UK Expat and Foreign National Buy-to-Let Landlords to Utilise Limited Companies

With UK Expat Landlords thinking about the tax efficiency of their investments, buy-to-let Limited Companies are increasingly attractive.

One of the main drivers for the huge increase in limited companies is to do with the ability to offset mortgage payments before being taxed.

MANCHESTER, GREATER MANCHESTER, UNITED KINGDOM, November 18, 2024 /EINPresswire.com/ -- In September 2024, there were over 5,300 new buy-to-let limited companies set up. This is 28% higher than any previous September, speaking to the popularity of buy-to-let limited companies at the moment, amid tax concerns for buy-to-let landlords. One of the main drivers for the huge increase in limited companies is to do with the ability to offset mortgage payments before being taxed. However, Rachel Reeves' first budget has made even more UK landlords think about the tax efficiency of their investments and the increases to capital gains tax and inheritance tax are now driving even more incorporations. With their flexibility and the tax benefits that they offer, they are an excellent choice for UK expat and foreign national investors.

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>
> *Stuart Marshall*

Why are There So Many Buy-to-Let Limited Companies?
There was a total of 46,449 companies set up between January and September 2024 – a 23% rise compared to 2023. To put the rise of buy-to-let limited companies in perspective, in the first 9 months of 2024, there were more incorporations than in the whole of 2021. Projecting the number of buy-to-let limited companies that will have been set up by the end of 2024, Hamptons International predicts that there will be between 60,000 and 62,000, exceeding last year's high of 50,004. Because of this trend, 70% of new buy-to-let purchases are now made through limited companies, while there has also been a significant increase in the number of investors moving

investment properties from their personal names into limited companies.

‘There are so many reasons for investors to be buying buy-to-let property through limited companies or to move existing buy-to-let properties into limited companies’ says Stuart Marshall, CEO of Liquid Expat Mortgages. ‘Our team at Liquid Expat Mortgages have been discussing this option with many UK expat and foreign national investors at the moment. The main reason for this is to avoid the increasingly aggressive personal tax environment and benefit from less extreme corporate tax structures. Since 2016, tax legislation began to impact higher-rate taxpayers in particular, as changes to legislation meant that landlords were no longer able to offset their mortgage interest payments as a tax expense. Because of this change, 74% of the 382,007 limited companies set up for rental properties have been set up since 2016. It equates to a huge saving for UK expat and foreign national landlords and can really contribute to the overall profitability of an investment venture.’

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Where are Limited Company Landlords Buying?
‘Taking note of where limited company buy-to-lets are being purchased will be key as it can provide some indicators of ‘hotspot’ or in-demand areas for UK expat and foreign national investors. What’s most telling is that 59% of new buy-to-let property limited company incorporations are in the south, while only 42% of properties bought by these limited companies are in the south. This indicates that many Southern investors are looking towards the midlands and the North for higher yields and cheaper properties. This is not surprising. The North and Midlands have been some of the most desirable and profitable regions for UK expat and foreign national investors for years now. And this is not only limited to urban centres anymore, with commuter towns offering great yields too.’

Safety, Security, and Quality Mortgage Products.
'The rise in the number of buy-to-let incorporations shouldn't be taken lightly. There are multiple associated costs with setting up a limited company, meaning that the investors who choose this route are planning to be in it for the long-haul. It's clear that the consensus is that the safety and security offered by a buy-to-let limited company is worth the sacrifice of accountancy costs, stamp duty, and potentially capital gains tax for existing investors. Such is the fear of continued government reform with personal tax rules and buy-to-let legislation. And this longer-term certainty is valuable for an investment venture. For new UK expat and foreign national buy-to-let landlords, the picture is simpler, and incorporating before investing could provide a huge saving over the lifetime of the investment.'

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'Making savings on tax can add to the profitability of an already profitable endeavour. Rising rents due to demand in the rental market have softened the damage done by higher mortgage rates for UK expat and foreign national landlords. This has been aided by the range of quality specialist mortgage products available for these buyers at the moment. While rental affordability is predicted to being close to its limit, rents are already sky high and this will continue to mitigate the impact of slightly higher mortgage rates. [Expert UK expat and foreign national mortgage brokers] have a great knowledge of the specialist mortgage products available and have access to exclusive mortgage deals too. They can help UK expat and foreign national investors to decide whether incorporating a buy-to-let limited company is worthwhile, and the best ways to do it.'

Liquid Expat Mortgages
Suite 4b, Link 665 Business Centre,
Todd Hall Rd,
Haslingden, Rossendale
BB4 5HU
Phone: 0161 871 1216
www.liquidexpatmortgages.com

Any media enquiries please contact Ulysses Communications.
sergio@ulyssesmarketing.com
+44 161 633 5009

Sergio Pani
Ulysses
+44 7811 326463
email us here
Visit us on social media:
Facebook
X
LinkedIn
Instagram
