



Buy to Let Guide

Buy to Let

What is a Buy to Let?

- A property which is purchased with the intention to rent it out for a profit.

How do I finance my Buy to Let?

- Peritus can research an unlimited range of lenders to find you the most suitable Buy to Let mortgage.



What costs are involved?



- **Conveyancing fee** – Conveyancing is the legal process of transferring the ownership of a property from the seller to the buyer. This cost around £850, however, the amount can vary depending on the value of the property.
- **Stamp duty** – There's no stamp duty to pay on buy to let properties worth £40,000 and under. Properties under £250,000 are subject to 3% stamp duty. Above £250,000 between 5% to 15% applies dependent on property value.
Check the [.gov website Stamp Duty calculator](#) for the exact figure.
- **Insurance** – It is your responsibility to ensure the building is insured from exchange of contracts. We can find you a competitive insurance quote and will not charge a fee for this service.
- **Mortgage valuation** – All lenders will insist on a valuation, this cost ranges between £150 to £300. This cost depends on the value of the property. Some lenders offer this for free. The purpose of a mortgage valuation is purely to assess whether the property is adequate security for the loan.
- **Survey** – You may wish to pay for a more detailed assessment of the property. A Homebuyer's Report makes recommendations regarding work/repairs required and covers general structure. These normally start from £400. If you are buying an older property or planning renovations, a more detailed survey called a Buildings Survey should be considered. These surveys usually start around £600.
- **Deposit** – Typically, you will need a deposit of between 25% to 40% of the value of the property. Speak to one of our advisers today to discuss the options available to you.

Are there any tax implications of owning a Buy to Let?

- You will have to pay income tax on rent. If you are employed or PAYE and your taxable income from letting is under £2,500 your tax code can be adjusted. You will need to complete P810 Form from your tax office. If your letting income is over £2,500 you must fill in a Self Assessment tax return. For more information on paying income tax visit <https://www.gov.uk/income-tax>
- You will need to pay stamp duty, details above in 'What costs are involved?'
- You will need to pay Capital Gains Tax when you sell your property. Visit <https://www.gov.uk/tax-sell-property> to find out how much you need to pay.

Managing your property

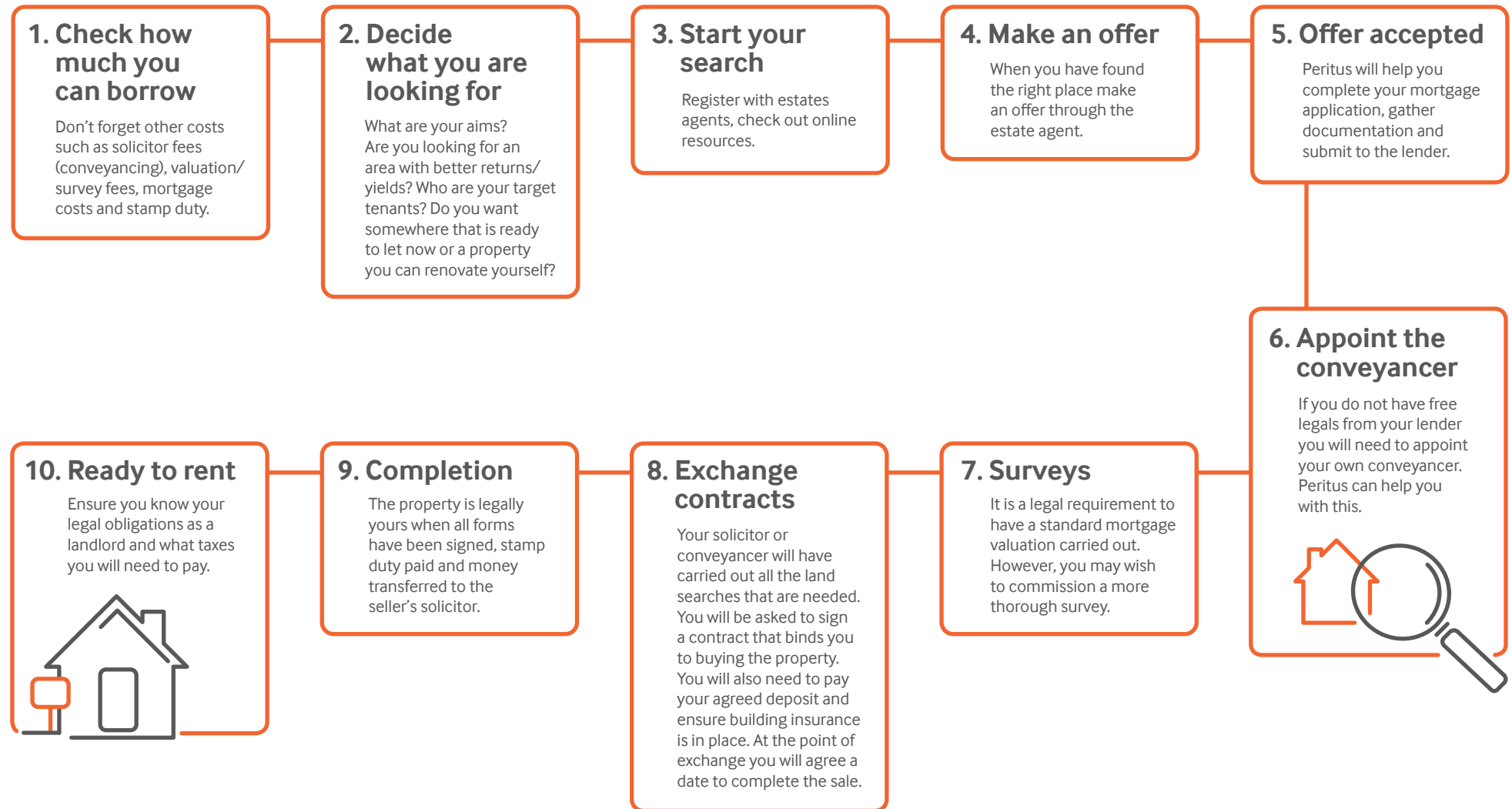
Managing the property yourself does help keep costs down, however, there is a lot of responsibility and specific legislation you must adhere to. You would need to take responsibility for the following:

- Ensure you understand the laws and regulations relating to letting your property.
- Ensure the property is safe for tenants to live in.
- Maintain heating and water systems.
- Ensure furniture meets fire safety regulations.
- Ensure the gas and electrics are safe, and certificated.
- Provide a tenancy agreement and ensure all parties adhere to their responsibilities.

Letting Agents can often provide a service to manage your property. There are typically three types of service offered:

- **Tenant find** – where they market the property and find a tenant. This is a one-off fee, usually in excess of £300 or a percentage of the first months rent.
- **Letting only** – They take care of everything until the tenant moves into the property. A fee is charged plus a percentage of the first month's rent.
- **Full management** – This involves finding tenants and managing the property until they move out, this charge is usually 10-15% of the rental income.

Buy to Let process



Your responsibilities as a Landlord – frequently asked questions



- **You must keep your property safe and free from health hazards**
You must have all gas and electrical equipment tested and certified. [Smoke alarms and carbon monoxide alarms](#) must also be fitted and in good working order.
- **Energy Performance Certificates** – You will be required to order an [EPC](#) for potential tenants before you market the property or sell the property.
- **Deposit Protection Scheme** – You must place your tenants deposit in a government backed [tenancy deposit protection scheme](#).
- **Health and safety inspections** – Your property could be selected by the local council for a [HHSRS inspection](#) or because a tenant has made a complaint.
- **Financial responsibilities** – You have to pay:
 - Income Tax on your rental income, minus your day-to-day running expenses
 - Class 2 National Insurance if the work you do renting out property counts as running a business

- **Making Repairs** – You must keep your property in good condition.
- **When you can enter the property** – You have a legal right to enter your property to inspect it or carry out repairs. You must give your tenants at least 24 hours' notice.
- **Rent** – For a periodic tenancy (rolling on a week-by-week or month-by-month basis) you can usually only increase the rent once a year. For a fixed-term tenancy (running for a set period) you can only increase the rent if your tenancy agreement permits this. Otherwise, you can only raise the rent when the fixed term ends.
- **Houses in Multiple Occupation (HMO)** – Your property is an HMO if both of the following apply:
 - at least 3 tenants, not from the same household, live there
 - toilet, bathroom or kitchen facilities are sharedA household consists of either a single person or members of the same family who live together.

For more detailed up-to-date information see:
<https://www.gov.uk/renting-out-a-property>

YOUR PROPERTY MAY BE REPOSSESSED IF YOU DO NOT KEEP UP REPAYMENTS ON YOUR MORTGAGE.
There may be a fee payable for our mortgage service, usually £495, plus we will receive commission from the lender.
The FCA do not regulate most forms of Buy to Let.



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