



## AUTUMN BUDGET REVIEW NOVEMBER 2017

The following is a summary of the main issues we feel will affect CRLA members and their lettings businesses.

### Issues directly affecting your lettings business include:

- **A move towards longer tenancies:**  
Another consultation to look forward to, this time on the barriers preventing landlords from offering a longer and more secure tenancy to any tenant wishing to take one.
- **Working with the private sector to reduce homelessness:**  
A promise of £20million in funding for schemes to support people at risk of homelessness to access and sustain tenancies in the private rented sector.
- **Reducing empty properties:**  
Local Authorities will be able to charge a council tax premium of between 50% and 100% on empty properties.
- **Register of planning permissions**  
A central register of residential planning permissions from local authorities to improve information on where permissions are held and progress towards them being built to be developed.
- **Adjustment to Local Housing Allowance:**  
In areas where private rents have been rising fastest, Local Housing Allowance rates will be increased.
- **Encouraging on-time rental payments through links to credit scoring:**  
The government will launch a £2 million competition, to support FinTech firms developing innovative solutions that help first-time buyers ensure their history of meeting rental payments on time is recognised in their credit scores and mortgage applications.
- **Universal Credit Changes Including Payments to Landlords:**  
For those who are entitled to Universal Credit  
From December 2017, prior to the first payment of Universal Credit, those who need it will be able to access up to 50% of one month's benefit. A further 50% may be accessed in the New Year. These two tranches will both be interest free and repayments deducted from Universal Credit payments made in the following twelve months.  
From January 2018 those who need it will be able to access up to one month's worth of benefit within five days via an interest-free advance  
From February 2018, the seven-day waiting period will be removed meaning that payments will be dated from the first day of application  
From April 2018 those changing from Housing Benefit to Universal Credit will continue to receive their award for the first two weeks of their Universal Credit claim

The government will also make it easier for claimants to have the housing element of their award paid directly to their landlord if the tenant shares historic rental problems with the JobCentre Work Coaches. Work Coaches will receive training in this element.

- **Small sites**

A further £630 million will be provided to accelerate the building of homes on small sites.

- **Rough Sleeping**

The Budget sets out the government's first steps towards its commitment to halve rough sleeping by 2022, and to eliminate it by 2027.

## **Taxation:**

- **Personal Allowance:**

In 2018-19 the Personal Allowance and Higher Rate Threshold will increase further, to £11,850 and £46,350 respectively.

- **Mileage rates for landlords**

The government will continue to allow unincorporated landlords the choice to use either the government's fixed mileage rates or actual vehicle running costs and capital allowances when it comes to calculating deductible motoring expenses.

- **Rent-a-room relief**

A call for evidence to be issued to establish how rent-a-room relief is used and ensure it is better targeted at longer-term lettings.

- **Stamp Duty Land Tax**

*First-time Buyers*

From 22 November 2017, stamp duty land tax will be abolished for first-time purchases up to £300,000 and the existing rate of 5% will apply between £300,000 and £500,000. This will not apply to properties above £500,000.

*Higher Rate Levy for Second and Additional Properties*

Minor amendments will be made to prevent abuse of relief for replacement of a purchaser's only or main residence by requiring the purchaser to dispose of the whole of their former main residence and to do so to someone who is not their spouse.

- **Corporate indexation allowance**

Corporate indexation allowance will be frozen from 1 January 2018. Meaning no relief will be available for inflation accruing after this date in calculating chargeable gains made by companies.

- **Capital Gains Tax (CGT) payment window**

The introduction of the 30-day payment window between a capital gain arising on a residential property and payment will be deferred until April 2020.

- **VAT**

Another consultation in the pipeline, this one on the VAT threshold. Meanwhile the threshold will remain at the current level of £85,000 for two years from April 2018.

- **Taxation on Income on Property for Non-resident companies**

From April 2020, both income received and gains from sales of property within the UK will be charged to Corporation Tax.

From April 2019 all gains on non-resident disposals of UK property will be brought within the scope of UK tax.

**Ruth Clarke**