenant types considered including students, housing benefit & asylum seekers.
- Cover for single lets, houses converted to flats, HMO's & portfolios.
- 60 days unoccupancy full cover on the SWLA scheme.
- **Quote & Buy Online** – go to www.landlordssouthwest.co.uk/insurance/
- Optional malicious damage by tenants & legal expenses cover. (*T&C's apply, ask for more details)

01752 340183

www.excaliber-ifa.co.uk



Excaliber
Insurance Services

Excaliber Insurance Services is a trading style of Excaliber Associates Ltd who are authorised and regulated by the Financial Conduct Authority No. 476748. Registered in England and Wales No. 06435579

CALL US NOW TO SEE HOW WE CAN HELP YOU

If you've tried the usual high street letting agents try a different approach. Here at Landlord Services we offer the complete package.

- Full Management of your rental property
- Management of repairs and maintenance
- Finding and dealing with tenants
- Regular property inspections
- Compliance with all legal issues
- Collection and forwarding of rent



CONTACT US NOW...

T: 01752 291843
M: 07596 161361
E: admin@landlordservicesmanagement.co.uk
W: www.landlordservicesmanagement.co.uk

**Landlord
Services**
Management Ltd

England Trailing Rest of UK in Support for Renters and Landlords

The Scottish Government announced on 01 September that hardship loans for tenants will be made available in Scotland to those unable to access other forms of support for their housing costs. A new £10 million Tenant Hardship Loan Fund will open later this Autumn, and will be part of a package to support people in Scotland struggling to pay rent due to financial difficulty associated with the COVID-19 pandemic.

It comes just weeks after the Welsh Government announced plans to introduce a similar tenant loan scheme for tenants in the private rented sector who are struggling to pay rent due to Covid-19.

Responding to the announcement that the Scottish Government has developed an interest free, hardship loan scheme to support renters to pay-off COVID-related rent arrears, Chris Norris, Policy Director for the NRLA, said:

“We welcome today’s announcement which follows similar steps taken in Wales and we call on the UK Government to introduce similar help for tenants in England. The best way to prevent repossessions is to tackle the root cause by ensuring tenants are able to pay their rent.

“Although landlords have been doing all they can to support tenants struggling to pay their rent because of the pandemic, it is not sustainable to expect rent arrears to build indefinitely with no hope of paying them off.

“Once again the UK Government finds itself trailing behind the rest of the UK. It is time to deliver a similar scheme to support tenants and landlords in England.”

SWLA support NRLA and their actions to get landlords a fair deal. Renters are receiving protection from eviction but landlords who are not receiving rent from tenants need financial support.

Article abridged from NRLA

Last Minute Tenancy Cancellation by a Student, Who Pays?

SWLA Member Case Study – A tenancy agreement was signed by a student in advance of the tenancy starting. Two weeks before the tenancy began, the student decided it wasn’t for them and tried to cancel the tenancy. The landlord did everything they could to re-advertise the room and get another tenant but with no success. The tenant refused to pay their rent for a room that was never occupied.

What happened in court?

The judge ruled that the tenancy agreement was very clear and that the tenant had considered and agreed to the contract. Therefore, the full rent for the year was awarded to the landlord, also the court fees.

What can we learn from this?

The judge mentioned how good, clear and concise the SWLA Assured Shorthold Tenancy was. The SWLA Guarantor form was also used so the landlord was able to take the guarantor to court. The judge went through both documents with a fine-tooth comb and found no fault in the documents.

The judge highlighted the importance of the landlord’s attempts to re-let the room in attempt to mitigate the tenant’s losses. The landlord had detailed proof of this. If these attempts were not made to re-let the room, the case would likely have had a different outcome.

A good news story from a long-standing member – many thanks for their contribution.

Important Dates

- 06 April 2017 – 06 April 2020** - Mortgage Interest Relief; New BTL Tax System Phased In
- 01 April 2018** – MEES (Minimum Energy Efficiency Standards) E or above for new tenancies
- 06 April 2018** – Rogue Landlord Database Introduced
- 25 May 2018** – GDPR Introduction
- 01 October 2018** – Extension of Mandatory HMO Licencing
- 20 March 2019** – Homes (Fitness for Human Habitation) Act 2018 on new tenancies
- 01 April 2019** – Letting Agent Mandatory CMP (Client Money Protection) Membership
- 20 March 2020** - Homes (Fitness for Human Habitation) Act 2018 on all tenancies
- 01 June 2019** – Tenant Fees Act (tenant fees ban and cap on deposits)
- 01 April 2020** - MEES E or above for all tenancies in scope of regulations
- 01 June 2020** - Tenant Fees Act (tenant fees ban and cap on deposits) on all tenancies
- 01 July 2020** – Mandatory 5 Year Electrical Safety Checks on new tenancies
- 01 April 2021** – Mandatory 5 Year Electrical Safety Checks on all tenancies
- 06 April 2023** – Making Tax Digital for landlords (£10k plus income)

Plymouth Homes Lettings are a Multi Award Winning Company for Landlords and Tenants

Rent Paid...Guaranteed

For landlords who want peace of mind knowing that their rent is guaranteed to be paid the day it is due

Tenant Find Only

For landlords who would like the best possible choice of tenants and manage the property themselves



PLYMOUTH
HOMES

Call us on

01752 772846

www.plymouthhomes.co.uk

Plymouth Homes are ARLA Propertymark Agents and hold a client money protection scheme. We adhere to The Property Ombudsman Code of Conduct and are recognised as safe Agents.

Capital Gains Tax (CGT) Review for Landlords

Chancellor Rishi Sunak has sparked fears that capital gains tax (CGT) will rise for landlords as part of the government's plan to pay for borrowing billions to stave off the economic effects of the coronavirus crisis. He has ordered a review of how CGT works from the independent Office for Budget Responsibility. The review will look at how CGT is calculated on the sale of homes, stocks and shares and fine art.

CGT raises around £9 billion a year for the Treasury – but the figure is set to drop if house prices and shares slump in value.

What is CGT for landlords?

Capital Gains Tax or CGT for short is a tax on the profit a landlord makes on the value of a buy-to-let, second home or other investment property. CGT does not apply to the sale of a main home. Like income tax, CGT comes with a set of reliefs and allowances that reduce the amount of tax due. Any sales raising a gain of less than the 2020-21 annual exempt amount of £12,000 are tax-free. The annual exempt amount changes each tax year, generally in line with any rise in the cost of living. Landlords paying income tax at the highest rates (40%/45%) pay CGT at a rate of 28%, while those paying at lower rates pay CGT at 18%.

How much CGT is paid each year?

CGT comes to £9.1 billion a year, which is just 1.1% of all taxes collected by the Treasury. Most comes from property sales.

What is the CGT review?

Sunak wants to check that CGT rates compare with those of other taxes and that the rules do not encourage tax avoidance. The Treasury argues the review is unlikely to trigger a major policy change, but it's difficult to see how rates won't rise when taking a broad view of the tax landscape. In their election manifesto, the Tories pledged not to increase income tax, national insurance or VAT, so Sunak has few places to look to raise much-needed funds to balance the books after borrowing billions to keep the country going during the COVID-19 lockdown. The Chancellor is also aware of a tax imbalance between the wealthy who tend to own investments and a typical worker as CGT rates are lower than income tax rates.

How could CGT change after the review?

The review is likely to promote three tax options for the Chancellor:

- Raise CGT rates (Scrapping the lower rate or combining the rates into one higher rate could be in the Chancellor's mind)
- Abolish or adjust CGT reliefs and allowances (CGT reliefs for landlords include the cost of buying and selling, improvements and some other costs which minimise the tax bill)
- Bring other assets into the CGT regime (The rules could extend to the disposal of private homes in the same way as stamp duty is charged on the purchase)

The Chancellor can mix any of the options or even scrap CGT in favour of a broader wealth tax. Some countries impose an annual tax charged as a percentage of personal wealth. This is seen as fairer than CGT by many. Similar taxes already exist in Norway, Spain, and Switzerland

An in-depth review by think-tank the Institute for Public Policy Research (IPPR) in September 2019 called for slashing the annual exempt allowance to £1,000 a year and landlord CGT rates pushed to as high as 45%.

Those proposed changes would raise up to an extra £90 billion for the government over five years.

When could CGT rules change?

Other tax reviews have taken nine months or more, so it seems unlikely CGT rules will change a lot in the Chancellor's Autumn Statement, which is expected in November.

Continued on next page...

What should landlords do?

Making sweeping changes to the structure of a property portfolio is expensive and probably self-defeating until the Chancellor reveals any tax changes – and he may decide to do nothing. One cost-effective area to look at is if changing property ownership ratios between spouses is worthwhile. CGT transfers between spouses are tax-free and can save money for couples if one is a basic rate income taxpayer and the other a higher rate taxpayer. For landlords thinking about moving their property business into a corporate structure, making the leap now is tempting as companies pay no CGT on gains. Instead, gains come under corporation tax rules.

What can landlords do to protect their profits?

The CGT review only affects gains on property sales and not profits from rents. Until the Chancellor announces the changes, landlords should sit tight as he may decide to leave things as they are.

Will any CGT changes impact non-resident landlords?

Landlords living abroad follow the same CGT rules as those in the UK and this is unlikely to change.

How do landlords work out CGT?

HMRC has an online CGT calculator that gives a broad view of how much CGT a landlord is likely to pay on a property disposal. Beware – you will need some information about claiming reliefs and allowances to get an accurate forecast.

Why is the Chancellor tinkering with CGT?

Rishi Sunak needs all the money he can raise from taxes to bankroll government borrowing during the COVID-19 crisis and to pay for planned infrastructure projects. Making the wealthy pay more tax is also popular with voters.

How can landlords have a say about the review?

Once the review ends, the government is likely to consult on any major changes to the rules. The consultation will be open to the public to comment. Meanwhile, landlords can write to their MPs or the Chancellor.

Article by The Landlords Guild

Buy-to-Let Landlords Welcome Stamp Duty Cut

The summer statement provided a much welcome boost for buy-to-let landlords who stand to benefit from the stamp duty holiday. The levy has been scrapped for all homes under £500,000, to kick-start the stalled housing market and pick up the flagging economy. But with the threshold raised, purchasers, including buy-to-let landlords, acquiring a property for less than £500,000 will save up to £15,000 on their total tax bill.

However, the 3% surcharge for additional homes, including buy-to-let properties, still applies on top of the revised standard rates, so purchases of homes valued up to £500,000 will attract a 3% stamp duty bill.

Sara Macallum, senior partner at Boodle Hatfield, said: “The 3% surcharge will still sit on top of these new bands – so for buyers of second homes, they will pay 3% SDLT up to £500,000, as opposed to 3% up to £125k, 5% from £125k up to £250k, and 8% from £250k to £500k.”

“Overall, it works out as an SDLT saving of £15k for both normal and additional rate taxpayers. Taking the example of a first-time buyer of an apartment for £750k, they will pay SDLT of £12,500 instead of £27,500. If on the other hand this were someone buying a second home, they would pay SDLT of £35,000 instead of £50,000.

“Companies will also benefit from these changes where they are not subject to the flat 15% rate.”

Article abridged from Landlord Today

Coronavirus – Job Retention Scheme Updates

From 1 September the government will pay 70% and employers will pay 10% of employees' wages for the time they are being furloughed. Employers will also continue to pay their National Insurance and pension contributions.

From 1 October the government will pay 60% and employers will pay 20% of employees' wages for the time they are being furloughed. Employers will also continue to pay their National Insurance and pension contributions. You will continue to pay employees wages at the contracted rate for the hours they work for you.

The scheme ends on 31 October 2020.

Training Courses

We have not forgotten about training, we are working in the background to bring back courses as soon as it is practical and safe to do so. We do not want to book courses too early and then have to cancel, but be rest assured that we are aiming to have courses up and running again later this year.

If your accreditation has expired during the COVID period or about to expire, give us a call and we will book you on the first available accreditation course.

Update from Plymouth City Council, Enforcement Activities

Plymouth City Council is aware the majority of landlords working within the Private Rented Sector wish to provide safe, affordable and compliant properties, the Council thank them for their diligence and hard work. The legislative framework continues to change and grow, for example the introduction of electrical safety standards regulations, the Council will continue to improve standards by working with landlords.

There are occasions when enforcement needs to be undertaken, most recently additional powers have been provided to enable the use of civil penalties, (typically up to £30,000) for a range of offences. Community Connections issued its first civil penalty on 5th April 2019. Since then they have issued 38 civil penalties, amounting to approx £120,000. If you receive any penalty warning the first port of call would be the Council, contact them to discuss this issue further. An appeal can also be made through the court tribunal system, a more accessible, less formal, and more affordable way than the traditional prosecution hearing.

If you have any queries, or just wish to read more, information is available on Plymouth City Councils website, search for landlords.

SWLA Meetings and Office Arrangements

Currently, all SWLA general meetings and externally organised regional landlord open events are cancelled/postponed until such time that larger gatherings can safely take place.

In the meantime, we will continue to post updates on our website/Facebook page. Any important changes or updates will be sent to members by email. If you are a 'post only' member, without an email address, the quarterly bulletin will keep you informed.

SWLA continue supporting members within the SWLA office, you can raise queries by email or telephone (please leave a message if your call is not answered, we will get back to you at the soonest opportunity). You can also make an appointment if you require a face to face meeting. Please ensure to read the safety measures on the door prior to entering the office.

Electrical Safety Standards Reminder

These Regulations apply in England to –

- all new specified tenancies from 1st July 2020; and
- all existing specified tenancies from 1st April 2021.

****note, if a pre 01 July 2020 tenancy rolls onto a statutory periodic tenancy after 01 July 2020, the Regulations will apply****

Following the inspection and testing, a private landlord must –

- A. Obtain a report from the person conducting that inspection and test, which gives the results of the inspection and test and the date of the next inspection and test
- B. Supply a copy of that report to each existing tenant of the residential premises within 28 days of the inspection and test
- C. Supply a copy of that report to the local housing authority within 7 days of receiving a request in writing for it from that authority
- D. Retain a copy of that report until the next inspection and test is due and supply a copy to the person carrying out the next inspection and test; and
- E. Supply a copy of the most recent report to -
 - (i) any new tenant of the specified tenancy to which the report relates before that tenant occupies those premises; and
 - (ii) any prospective tenant within 28 days of receiving a request in writing for it from that prospective tenant.

For further information, see the SWLA website newsfeed.



For many years Landlord Insure UK have advised & supported SWLA members with regard to their Landlords insurance needs with comprehensive cover and exclusive discounts – we are specialist independent insurance brokers and can offer you a wide choice of policies which can be tailored to your individual needs. Our dedicated Team constantly review the market on your behalf and would be delighted to offer you a free, without obligation quote at your next renewal date.

Freephone 0800 7316689 Ext 899

Email: schemes@bateman-group.co.uk

Website: www.bateman-group.co.uk

NOTICE BOARD

SWLA stationery

SWLA stationery may change without notice so before using a document, make sure that you use the latest one on the SWLA website, by checking the issue date or check with the SWLA office at the email address or telephone number shown below. Don't forget our ability to advertise accommodation to let, property for sale in our office window

E-Mail address

If you change your email address **PLEASE TELL US** otherwise you might miss important messages from us!

KBG CHAMBERS - Barristers – Plymouth, Truro & Exeter

We will support members with legal advice and representation through public access. KBG cover all areas of Property Law.
Call 01752221551 or email Colin Palmer, Senior Clerk, on colin@kbgchambers.co.uk

Rory Smith, Enigma Solicitors

Rory Smith is a highly experienced specialist in a wide range of disputes and their resolution. Rory can also recommend to you other law firms in Plymouth who will all offer free initial advice to SWLA members in other specialist areas.
Contact Rory on 01752 600567 or by email at rls@enigmawork.com Enigma is located 5 minutes away from SWLA's office at Farrer Court, 77 North Hill PL4 8HB. The office is open 8:30 a.m. until 5:00 p.m. weekdays.

Richard Gore Solicitor in Bristol Richard is with Greg Latchams on 0117 9069424 and will support initial telephone calls to discuss your problems

Did you know that SWLA have a trade listing of local businesses? Head to the SWLA website 'Trade Directory' for all of your landlord needs from Gas Safety Checks to Building Services

SWLA

South West Landlords Association

Published September 2020

Produced by Mark Price

By **The South West Landlords Association Ltd 30 Dale Road, Plymouth PL4 6PD**

You can contact our answerphone service on 01752 510913 or E-mail us at info@landlordssouthwest.co.uk, visit our website www.landlordssouthwest.co.uk

Or visit our office in Dale Road, it is open week days from 10am to 3pm

The association provides assistance and advice. However, the Association does not hold itself out as providing specialist legal advice and therefore whilst written and oral advice is given in good faith, no responsibility can be accepted by the association, its officers or members for the accuracy of its advice, or shall the association be held liable for the consequences of reliance upon such advice.