1. WELCOME
New members were welcomed to the Forum.

2. MINUTES
The minutes of the meeting held on 25 November 2010 were agreed as an accurate record.

3. INCOME FROM PROPERTY
Vijay Chadha is a member of the Business Education Support Team at HMRC. Her presentation on Income from Property included when to inform HMRC; what records should be kept and for how long; what expenses can be claimed from rental income; and capital gains tax and disposal of property. The following points were noted:
• Income tax from property is taxable as soon as the landlord starts to receive income. Office hours are Monday to Friday 8.00 am – 8.00 pm and weekends 8.00 am – 4.00 pm. The telephone number is 0845 9000444.

• If income is being treated as a business then the landlord needs to be registered as self-employed. The number to call is 0845 9154515.

• Record keeping is key to any successful business therefore all income received from tenants and any expenses should be recorded, for example, scan original invoices, maintain bank statements, invoices, receipts. Furniture and fittings cannot be claimed for. A computer spreadsheet or accounting books are both acceptable methods in ensuring records are kept up-to-date.

• Records are required to be kept and updated for 5 years from the relevant statutory filing date (31st January). It is a legal requirement to maintain records otherwise a £3k fine can be levied.

• The Annual Investment Allowance can only be claimed for the months traded (up to £100k for 2011/12).

• You can introduce old items into the business but you will not be able to claim for them in the Annual Investment Allowance. You can claim the second hand value in the Writing Down Allowance by claiming 20% every year until the full value of the item has been used.

• Energy saving equipment and environmentally beneficial technologies qualify for 100% allowance in the First Year Allowance.

• Allowable expenses include letting agent’s fees; accountants fees; utility bills (if the landlord is paying them); council tax (can be claimed if the property is empty); insurance (building and contents); interest on property loans (not capital); rent, ground rent and service charges; services you pay for (phone calls, stationery); maintenance and repairs but not improvements. Wear and Tear on furniture cannot be claimed as an expense but once the furniture has been replaced a claim can be made on the replacement.

• The Landlord’s Energy Saving Allowance was introduced to encourage landlords to improve the energy efficiency of their homes. A grant can be applied for through www.direct.gov.uk

• Vehicle expenses can be claimed when using your vehicle to visit rental properties. A diary should be maintained detailing the purpose of the trip and destination and mileage. Mileage can be claimed at 45p per mile up to 10,000 and then 25p per mile. Motorcycle use can be claimed at 24p per mile and a bicycle at 20p per mile.

• Non-allowable expenses include the cost of buying a property and any improvements to the property cannot be claimed. A loss on selling a property can be carried forward until the next tax year, or the loss can be off-set on another property. A loss on a holiday letting property can be off-set on any other income.
• The Self-Assessment Tax Return form is required to be completed each year and this tax year runs from 6th April 2011 until 5th April 2012.

• The form is colour coded into four areas: employed, self-employed, partnership and land and property. The forms are available to order via the HMRC website www.hmrc.gov.uk or the Business Links website http://www.businesslink.gov.uk/bdotg/action/home

• The partnership pages can only be used on a business property but not if a husband and wife declare a shared profit on the return. When completing the page one partner should act as the nominated partner to complete the form and declare an income and then explain how the profit is shared.

• Whilst all other returns are completed on-line (VAT, Corporate Tax, PAYE) the Self-Assessment Tax Return can be completed on-line or by filing a paper return. The deadline for filing paper returns is the 31st October each year. The deadline for on-line returns is 31st January.

• If a paper return is not received by the deadline there is an option to file an on-line return from 1st November until 31st January. If a paper return is received after the deadline a fine of £100 will be levied. If an on-line return is not received there is also a £100 penalty.

• Tax rates for this year are:
  o Personal Allowance  £6,474 to £7,475
  o Basic Rate  20%  Up to £35,000
  o Higher Rate  40%  £35,000 to £150,000
  o Additional Rate  50%  £150,100 and above

• Non-residential landlords don’t usually live in the UK but receive a rental income from property. The Land and Property page should be completed on the Self-Assessment Tax Return in these cases. The helpline number is 0151 472 6208/9.

• Capital Gains Tax is calculated according to the amount of money received on the sale minus the price of the property plus any extensions or renovations. The exemption amount for 2010/11 is £10,100 and for 2011/12 is £10,600.

• There is no Capital Gains Tax payable on a principal private residence only on investment properties.

• Capital Gains Tax is payable if the property is transferred to children, and the market value on the day of transfer will be taken to calculate Capital Gains Tax.

• If a property has been acquired and the original purchase price is unknown the effective purchase price should be taken from 1982.

• The software programme ‘TaxCalc’ is very easy to use and uploads data to the HMRC website. Further information can be found at: http://taxcalc.com/
• Helpline telephone numbers:
  o Newly self-employed  0845 9154515
  o Self Assessment  0845 9000 444
  o Order line  0845 9000 404
  o Enquiry Centres  0845 3000 627

4. LHA CHANGES AND THE FUTURE FOR BENEFITS

John Craddock from the Valuation Office Agency explained that his team gathers rental information to set the Local Housing Allowance. Data is provided on a voluntary basis by letting agents and landlords and is held securely and confidentially on a database.

Budget changes include the removal of the 5 bedroom LHA rate from April 2011. Absolute caps will be introduced nationally. In addition, the weekly £15 excess will be removed. This will be stopped once the review of the claim has taken place, after 1st April 2011. From April 2011 all rates will be calculated at 30% of the market value.

From January 2012 the shared room rate age will rise to 35. On renewal of a claim the age will be looked at and the claimant may only receive the 1 bed shared rate.

From April 2013 rates will be fixed and linked to CPI. The VOA will not be publicising rates after that date.

There is discretion for HB to be paid direct to the landlord if it will assist in securing or retaining a residency, but not all Local Authorities may follow this. This is not a reversal to direct payments to landlords but an intention to help negotiate a lower rent.

There is a nine month transitional period after the review date. No claimant will receive a reduced rate until January 2012. If a tenancy were to begin in December 2011, there will be a review the following December and then the transitional period of 9 months, therefore the reduced rate will not come into effect until September 2013.

The demand for rental properties continues to increase and has risen by 40% in 2010. There are currently 5.1m people on council waiting lists. The PRS accounts for 14.2% of housing stock. Tenant demand rose to 37% in the second half of 2010 whereas available properties fell by 29% in the same period.

General mortgage availability remains subdued with buy-to-let lending down 80% on 2007 levels. Over 40% of first time buyers are unable to obtain a mortgage.

It is anticipated that Universal Credit (UC) will replace a lot of benefits including LHA and HB. New claimants will receive UC from 2013; current HB claims will be migrated onto UC by 2017. Claimants will only be able to apply on-line or over the telephone; there will be no walk-in centres.

For further information please visit either www.directgov.co.uk or www.voa.gov.uk/lettingsresearch or contact John Craddock on 07789 273445
5. **UPDATE ON THE NATIONAL LANDLORD’S ASSOCIATION**

Eugin Song of the National Landlord’s Association made the following comments during his presentation:

- There has been a 218% increase in claimants for LHA since 2009.
- There has been a total of 454 responses from landlords to the NLA survey with the following results:
  - 39% are more cautious
  - 22% have stopped LHA tenancies
  - 58% are planning to reduce LHA tenants
  - 80% objected to the 30% percentile
  - 80% drop in supply of LHA properties
- The overall opinion is that there will be a decreasing supply of LHA tenancies. The Government assumed that landlords would drop their rents, but they cannot afford to do so.
- The Energy Efficiency Green Bill was passed in the House of Lords in March and is currently going through the House of Commons. It commits to cutting greenhouse gas emissions by 50% by 2025. Landlords will need to upgrade their properties. Tenants can apply for a loan which can be repaid via their utility bills. The NLA is happy at how the Bill represents Landlords’ interests
- The NLA is the main representative body for the UK in Europe through the UIPI which represents more than 5 million landlords across Europe.
- There is a proposal to ban properties rated F&G from being rented by 2018. This will affect 680,000 properties in the UK. One issue is that EPC assessments are required to be carried out by qualified DEAs and another issue is in the implementation.
- The tenancy deposit loophole, which may get closed under the Localism Bill, has recently seen a number of court cases ruling in favour of Landlords not paying the fine where they have registered the deposit before the court hearing date. The majority of landlords are now registering deposits to avoid their loss of rights under the S21 scheme.

6. **UPDATE ON THE RENT DEPOSIT SCHEME**

Anthony Minto, LBRuT Rent Deposit Officer, explained that the Rent Deposit Scheme offers a free tenant finding service for landlords.

Any questions relating to the Rent Deposit Scheme for an existing property, or to offer a new property, please contact Anthony Minto on 020 8891 7390.
7. THE FUTURE OF THE FORUM

Eleanor Dowling, LBRuT Private Sector Housing Manager, explained that the Private Sector Housing Forum has been running for approximately 12/13 years and she has been involved for the last 10 years. Dave Wilson, the Chair, was a founder member.

It has been a very useful information exchange with a range of speakers and topics. Members of the Forum have shared information and there have been good networking opportunities.

There have been some big challenges recently within the Council and there has been a review of all services looking at efficiencies. Unfortunately, due to staffing issues, there is no longer the capacity to run a Forum in its current format. The groundwork for these meetings is resource intensive and it is becoming harder to find new and interesting topics.

Therefore, it is proposed that a virtual forum replaces the current structure. A live database will be maintained of current members and landlords that currently work with the Council will be invited to join the database. It will then be used to inform of changes to policy and procedure. The website will include links to more useful services.

If there is a significant issue or a change to policy which requires discussion then a special Forum would be called. Landlords will be encouraged to join the Landlord Accreditation Scheme and training sessions are held in Richmond twice a year.

Eugin Song of the National Landlord’s Association stated that the NLA has started to sponsor meetings in other boroughs and there may be a possibility that the NLA will sponsor a similar meeting within Richmond. Forum members were asked to contact Eugin Song with any ideas for discussion – Eugin.song@landlords.org.uk

General feedback from members was one of disappointment as it was felt that topics at previous forums have always been interesting; sometimes too much is crammed into one meeting, therefore more meetings could be held. The last two meetings have been extremely useful and informative.

8. ANY OTHER BUSINESS

There was none.

The meeting ended at 8.40 pm