

The effect the new Landlord Tax rules will have on a Medium size Landlord.

Fill in or change the white boxes to match your situation or just to experiment with the new tax
 Note; The double blow of as the bank rate goes up so does the percentage of your income you will have to pay in tax.

Your Current Tax and Income Situation

Do you have additional gross income from a salary or business?	<input type="text" value="£0"/>
What is Your Annual Rent Roll ?	<input type="text" value="£350,000"/>
What is Your Annual Interest Payment ?	<input type="text" value="£120,000"/>
What is the total of mortgages on your rental property?	<input type="text" value="£3,000,000"/>
The average interest on your mortgages is	4.00 %

Experiment with an interest rate rising by! %

Repairs. Taken at 10% of rent. You can change this figure	<input type="text" value="£35,000"/>
Miscellaneous Expenses. Taken at 10% of rent. You can change this figure	<input type="text" value="£35,000"/>
Managing agents fee. Taken as 5%. You can change this figure	<input type="text" value="£17,500"/>
TOTAL EXPENSES	£207,500
GROSS INCOME	£142,500
Tax paid on the first £10,600	£4,240
Tax paid at 20% on income between £10,600 and £31,785	£6,357
Tax paid at 40% on income between £31,786 and £150,000	£40,046
Tax paid at 45% on income above £150,001	£0

Total Tax to pay £50,643

NET INCOME **£91,857**

Total cumulative rate of tax. 35.54 %

How your tax Liability will be increased.

Additional Income	£0	
Rent Collected	£350,000	
Annual Interest Payment	£120,000	
Loans	£3,000,000	%
The average interest rate is	4.00	%
If interest rates rise by	0.00	%

Repairs	£35,000	
Miscellaneous expenses	£35,000	
Managing agents fee.	£17,500	
TOTAL EXPENSES	£87,500	
GROSS INCOME	<u>£262,500</u>	
Tax paid on the first £10,600	£0	£251,900
Tax paid at 20%	£6,357	£220,115
Tax paid at 40%	£47,286	£112,500
Tax paid at 45%	£50,625	
Less tax relief at 20% on Interest payment	£24,000	£120,000

Total Tax to pay £80,268 £0

EXTRA TAX TO PAY **£29,625**

NET INCOME **£62,232**

Total cumulative rate of tax. 56.33 % of income %