Buy to Let Properties

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London (RPRN) 06/13/13 — The UK property market, whilst not at its strongest, remains an attractive investment, especially in comparison to the currently inconsistent stock market.

Buy to let is the investment into a property with the expectation of capital growth, with the mortgage costs covered through the rental income received from tenants. However, investors must be wary and confident that rent received is greater than expenses going out, such as letting fees, maintenance, service charges and insurance. When calculating sums make sure they are done carefully and backed up by research into the local market!

Get advice from one of our agents if unsure about a property or the local market, and they can also advise on what a tenant would expect, to help deliver a quick let. Contracts and agreements must be watertight to protect yourself and to ensure everything is within in the law.

Taxation, income tax will be payable on rent received after deducting allowable expenses. Allowable expenses include mortgage interest, repairs, agent's letting fees and an allowance for furnishings. Tax is also required on the completion of a sale; this is known as capital gains tax (CGT). The tax will be charged on the disposal proceeds less the original cost of the property, certain legal costs and any capital improvements made to the property.

CGT can be avoided in certain situations, an example being a property in your child's name. If your child is at university, a buy to let arrangement can be advantageous. Rental income from the letting of the spare rooms would cover mortgage costs and CGT is avoided; if the property is the only one in your child's name and you are acting as the guarantor on the mortgage.

We would be happy to discuss buy to let further with you. Please contact us for more detailed advice via our website and click this link for more information on buy to let.

Media Contact Name: Dean Spencer
Media Phone: 01332253840
Media Web Address: http://www.grapevine-marketing.co.uk
Company Contact Name: Joanna Trinder
Company Phone: 01474 569777
Company Web Address: http://www.kingandtaylor.co.uk

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