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## **Letting And Renting Information Pack**

If you're thinking of letting your property out or renting a property, this information pack, based on the Ministry of Housing, Communities & Local Government guidance, emphasises how important it is to get the right professional advice from the very start. We hope it will be both informative and helpful to you.

Letting is a popular option for homeowners moving out of their property for a time and for investors seeking rental income. It is essential to establish whether it is an option suited to your circumstances and we offer free expert advice on the advantages and disadvantages.

Our aim is simple. We want to give you the highest possible levels of service so that you have total peace of mind when leaving your property in the hands of someone else.

There is a lot to letting so if you would like to discuss your property in more detail why not call and speak to us.

## **Before You Let Your Property**

### **Key Legal Responsibilities**

This guide will help you to understand your key legal responsibilities as a landlord. This includes:

- Abiding by the provisions in the Tenant Fees Act 2019 which bans charging most fees in connection with a tenancy and caps tenancy – and holding – deposits
- Protecting tenancy deposits in a government-approved scheme
- Providing your tenants with a copy of the How to rent guide
- Keeping the property free of hazards from the start of and throughout the tenancy
- Carrying out gas safety checks and giving a copy of the certificate to the tenant(s) before the start of the tenancy
- Ensuring electrical installations and appliances are safe



- Installing smoke and carbon monoxide alarms

It is illegal for landlords or letting agents to charge certain fees to tenants on new or renewed tenancy agreements that were signed on or after 1 June 2019. You should check what fees (if any) the agent will charge and ensure they are complying with the Tenant Fees Act 2019 before agreeing to allow them to let out your property.

For more information, visit

<https://www.gov.uk/government/publications/how-to-let/how-to-let>

## **Mortgages**

If the property you intend to let has a mortgage, you must apply to your lender for permission as you may be in breach of your mortgage agreement if you don't.

Some lenders may charge for considering your application and for approving its tenancy and some may raise the interest rate on your mortgage whilst you are letting.

## **Houses of Multiple Occupancy (HMO's)**

Under changes in the Housing Act 2004 if you let a property which is one of the following types it is an HMO :

Properties of three or more floors, with five or more tenants belonging to two or more households, by law, will require a licence from the Local authority.

For more information on mandatory HMO licensing and to identify whether you have a property that needs licensing, check with your [local authority](#).

Failure to **licence** a property is a criminal offence.



## Tax Obligations

Letting a property can increase your income and you may be taxed. It may also affect any benefits that you receive. Use the government's [online guide](#) to find out your tax obligations as a landlord and how to work out your rental income.

## Checklist

- You must ensure that you have an appropriate mortgage or permission from your mortgage lender in place
- You must obtain a property licence (where necessary)
- You should check your tax obligations as a landlord
- You should consider joining a landlord accreditation scheme

The profit obtained from renting a property is liable to tax whether or not you live in the UK. Several items of expenditure can be offset against rental profit of which the following list covers the main tax-deductible areas. If you require clarification on these matters we would recommend that you seek the advice of an accountant as tax status does vary.

- Loan or mortgage interest
- Building, Contents and Legal Insurance premiums
- Agents Charges (i.e. our Management Charges) + VAT
- Buildings, repairs, decorations and cleaning to the property
- General wear and tear – this allowance is normally given for hard furnishings and fixtures where a property is furnished
- Nominal amounts for postage and telephone charges relating to the property.
- Any other expenses which are directly associated with the letting of the property

Any communication with the Inland Revenue is the responsibility of the Landlord or their accountant. We do not withhold tax for Landlords resident in the UK.



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For full information the Inland Revenues Landlords Tax Guide is available by contacting your local Inland Revenue Office or on the internet ([www.hmrc.gov.uk](http://www.hmrc.gov.uk)).

### **Overseas Landlord Taxation**

The Inland Revenues new assessment rules changed the treatment of Overseas Landlord Tax with effect from 6th April 1996. Under the Taxation of income from Landlord(Non-Residents) Regulations 1995, the rent receiving agent is required to deduct basic rate tax from the rent(after taking deductible expenses paid out into account) and to pay the tax to the Inland Revenue each quarter. If the property is not managed you should be aware that your tenant will be legally responsible for the collection and payment of tax to the Inland Revenue.

However, overseas landlords can apply to the revenue for the exemption from this requirement providing your tax history is good and up to date. The overseas landlord will be issued with a certificate with a copy sent direct to the managing Agent authorising us to pay rent without any tax deductions.

\*We strongly advise that applications for exemption are submitted as soon as you are aware of your move overseas to ensure rent can be paid gross.

### **Safety Regulations**

The Landlord and /or his managing agent are responsible for ensuring that the rented property meets safety standards with regard to the gas installation, pipe work and appliances.

### **Gas And Electrical Safety**

An approved Gas engineer must carry out safety checks every 12 months. A written safety record must be supplied to the tenants, this is in addition to the regular servicing of appliances.

Failure to hold a current safety record or certificate is a criminal offence and makes the landlord or his management agent liable to a fine, imprisonment or both. Current



regulations also require a Landlord to give a copy of the current gas certificate to the Tenant.

You must provide a gas safety certificate at the start of the tenancy and within 28 days of each annual gas safety check, if there is a gas installation. If you do not, you will not be able to evict a tenant using a section 21 notice.

Working smoke alarms must be installed on every storey of living accommodation. If your property has any rooms that contain a solid fuel appliance, such as a wood burning stove, working open fire etc., you must also install carbon monoxide alarms in those rooms.

Electrical installations and fixed appliances must be safe. It is recommended that checks are carried out at least every 5 years and this will soon become law for electrical installation checks. For HMOs, it is mandatory to carry out checks every 5 years.

It is also recommended that you regularly carry out portable appliance testing (PAT) on any electrical appliances you provide and supply the tenant with a record of any electrical inspections carried out.

You should ensure that anybody carrying out electrical work on the property is competent to do so. You can find your nearest registered electrician here,

## **Electrical Safety**

In order to comply with the Consumer Protection Act, Landlords must ensure that each electrical appliance (kettle, toaster etc) as well as the electric supply and installation (e.g. wall sockets, light fittings, etc) is safe and does not present any danger to a user. To ensure compliance with the act a regular (annual) inspection and testing report is necessary.

All appliances supplied must have all the necessary instruction books and warning details and we would recommend copies are taken and left at the property.

Briscombe can arrange through qualified engineers to carry gas and electrical safety inspections (prices on application)



## **Furniture And Furnishings**

All upholstered furniture and furnishings (i.e mattresses, cushions – not carpets and curtains) manufactured after 1950 are required to be fire resistant.

The law relating to the manufacture of furniture is quite clear – all materials used must meet the Furniture and Furnishings Regulations 1993. Manufacturers are required to affix permanent labels on their products such that their removal would cause damage to either the label or the product.

## **Smoke Alarms And Carbon Monoxide Alarms**

All property built since 1992 has to be fitted with mains operated and battery linked smoke alarms on every floor, as required under the Buildings Regulations Act 1991. There are no similar regulations for older property although we would always recommend that consideration be given to the fixing of smoke alarms.

Working smoke alarms must be installed on every storey of living accommodation. If your property has any rooms that contain a solid fuel appliance, such as a wood burning stove, working open fire etc., you must also install carbon monoxide alarms in those rooms.

You must carry out a check on the first day of a new tenancy to ensure that smoke and carbon monoxide alarms are in working order and notify your tenant. Failure to comply can lead to a civil penalty of up to £5,000.

Enforcement officers in your local authority can advise those managing HMOs of the fire safety requirements, as these may differ.

## **General Letting Information**

### **Buildings Insurance**

It is advisable to check that your insurance company is aware of your intentions to let the property.



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## **Post**

You should advise the Post Office of your change of address and arrange for all mail to be redirected. It is certainly inadvisable to expect your tenant to be responsible for forwarding your mail.

## **Leasehold Properties**

Should the property you intend letting be a leasehold property, permission must be sought from the freeholder prior to the tenants occupation. If you do not seek permission you may be in breach of the conditions of the lease.

## **Ground Rent**

The Landlord is responsible for any Ground Rent and Service Charge levied on the property during the tenancy.

## **The Deposit Protection Scheme (DPS)**

Briscombe is a member of the Tenancy Deposit Scheme (see [www.tenancydepositscheme.com/](http://www.tenancydepositscheme.com/)).

As part of the Housing Act 2004, the Government introduced tenancy deposit protection for all assured shorthold tenancies (AST's) in England and Wales where a deposit is taken.

**For more detailed information about letting and renting, view the full government How To Let guidelines:**

<https://www.gov.uk/government/publications/how-to-let/how-to-let>