

WHAT EVERY LANDLORD

NEEDS TO KNOW IN 2021






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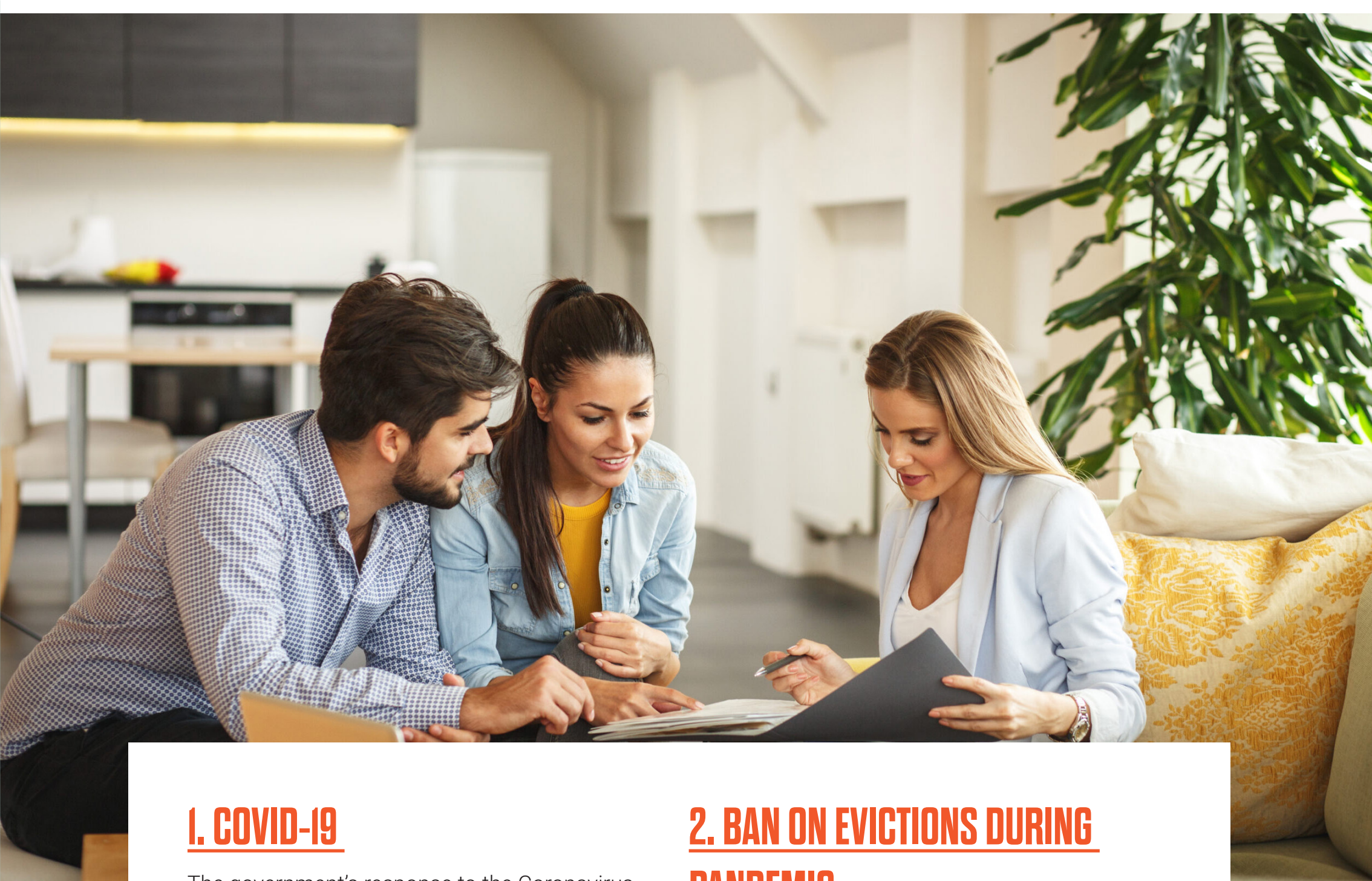
KNOW IN 2021



It was tough for landlords during 2020, due to the economic impact of the Covid-19 pandemic and laws protect tenants who have fallen into rental arrears.

As the Coronavirus Pandemic continues, we understand that it may be confusing for landlords in Wisbech, renting.

In this Guide we want to highlight what Residential Landlords should know in 2021.



1. COVID-19

The government's response to the Coronavirus pandemic has imposed restrictions which are relevant for landlords in the private rented sector. However, landlords can still access and market their properties and ensure that works are carried out to meet legal obligations and ensure tenant welfare whilst observing social distancing measures.

2. BAN ON EVICTIONS DURING PANDEMIC

Eviction rules Temporary rules introduced during the COVID-19 pandemic mean landlords must now give longer notice periods when starting eviction proceedings against their tenants.

England and Wales: landlords must give six months' notice, except from in the most extreme circumstances, such as when a tenant is proven to have demonstrated anti-social behaviour, committed fraud, or as is at least six months in rent arrears. This rule will apply until 31 March.

Scotland: landlords must give six months' notice in most circumstances. If the landlord or their family wants to move in, they can give three months' notice. If the tenant has moved out or has engaged in anti-social behaviour, only 28 days' notice is required.



3 COVID-19: RIGHT TO RENT CHECKS DURING THE PANDEMIC

The Home Office has published guidance for private landlords on conducting right to rent checks during the coronavirus pandemic. Landlords are not required to see original documents and are advised to accept scanned copies or photographs of the original documents sent via email or a mobile app and arrange to check the prospective tenant's identity via a video call. The guidance also provides information on retrospective checks once the COVID-19 emergency measures end.

4. CHANGES TO RIGHT TO RENT

Landlords need to check all tenants have the right to live in the UK before letting them move in to a property, but this could change in 2021. Landlords have been encouraged to use the current system of accepting passports and photo identification cards until 30 June, but it's unclear how Right to Rent will work after this date. After this period, the government has announced a new points-based immigration system to come into force on 1 January 2021, which will require proof of a job offer at the required skill level from an approved sponsor, and that they speak English. However, the right to rent checks have still not been explicitly defined after the deadline for the EU Settlement Scheme passes.

5. MAKING TAX DIGITAL

Landlords with a rental turnover of more than £85,000 will need to switch to the Making Tax Digital (MTD) system at some stage in 2021. The system means landlords would send four quarterly submissions on income and expenses rather than an annual tax return and then sign a declaration to confirm their numbers. The date for mandatory MTD for turnovers in excess of £85,000 has not yet been confirmed, but is expected in 2021. In 2022, it's likely that all businesses, regardless of turnover, will be forced to switch to the MTD system.





6. MORTGAGE PAYMENT HOLIDAYS

The end of mortgage payment holidays If you're struggling to pay your mortgage or your tenant is having problems paying their rent due to COVID-19, you can apply for a payment holiday on your mortgage until 31 March. The rules are as follows: If you haven't taken a payment holiday since the start of the pandemic, you can apply for deferrals of up to six months in total. If you currently have your first deferral in place or have resumed payments after one deferral, you can apply for another one to take you up to the six-month limit. If you've already had six months' worth of deferrals, you won't be eligible for further payment holidays and will need to seek alternative support from your lender.

7. STAMP DUTY HOLIDAY

The stamp duty holiday Landlords in England, Scotland and Northern Ireland can benefit from the current stamp duty cut when buying investment properties until 31 March. England and Northern Ireland: landlords still need to pay a 3% surcharge, albeit on the temporarily lower stamp duty rates. This means you'll need to pay a flat rate of 3% on purchases up to £500,000. Scotland: landlords must still pay a 4% Land and Buildings Transaction Tax (LBTT) surcharge, again on the temporarily reduced rates. This means you'll need to pay 4% on purchases up to £250,000. Wales: landlords aren't eligible for the current Land Transaction Tax (LTT) holiday and must pay the same rates as before.

Stamp duty surcharge for overseas investors from 1 April, overseas buyers will need to pay a 2% stamp duty surcharge when they purchase properties in England and Northern Ireland. This is on top of the regular buy-to-let surcharge. The rules apply to all non-UK residents. To be classified as a UK resident, you'll need to have spent at least 183 days (six months) in the UK in the year before or the year after you buy the property.



8. THE DOGS AND DOMESTIC ANIMALS BILL

29 January: Second reading of the Dogs and Domestic Animals (Accommodation and Protection) Bill. For landlords, the new year starts with the second reading of a proposed new law which would allow tenants to have a pet without their landlord's approval. The Dogs and Domestic Animals Bill has been put forward by Conservative MP, Andrew Rosindell, and is being supported by a number of animal welfare charities including the RSPCA. If passed, this would mean (as long as renters can prove they are responsible owners) tenants would have an assumed right to take a pet into any rented accommodation.

9 ELECTRICAL SAFETY RULES

Electrical safety rules were introduced in 2020 for England coming into force from 1st July 2020. New electrical safety rules mean landlords will need to ensure all electrical installations in their property are inspected and tested every five years. Tenants must be provided with a copy of the test report within 28 days (or before occupation for new tenants). The report must also be made available to your local council if requested. New tenancies have been subject to the rules since 1 July 2020, but from 1 April 2021 existing tenancies will need to follow the regulations too.

10. EPC GOVERNMENT TURNS UP HEAT ON COLD HOMES

The plan is to raise the minimum Energy Performance Certificate (EPC) rating from E to C for new tenancies from April 2025 and all other tenancies by 2028.

A consultation document released by the Ministry of Housing, Communities and Local Government reveals most private rented homes fall into the EPC ranking of D, E or F.

11. LEASEHOLD CHANGES

Great news for both house and flat leaseholders will now be able to extend their lease to a new standard 990 years with a ground rent at zero. A cap will also be introduced on ground rent payable when a leaseholder chooses to either extend their lease or become the freeholder.

If you are concerned about your legal compliance as a landlord, or to find out about potential investments in Wisbech, you can contact us at wisbech@valiantproperties.co.uk or give us a call on 01945 461116.

We're here to answer any questions you may have.

*We believe the above information to be correct at the time of writing, and given in good faith.

Landlords and investors should consult an Accountant or Tax Advisor to obtain the latest professional advice, based on their own personal circumstances





Wisbech



01945 461116



11 Church Terrace Wisbech PE13 1BL



wisbech@valiantproperties.co.uk



www.valiantproperties.co.uk

