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Limited Company Investment guide

Purchasing UK property through a limited company versus personal ownership

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Purchasing UK property has always been considered a compelling investment, providing both immediate rental income and the potential for long-term capital growth. But it is also a significant investment.

It's for that reason that an increasing number of investors are opting to purchase their properties through a limited company rather than in their personal name. In this way, they can take advantage of several strategic benefits – from tax efficiencies to flexible estate planning.

This explainer guide takes an in-depth look at the benefits and considerations involved in buying UK property through a limited company. By evaluating them in light of your individual circumstances and long-term goals, you can make informed decisions that suit your investment strategies and financial ambitions.

Figures in this guide are correct as of February 2025.

Consideration	Purchasing UK property through a limited company as an overseas investor	Purchasing UK property through personal ownership as an overseas investor
Tax on rental income	**Corporation tax (19-25%)** • Can deduct expenses	**UK income tax (20-45%)** • May need to file an annual tax return
Mortgage interest	Can **fully deduct mortgage interest** from taxable profits	**Limited interest deduction** and relief depending on income tax rate **Interest rates** may be higher for non-residents
Personal liability	**Limited liability** in case of any claims or issues • Personal assets are protected	**Unlimited personal liability** • Personal assets could be at risk
Ownership flexibility	Easier to **transfer shares** in the company Ownership can be transferred without significant tax impact, aside from possible **stamp duty land tax (SDLT)**.	Ownership transfers may involve **SDLT** and **capital gains tax (CGT)** for non-residents on the sale or gift of property
Tax on capital gains	**CGT** applied at the **corporation tax rate** on the sale of property	**CGT** applies at **18% or 24%** depending on income

Tax efficiency

One of the primary motivations for buying property through a limited company is the potential for enhanced tax efficiency. Here's how it can benefit investors.

Corporation tax vs. income tax

When a company buys a property, it pays corporation tax on its profits. This tax rate is currently **19%** (profits under £50,000) or **25%** (profits over £250,000). This is generally lower than the higher income tax rates that individuals can be subject to: **40%** (taxable income between £50,271-£125,140) or **45%** (taxable income over £125,140).

Tax-deductible expenses

Interest on mortgages, maintenance costs, and professional fees are **deductible against corporation tax**, which can significantly reduce the taxable income of the company.

Retained profits and reinvestment

Profits made from rental income can be retained within the company for **reinvestment** in additional properties without incurring personal tax, allowing for potential **expansion** and **growth**.

Mortgage interest relief

Purchasing through a limited company allows for **full mortgage interest relief**, while individual buyers can only deduct a **basic rate of 20%**. This can present a significant edge, especially in the case of heavily leveraged portfolios, ensuring that interest payments don't eat into rental income.

Limited liability

Buying property through a limited company also provides the benefit of limited liability. If the company encounters financial difficulties, shareholders' **personal assets remain protected**, limiting their liability to the amount initially invested in shares. This provides peace of mind when managing a potentially large and diversified property portfolio.

Estate planning and inheritance tax efficiency

Ownership through a limited company provides a **more flexible structure** for estate planning. Properties held within a company can be **easily transferred** or left to beneficiaries through shares, rather than transferring property titles as with personal ownership.

Succession planning and share distribution

Limited companies offer the flexibility of share allocation, enabling **tailored distribution among family members** through different classes of shares. This also makes it easier to manage and divide the income distribution and ownership rights according to individual preference and family consensus.

Professionalism and business credibility

Owning property through a limited company can add an air of **credibility**. This can be particularly beneficial when dealing with other professionals, seeking finance, or negotiating with vendors as it demonstrates a structured and serious investment approach.

Capital gains tax considerations

When a limited company sells a property, the capital gains tax is paid as part of corporation tax. Although the corporation tax rate might increase in the future, it is still **typically lower than individual capital gains tax rates**, which can be up to **24%** on residential property.

About Adventum

Purchasing UK property through a limited company presents numerous strategic advantages for investors seeking to optimise their portfolio management and tax liabilities. However, it's essential to approach this decision with a careful analysis of your financial situation and future investment plans. Professional advice from accountants and real estate specialists is highly recommended to navigate the complexities and ensure compliance.

When you choose Adventum, you'll ensure a smooth overseas property journey – from initial acquisition and securing your first tenant through to sale. Our expert team of tax advisors, mortgage consultants and lettings managers will support you through:

- **Advisory and acquisition** – We'll plan capital export, optimise holding structures, secure leverage, and manage overseas investments on your behalf.

- **Legacy and tax planning** – We can advise you on setting up a property investment business through a limited company alongside our partners Capitique and Avensis.

- **Banking and mortgages** – We'll offer a full suite of transactional banking solutions, mortgage and protection services, and interest-free deferred payments.

- **Management** – We'll manage your property from start to finish, as well as offer aesthetically pleasing furniture from David Phillips to maximise rental yields.

- **Free investment calculators** – We'll arm you with the knowledge of how forex, capital growth, and rental yields combine to give you appropriate returns.

Backed by 25 years' experience, strong partnerships, and impartial assessments, you can trust us to find a property that suits your needs and appetite for risk.

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