

# TAXES YOU CAN EXPECT TO PAY ON YOUR PROPERTY INVESTMENTS

Property has the potential to be one of the most lucrative investments available today.

Continue reading at page 2



After all, everyone needs a home to live in and there are only so many houses in the country. However, it can be difficult to stay on top of your rental accounts and property tax planning. Read on to find out some of the taxes you'll have to pay on your property investments and what they might cost you.

## CAPITAL GAINS TAX

Capital Gains Tax is the tax on any profit that you make from the increase in value on an asset. In the case of property, if you're looking to flip a house for profit rather than relying on it for rental income, any profit that you make will be taxed. You'll need to pay Capital Gains Tax on any property that isn't your main home, and in the case of residential properties, the Capital Gains Tax rate is 28%. Of course, there are some conditions to this such as your personal Income Tax bracket, but as standard, you can expect to keep 72% of your profits.

## INCOME TAX FOR LANDLORDS

Of course, the other option you have is buying and improving a property to rent it out. The income tax laws surrounding being a landlord are complex, but like Capital Gains Tax, are based on the amount of profit you make from a rental property on a monthly basis. This means keeping accurate tabs of the expenses for that property (including mileage for journeys travelling there) so you can calculate what your profit is for every rental property you own.

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## STAMP DUTY LAND TAX

Stamp Duty is the silent killer of property taxes. It can be easy to forget about factoring these fees into your budget, but for properties or land over £250,000, you will have to pay a portion of the value upon purchase. From October, this threshold drops to £125,000, so if you're looking to purchase a property to add to your portfolio and want to make the most of no stamp duty fees, you need to get it done sooner rather than later.

## FIND OUT MORE

If you're looking for an accountant who can help make the most of your property portfolio, get in touch with Tax Care Accountancy today.

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