

The Benefits of Buying Property Through a Limited Company as an Expat.

From potential tax benefits to mitigating the impact of inheritance tax, there are many reasons for UK Expats to buy property through a limited company.

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EINPresswire.com/ -- Almost 80% of new [Buy-to-Let mortgage](#) applications are for limited companies. And there's good reason for this. From potential tax benefits to mitigating the impact of inheritance tax, there are many reasons for UK Expats to consider buying property through a [limited company](#).

Tax Benefits of Buying Property Through a Limited Company.

If you're looking to invest in a property with an expat mortgage, it could be beneficial to consider buying this through a limited company. In the event that you move back to the UK, you will become liable to income tax on rental income. If you are pay a higher rate of income tax this will mean less money in your pocket. However, if you buy a property through a limited company, rental earnings will be subject to corporation tax rather than income tax. Corporation tax is far lower - sitting at 19% for profits of up to £300,000 whereas the lowest rate of income tax is 20%, increasing to 40% if earnings exceed £34,500. Though any rental profits taken as salary or dividends will be taxed in line with your tax band, there are ways to maximise the tax efficiency of your dividends by having an expat mortgage in a UK limited company.

April 2020 saw the introduction of new laws that mean individuals can no longer claim mortgage interest as an expense. However, this possibility remains open to Limited companies. Since, as an individual, you don't have the same tax relief as before, your taxable income will rise. So, if you're an expat looking to earn from a rental property, buying through a limited property might



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be the best way to proceed. In the last 7 years, over 30,000 limited companies have been established exclusively for Buy-to-Let purposes, mainly driven by the above legislation.

More reasons to go Limited...

Avoiding Inheritance Tax - One good reason to consider holding property in a limited company is to avoid inheritance tax. Many expats are retirees or prospective retirees. For these people, securing financial stability for their old age is of paramount concern. Investing in property has been a tried-and-tested way of providing retirement benefits. However, these expats often have children that still reside in the UK and, in the event of death, the children will be subject to inheritance tax on any assets left to them. Through holding your properties in a limited company, you can save your children a huge amount on inheritance tax by making your children shareholders in the company which saves on any death duties.

Potential to Re-Invest - There will be no income tax when reinvesting profits to secure further properties. This means that you can grow your Buy-to-Let portfolio within a limited company as there will be no income tax on the retained profit, allowing more cash to be re-invested in other properties.



Investing in UK property can be incredibly fruitful. But, investing through a limited company affords many other benefits to the property owner.

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Stuart Marshall

Personal Funds - Personal funds can be drawn back out of the company as any investment you make into the limited company (e.g. the mortgage deposit), can be taken back out of the company in the form of a Directors Loan. An experienced specialist broker will ensure the lender accepts this.

Ease of Adjustment - As the company owns the property, directors or shareholders can legally be changed to suit your circumstances. So, adding a new partner to receive investment funds or buying out old partners is easier as changing ownership at Companies House is quicker and simpler than an individual selling a property.

Decreased Liability - As the limited company owns the property, you are not liable for tenant debts such as council tax, utility bills, etc. Normally companies would write to the individual owner to attempt to retrieve payment and this has caused problems for individuals on their credit files. However, a Limited Company has greater privacy, security and less liability when it comes to tenants' debts.

Why Use a Specialist Expat Mortgage Broker?

Using an expert mortgage broker like [Liquid Expat Mortgages](#) can be wise when buying property through a limited company as finding a lender for a Buy-to-Let mortgage can be difficult if you're a limited company. "We tend to

work with specialist lenders for situations such as these. What's more, we can offer help with setting up a UK limited company and a business bank account. Our years of experience allow us to simplify a situation many would have you believe is complicated, time consuming and stressful" says Stuart Marshall of Liquid Expat Mortgages. "There has been a substantial increase in enquiries for Limited Company mortgages. Many lenders have recognised the shift in demand and, as such, they tend to have the same rates for limited companies as they do for individuals. Some lenders also offer preferential products for expat Buy-to-Let mortgages in a Limited company. This saves time, energy and money for any borrower looking to take out a Buy-to-Let mortgage through a limited company."

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