GB CAPSTONE

FREE GUIDE · 2026/27 EDITION

THE PROPERTY INVESTOR'S STRUCTURE GUIDE

Own name, company, holding company or family company: how the choice plays out in tax, from buying to selling and passing it on.

BEFORE YOU START

Most property investors make their biggest tax decisions without noticing. Whose name goes on the deeds, which company buys the next flat, how money comes out, what happens if you move abroad, and what your children inherit: each one is decided by default if nobody decides it on purpose.

This guide walks through those choices in order, the way a portfolio usually grows:

1. **Your own name or a company**
2. **Starting a property company**
3. **Getting money out**
4. **Holding companies**
5. **Family investment companies**
6. **Living abroad**
7. **Selling and inheritance**

Each section has the main rules in plain words, one worked example with real 2026/27 numbers, and the points that catch people out. At the end there is a checklist of questions to ask your accountant, and the sources for every rate.

How to read the numbers. The examples are illustrations with round figures, not forecasts. They use UK rates for 2026/27 (England, Wales and Northern Ireland), checked on 24 November 2026 against gov.uk, HMRC's manuals and the legislation. Tax rules change and depend on your circumstances, so use this guide to ask better questions, not to make the decision alone.

The rates in one place (2026/27)

Tax	Rates and limits
Income tax	Personal allowance £12,570 · 20% to £50,270 · 40% to £125,140 · 45% above (frozen to April 2031)
Dividends	£500 allowance · 10.75% / 35.75% / 39.35%
Property income from April 2027	Its own rates. Finance Act 2026 sets 22% / 42% / 47%. Budget 2026 announced a further rise to 24% / 44% / 49%, not yet law
Corporation tax	19% to £50,000 profit · 25% over £250,000 · marginal relief between
Capital gains tax	18% / 24% · £3,000 annual exempt amount
Business Asset Disposal Relief	18% · lifetime limit £1m. Budget 2026 announced a cut to £500,000 from 6 April 2027, not yet law
Inheritance tax	40% · nil-rate band £325,000 · residence band £175,000. Finance Act 2026 freezes both to 5 April 2031 (gov.uk's table still shows the residence band to 5 April 2030)
Stamp duty land tax	Companies pay a 5% surcharge on every residential purchase

1. YOUR OWN NAME OR A COMPANY

The core difference. In your own name, rent is taxed as your income, and since Section 24 mortgage interest is not deducted from it. You get a credit at 20% instead. A higher-rate landlord pays 40% on profit before interest, and gets back only 20% of the interest.

In a company, mortgage interest is a normal cost. The profit pays corporation tax at 19% to 25%. Money you then take out for yourself is taxed again, as dividends or salary.

So: a company wins when profit stays in to buy more property. The advantage narrows, or reverses, when you need the money personally.

Worked example: one portfolio, two ways (2026/27, higher-rate landlord)

Rent £30,000, other costs £4,000, mortgage interest £12,000.

	Own name	Company
Taxable profit	£26,000 (interest not deducted)	£14,000
Tax	£10,400 at 40%, less £2,400 credit = **£8,000**	**£2,660** at 19%
Cash left	**£6,000**	**£11,340** in the company
If all paid out as a dividend	n/a	£3,875 dividend tax, leaving **£7,465**

What it costs to change. Moving properties you already own into a company is treated as selling them at market value. **Capital gains tax** can fall due, unless incorporation relief applies, and that needs a genuine business with real activity. From 6 April 2026 the relief must be claimed on your return. **Stamp duty land tax** is due on market value, including the 5% surcharge: on a £300,000 property, about £20,000. New purchases into a company are simple. Moving an existing portfolio usually is not.

Watch out for: company mortgage rates, fees and terms that differ from personal ones (compare both before deciding); accounts and filing costs; and treating the company's money as yours.

2. STARTING A PROPERTY COMPANY

Most investors use a **special purpose vehicle** (SPV): a limited company that does nothing but hold property. Lenders like the simplicity.

Setting one up

- **Verify your identity first.** Since 18 November 2025 every new director must verify their identity with Companies House and get a personal code.
- **Incorporate online** (£100).
- **Choose the SIC code with care: lenders check it.**
  - The Mortgage Works accepts 68100, 68201, 68209 and 68320.
  - Family Building Society accepts 68100, 68209 and 68320.
  - Neither lists 68310 (estate agency). Check your own lender's list before you incorporate.
- **Fund it with a director's loan.** Put the deposit, stamp duty and fees in as a loan from you, and record it from day one. The company can repay it to you later, tax-free.

Borrowing. Lenders set their own tests for company buy-to-let. The Mortgage Works, for example, uses a 125% interest cover ratio (rent at least 125% of the interest at its stress rate) and requires personal guarantees from all directors. Check each lender's criteria.

Running costs and deadlines

What	When
Accounts to Companies House	9 months after the year end (first accounts: 21 months after incorporation)
Corporation tax paid	9 months and 1 day after the year end
Company tax return	12 months after the year end
Confirmation statement	Every year (£50)
ATED return, for a home worth over £500,000	By 30 April each year, even when relief means no tax

Worked example: a £250,000 buy-to-let bought through an SPV (2026/27)

75% interest-only mortgage of £187,500 at 5.5% (£10,313 a year).

Stamp duty: £2,500 standard + £12,500 company surcharge	**£15,000**
Deposit, stamp duty and fees, lent in by the director	**£80,500**
Rent needed at a 125% interest cover ratio (for example, The Mortgage Works)	at least **£12,891 a year**
Rent £15,000, less costs £2,500 and interest £10,313	profit **£2,187**
Corporation tax at 19%	**£416**
The same flat held personally by a higher-rate landlord	tax of **£2,937**, about seven times as much

Watch out for: associated companies. Three SPVs owned by one person share a single £50,000 band at the 19% rate.

3. GETTING MONEY OUT

Money in a company is the company's. It reaches you in five main ways, each taxed differently:

1. **Repaying your director's loan.** This is your own money coming back, so it is **tax-free**. Always use it first.
2. **Salary.** It saves corporation tax and counts towards your state pension. Employer National Insurance is 15% above £5,000 a year.
3. **Dividends.** £500 tax-free, then 10.75%, 35.75% or 39.35%. They can only be paid out of profits after tax.
4. **Company pension contributions.** These save corporation tax, carry no National Insurance and are not taxed on you when paid in. The annual allowance is £60,000.
5. **Borrowing from the company.** Usually the worst route. If the loan is not repaid within 9 months of the year end, the company pays a **35.75%** charge. A loan over £10,000 at less than 3.75% interest is also a taxable benefit.

Worked example: £100,000 of profit, one director with no other staff (2026/27)

	Salary £12,570 + dividends	Salary £5,000 + dividends	£12,570 + dividends + £20,000 pension
Corporation tax	£19,118	£21,425	£13,818
Dividend tax	£14,537	£14,118	£9,282
Cash in her pocket	**£65,210**	**£64,457**	**£55,765 + £20,000 in her pension**

What it shows: the £12,570 salary still beats £5,000 here, by about £750. Putting £20,000 into a pension costs her only £9,445 of spending money.

Watch out for:

- the **£100,000 trap**: between £100,000 and £125,140 of income you lose your personal allowance, an effective 60% rate;
- taking money through the year before you know the profit is there;
- repaying a director's loan just before the year end, then borrowing it again straight after. Anti-avoidance rules catch this.

4. HOLDING COMPANIES

A holding company owns your other companies. You own it; it owns your trading company, your property company, or both.

Why investors use one

- **Dividends between companies are usually tax-free.** Profit can move from a trading company up to the holding company, and on into property, without first paying dividend tax.
- **Spare cash sits away from the trading company's risks.**
- **A trading company owned for at least 12 months can usually be sold by the holding company with no corporation tax on the gain.** This is the substantial shareholding exemption.

Adding one on top of a company you already own is done by a **share-for-share exchange**: you swap your shares for new shares in the holding company. Done properly, this has **no capital gains tax and no stamp duty**.

- Since 26 November 2025, HMRC's test is whether a main purpose is to avoid tax on gains. Putting tax off is not avoidance.
- You can ask HMRC to confirm it first (advance clearance). HMRC replies within 30 days.

Worked example: £500,000 of spare cash in a trading company (2026/27, additional-rate owner)

	Paid to the owner, then invested	Moved to a holding company, then invested
Tax on the move	£196,553 dividend tax	**£0**
Left to invest	**£303,447**	**£500,000**

If the trading company is later sold for £2m:

	Sold by the owner personally	Sold by the holding company
Tax on the sale	about £419,000 (BADR on £1m, 24% on the rest; more if the announced cut to £500,000 from April 2027 becomes law)	**£0**
But if all of it is then wanted personally	already personal	dividend tax of about £787,000

What it shows: a holding company **puts tax off; it does not cancel it.** It suits people who keep reinvesting. It is the wrong tool for someone who wants the cash personally.

Watch out for:

- the exemption on selling **does not apply to property letting companies**, because letting is investment, not trading;
- a new holding company must own the shares for 12 months before a sale;
- every extra company shares the 19% band.

5. FAMILY INVESTMENT COMPANIES

A family investment company (FIC) is a private company that holds family investments. Usually the **parents keep control** through voting shares, and the **children hold "growth" shares** that take most of the future increase in value.

How they are usually funded. Most FICs are funded by a **loan from the parents**. There is no inheritance tax on making a loan, and it can be repaid to the parents tax-free at any time. The loan stays at face value in their estate; the growth belongs to the shareholders.

The tax inside the company

- Dividends the FIC receives are usually **tax-free**.
- A FIC holding shares, funds or cash usually pays **25% corporation tax on all its profits**, not 19%.
- A FIC letting property to **unconnected** tenants can use the normal 19% to 25% rates.

Worked example: £1m lent by parents, growth shares held by the children

The FIC buys a share portfolio returning 7% a year (3% dividends reinvested, 4% growth).

After 10 years	
Portfolio value	**£1,967,151**
Owed back to the parents	£1,000,000, which they can take back tax-free at any time
Value belonging to the children's shares	about **£967,000**
Corporation tax on the reinvested dividends	**£0**
Inheritance tax that growth would cost in the parents' estate (40%)	**£386,860**

Watch out for:

- **dividends on shares given to children under 18**: if they come to more than £100 a year, they are taxed as the parent's income;
- issuing growth shares without a valuation;
- moving existing property in: capital gains tax and stamp duty apply;
- shares in a FIC **do not get Business Relief** for inheritance tax.

6. LIVING ABROAD

Moving abroad does not end UK tax on UK property. A non-resident still pays UK tax on UK rent and on gains from UK property, and still files returns.

Residence is a test, not a choice. Each tax year the statutory residence test counts your days in the UK and your ties here.

- With fewer than **16 days** in the UK (if you were resident in any of the last 3 years), you are non-resident.
- Working full-time abroad, with fewer than **91 days** here, usually makes you non-resident.
- Spending **183 days** or more here makes you resident.

Rent while you are away. If your usual home is abroad, your letting agent must hold back **20%** of your rent (after expenses) for HMRC. One form, **NRL1i**, lets you receive the rent in full and settle up on your tax return instead. British citizens keep their personal allowance.

Selling UK property while non-resident. Every sale must be reported within 60 days of completion, even if there is no tax. For residential property owned on 5 April 2015, the gain can be worked out from its value on that date.

Your UK company. A UK-registered company stays UK resident. But if all the directors decide things from another country, that country may also tax it. Where the board meets and decides matters.

Worked example: James moves to Dubai in April 2026 and keeps one flat

Rent £24,000, costs £4,000, mortgage interest £8,000.

	Without NRL1i approval	With approval
Tax held back by the agent during the year	**£4,000**	**£0**
Actual tax on his return (personal allowance, then the 20% interest credit)	**£0** (he reclaims £4,000 later)	**£0**

He sells in June 2027: bought for £200,000 in 2012, worth £260,000 in April 2015, sold for £300,000. Taxable gain £37,000 after rebasing and the £3,000 exempt amount, at 18% = **£6,660**, reported and paid within 60 days. Without rebasing, the gain would be £100,000.

Watch out for:

- coming back within **5 years**: some gains made while away are then taxed;
- inheritance tax: if you were UK resident for 10 of the last 20 years, your worldwide estate stays in UK inheritance tax for up to **10 years** after you leave.

7. SELLING AND INHERITANCE

A trading business can pass to the next generation largely free of inheritance tax through Business Relief. **A letting portfolio usually cannot**: letting property counts as holding investments, and the tribunals have refused relief even to actively managed holiday lets.

Business Relief from 6 April 2026

- **100% relief** on up to **£2.5m** of qualifying business assets per person, and 50% above that.
- An unused allowance passes to a surviving spouse or civil partner.
- With both nil-rate bands, a couple can pass on up to about **£5.65m** free of inheritance tax.

Selling turns a relieved asset into taxed cash.

- On a sale you pay capital gains tax: **Business Asset Disposal Relief at 18%** on the first £1m of gains (Budget 2026 announced a cut to **£500,000 from 6 April 2027**, not yet law), and 24% on the rest.
- The cash is then fully in your estate for inheritance tax.
- If you hold until death instead, there is no capital gains tax, and your heirs inherit at today's value.

From 6 April 2027, most unused pension funds also count as part of your estate.

Worked example: Pat owns a trading company worth £4m, plus a £600,000 home and £400,000 of other assets

The sale column assumes the announced £500,000 limit becomes law.

	Keeps the company until death	Sells in 2027/28, dies holding the cash
Capital gains tax	**£0**	**£929,256**
Business Relief	£2.5m at 100%, £1.5m at 50%	none
Inheritance tax	**£570,000** (part can be paid over 10 years)	**£1,498,298**
Total tax	**£570,000**	**£2,427,554**

What it shows: if a sale is coming, plan it years ahead: the timing (the Business Asset Disposal Relief limit), lifetime gifts, and what the proceeds are reinvested in.

For a landlord, the inheritance tax tools are different: gifts during your lifetime (the 7-year rule), family investment companies, trusts, life cover, and spending.

Watch out for:

- assuming a property portfolio gets Business Relief;
- surplus cash in a trading company, which gets no relief;
- wills that waste the transferable £2.5m allowance;
- estates over £2m slowly losing the £175,000 residence band (it is gone completely at £2.35m).

QUESTIONS TO ASK YOUR ACCOUNTANT

Take this list to your next meeting. A good accountant will have an answer, or know where to find one.

Structure

- [ ] Should my next property be bought in my own name or in a company, given what I plan to do with the profit?
- [ ] What would it cost, in capital gains tax and stamp duty, to move the properties I already own into a company? Does incorporation relief apply?
- [ ] Are my companies “associated”, and how much of the 19% band does each one actually get?
- [ ] Would a holding company help me, or would it only put tax off that I will need to pay soon anyway?

Money out

- [ ] What is my director’s loan balance, and have I been taking that back first?
- [ ] What salary, dividend and pension mix suits me this year?
- [ ] Am I close to the £100,000 income trap?

Family and the future

- [ ] Would a family investment company suit us, and how would it be funded?
- [ ] Which of my assets would get Business Relief on my death, and which would not?
- [ ] Do our wills use both £2.5m Business Relief allowances and both nil-rate bands?
- [ ] From April 2027 my pension counts for inheritance tax. What does that change?

Moving or selling

- [ ] If I move abroad, which UK taxes do I keep, and what do I need to file?
- [ ] Is my letting agent holding back tax that I could receive in full?
- [ ] If I sell my business, what is the timing that keeps Business Asset Disposal Relief, and what happens to the cash for inheritance tax?

ABOUT GB CAPSTONE

GB Capstone is an accounting firm for people building wealth through property and companies: portfolio landlords, property traders and developers, holding companies and founders, and UK expats.

We do the accounts and tax properly, and we talk through the bigger decisions before you make them: how you hold things, how money comes out, buying, refinancing, selling and leaving the UK. Funding (bridging, refinance, development finance and commercial mortgages) is arranged through Deplexifi.

GB Capstone is run by **Glenn Broome**, Chartered Accountant (CA ANZ), with over 20 years in financial accounting, systems improvement and audit across the UK and New Zealand.

Talk it through first. Book a free 20-minute call. Tell us what you own and what you are planning, and we will tell you whether we can help. If we can, we agree a fixed fee before any work starts.

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This guide is general information, not advice on your own affairs. It reflects UK tax rules for 2026/27 as checked on 24 November 2026, for England, Wales and Northern Ireland. Rules change, and the right answer depends on your own facts. Take advice before acting.

SOURCES

Every rate in this guide was checked against these on 24 November 2026.

Rates

- Income tax rates and the personal allowance taper: gov.uk/income-tax-rates
- Thresholds frozen to April 2031: gov.uk, "Maintaining the Personal Allowance and the basic rate limit … until 5 April 2031"; Finance Act 2026 s10
- Dividend rates: gov.uk/tax-on-dividends
- Property income rates from April 2027: Finance Act 2026 (22/42/47%, legislation.gov.uk/ukpga/2026/11); Budget 2026 announcement of 24/44/49%, to be legislated in Finance Bill 2026-27 (Deloitte Budget 2026 measures note; ICAEW, 28 October 2026)
- Corporation tax rates and the marginal relief fraction: gov.uk, "Rates and allowances: Corporation Tax"
- Capital gains tax and Business Asset Disposal Relief: gov.uk/business-asset-disposal-relief; the announced £500,000 limit: gov.uk, "Capital Gains Tax: new Business Asset Disposal Relief lifetime limit" (to be legislated in Finance Bill 2026)

Property and companies

- Stamp duty land tax, residential rates and corporate bodies: gov.uk/stamp-duty-land-tax/residential-property-rates; gov.uk/guidance/stamp-duty-land-tax-corporate-bodies
- ATED: gov.uk/guidance/annual-tax-on-enveloped-dwellings-the-basics
- Companies House fees and identity verification: gov.uk, "Companies House fees"; gov.uk, "Companies House confirms identity verification rollout from 18 November 2025"
- Lender SIC codes, interest cover and personal guarantees: The Mortgage Works limited company criteria (themortgageworks.co.uk/lending-criteria/limited-company); Family Building Society SPV criteria

Getting money out

- Employer National Insurance and Employment Allowance 2026/27: gov.uk/guidance/rates-and-thresholds-for-employers-2026-to-2027; gov.uk/claim-employment-allowance
- Pension annual allowance: gov.uk/tax-on-your-private-pension/annual-allowance
- Loans to directors, the 35.75% charge: HMRC Company Taxation Manual CTM61505, CTM61625 to CTM61635
- Official rate of interest: gov.uk, "Rates and allowances: beneficial loan arrangements"

Holding and family companies

- Share exchanges and the anti-avoidance rule: HMRC Capital Gains Manual CG52500 and CG-APP20; gov.uk/guidance/apply-for-statutory-clearance-for-a-transaction
- Substantial shareholding exemption: HMRC CG53005, CG53110, CG53080
- Company dividends exempt: HMRC CTM02060 (CTA 2009 Part 9A)
- Close investment-holding companies: HMRC CTM03951
- Parental settlements: HMRC TSEM4300 (ITTOIA 2005 s629)

Living abroad

- Residence tests: gov.uk/tax-foreign-income/residence
- Non-Resident Landlord Scheme: HMRC PIM4810; gov.uk/tax-uk-income-live-abroad/rent
- Capital gains tax for non-residents and rebasing: gov.uk/guidance/capital-gains-tax-for-non-residents-uk-residential-property
- Company residence: HMRC INTM120200
- Long-term residence test for inheritance tax: HMRC IHTM47020

Inheritance

- Business Relief and the £2.5m allowance: gov.uk/business-relief-inheritance-tax; HMRC IHTM25520
- Holiday lets and Business Relief: HMRC IHTM25278 (Pawson, 2013)
- Inheritance tax thresholds: gov.uk, "Inheritance Tax thresholds and interest rates"; the freeze to 5 April 2031: Finance Act 2026 s72, amending Finance Act 2021 s86 (legislation.gov.uk); residence band taper: HMRC IHTM46023
- Pensions and inheritance tax from April 2027: gov.uk, "Inheritance Tax: unused pension funds and death benefits"