PROPERTY CASHFLOW / INNER CIRCLE / AUG 23-1

LEARN, INVEST, RETIRE

THOUGHT OF THE MONTH

TAKE TIME TO PLAN EACH PROPERTY RE-FURB. FOR EACH HOUR YOU PLAN YOU SAVE 3 IN PROBLEMS DURING THE WORKS.

MAXIMIZE PROFITS: THE PROPERTY TAX ESSENTIALS!

For investors venturing into the UK property market, understanding the intricacies of property taxes is vital to maximizing returns and avoiding costly mistakes. In this article, we'll delve into five essential tips that can help investors navigate the complexities of UK property taxes, including the potential risks of double taxing when holding a property through a company and directors' loans.

Stay Abreast of Stamp Duty Land Tax (SDLT) Regulations: Stamp Duty Land Tax (SDLT) is a critical consideration for property investors. Keeping track of the latest SDLT rates, thresholds, and exemptions is crucial for optimizing investment decisions. Understanding how multiple property ownership can impact SDLT liabilities is essential to strategize property acquisitions effectively.

Capital Gains Tax (CGT) Planning: Investors need to be aware of the Capital Gains Tax (CGT) implications when selling a property. Knowing the current CGT rates, allowances, and exemptions is vital for maximizing after-tax profits. If you hold properties through a company structure, understanding the distinct CGT rules that may apply is crucial to avoiding unforeseen tax liabilities **(To Page 3)**

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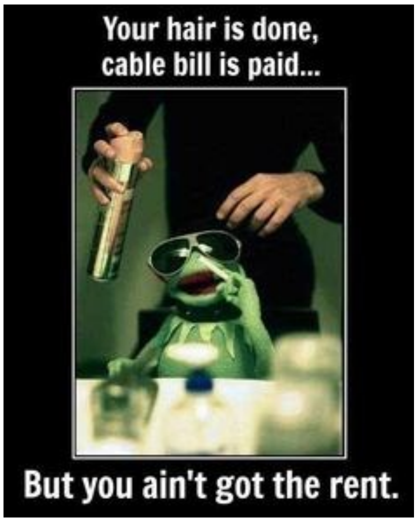


CALENDAR

Property Massive Bootcamp, Aug 23

1 day with the investor, Aug 29th

Inner circle Call, CIP, Aug 25th

Property Elite Mastermind, Sept 30

6 week master class, Sept 15

NETWORKING: PROPERTY'S SECRET WEAPON

By Noel Cardona

Ever wondered what is the main obstacle to create a big property portfolio? Well, investors run out of money very quickly. You see, the problem with property is that it's very capital-intensive, and sooner or later, you will need to partner with other people to create Joint Ventures (JVs) where the parties put either money and knowledge or both.

Networking plays a pivotal role in overcoming this challenge, as it opens up a world of possibilities that can propel your property ventures to new heights. Let's explore how networking serves as **property's secret weapon:**

Access to Funding: Building a strong network introduces you to potential investors and partners who are willing to pool their financial resources. Joint ventures allow you to combine your expertise with their capital, unlocking opportunities that would have been out of reach as an individual investor.

Knowledge Sharing: Networking connects you with experienced professionals and mentors who can share valuable insights and lessons from their own property journeys. Learning from their successes and mistakes can help you make well-informed decisions, saving you time and money along the way.

Unearthing Off-Market Deals: Well-established networks often provide access to off-market property opportunities. These hidden gems can lead to better deals and less competition, giving you a competitive edge in the market.

Building a Support System: The property journey can be challenging, and having a reliable support system is essential. Networking allows you to connect with like-minded individuals who understand the industry's **(To Page 3)**

PHRASE OF THE MONTH

Urgency is what make dreams come true.

From Noel Cardona's Dictionary

Cowboy Lawyer: Incompetent laywer that can't deliver on his promises and doesn't have the Qualifications to do conveyancing.

(From Page 1) **The Pitfalls of Double Taxation:** Understand that when you own a property via Ltd company, you will be taxed on any money withdrawn from the business (property profit) unless you have assigned your money invested as a Directors loan. As usual the amount of taxes that you will pay on you dividends will be calculated on your Tax Band which has to do with your annual income and current levels from the Chancellors budget which changes every year.

Leveraging Deductions and Allowances: Savvy investors make the most of available tax deductions and allowances. Claiming expenses related to property maintenance, improvements, and management can significantly reduce taxable income. This is why you need to have a good accountant who advises on how to take advantage of the latest set of rules from the HMRC. ***Remember, is not how much money you make but how much money you keep.***

Optimize Ownership Structures: Selecting the right ownership structure for investment properties is crucial in minimizing tax liabilities. Forming a limited company to hold properties can offer tax benefits for higher-rate taxpayers. However, investors should weigh these advantages against administrative costs and complexities to ensure the chosen structure aligns with their investment goals.

As a property investor you must know well the UK tax world because regulations such Section 24 have pushed many out of the market as their cashflow goes negative.

NETWORKING: PROPERTY'S SECRET WEAPON

(From Page 2) intricacies and can offer encouragement and assistance when needed.

Expanding Expertise: Partnering with individuals from diverse backgrounds enriches your knowledge base. Collaborating with experts in different property sectors, such as residential, commercial, or development, broadens your expertise and widens the scope of your portfolio.

Access to Specialized Services: A strong network often includes a range of professionals, such as real estate agents, solicitors, and property managers. Access to these specialized services streamlines your property transactions and ensures smoother operations.

Market Insights: Networking helps you stay updated with the latest market trends and changes in regulations. This knowledge empowers you to make strategic decisions and adapt your investment approach to prevailing market conditions.

Finally, in the dynamic world of property investment, networking emerges as the secret weapon that enables investors to break free from financial constraints and unlock unprecedented opportunities. By fostering valuable connections, pooling resources, and accessing shared expertise, networking transforms property investment from a solitary pursuit into a collaborative and rewarding journey. Embrace the power of networking, and watch your property portfolio thrive beyond expectations.(End)

WHAT IS SECTION 24 & HOW IT AFFECTS YOU

By Noel Cardona

Section 24, also known as the "Buy-to-Let Tax" or "Landlord Tax," is a significant piece of legislation introduced by the UK government to reform the tax treatment of mortgage interest for property investors. This tax change had substantial implications for landlords, affecting their ability to deduct mortgage interest from rental income, depending on how they own their investment properties. Let's delve into the origins of Section 24 and its effects on two different property investors.

The Genesis of Section 24: Section 24 was introduced as part of the Finance (No. 2) Act 2015, with the aim of leveling the playing field between owner-occupiers and property investors. *Prior to this change, landlords could deduct the full amount of mortgage interest from their rental income, reducing their overall tax liability.* The UK government argued that this gave an unfair advantage to property investors and contributed to the inflation of property prices.

Property Owned Personally (In the Investor's Name) Scenario: Consider an investor who owns a rental property in their name and has a monthly mortgage payment of £1000.

Impact of Section 24: Under Section 24, the ability to deduct mortgage interest as an expense is gradually reduced. Landlords can only claim a 20% tax credit on their mortgage interest, regardless of their income tax bracket.

Example:

Monthly rental income: £1500

Monthly mortgage interest payment: £1000

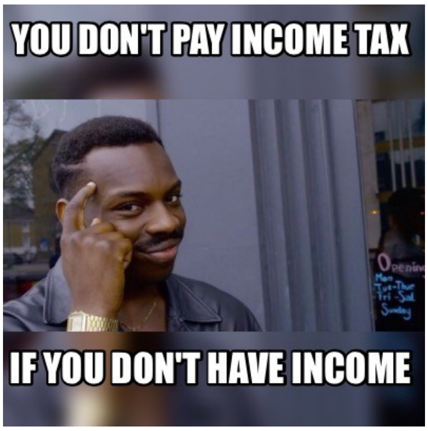
Calculation: Rental Income: £1500 Mortgage Interest (20% tax credit): £1000 * 20% = £200

Taxable Rental Income: £1500 - £200 = **£1300**

The investor would pay income tax on the taxable rental income of £1300 at their applicable income tax rate.

Property Owned via a Limited Company: Now, let's consider another investor who owns a rental property through a limited company with the same monthly mortgage payment of £1000.

Impact of Section 24: For properties owned via a limited company, mortgage interest is treated as a business expense, and the company can deduct the full amount of mortgage interest from its rental income before calculating corporation tax.



Example:

Monthly rental income: £1500

Monthly mortgage interest payment: £1000

Calculation: Rental Income: £1500 Mortgage Interest: £1000

Taxable Rental Income for Corporation Tax: £1500 - £1000 = £500

The limited company would pay corporation tax on the taxable rental income of £500 at the applicable corporation tax rate.

As this is not part of the article, we don't talk here about the taxation the owners of the limited company will be subjected to once the get dividends from the business.

Conclusion: Section 24 has brought significant changes to the tax landscape for property investors in the UK. Investors who own properties personally face reduced mortgage interest deductions, impacting their taxable rental income. On the other hand, owning properties through a limited company allows investors to continue deducting the full mortgage interest as a business expense. **(End)**

August 2023 Property News

By Noel Cardona

EPC Ratings

The government is reportedly reconsidering its planned timelines for upgrading Energy Performance Certificate (EPC) ratings in private rented properties, possibly pushing back the deadline from April 2025 for new tenancies. The changes to Minimum Energy Efficiency Standards (MEES) were originally proposed to require private rented properties to have an EPC rating of C or higher by 2025 for new tenancies and by 2028 for existing tenancies. The industry awaits confirmation on the revised timeline, which aims to give landlords more time to comply with the new standards. Recent data shows an increase in the energy efficiency of rental properties, but there is still work to be done to upgrade over half of the private rented homes. The government also considers incorporating MEES into the Decent Homes Standard, alongside the Renters (Reform) Bill. Landlords and agents can prepare for the changes by considering potential upgrades and funding options, with a rumored cap of £10,000 on upgrade costs.

Renters Reform Tracking

Annual rental inflation for new lets has reached 10.4%, marking the 15th consecutive month of double-digit growth. Rents are now consuming the highest proportion of earnings in a decade, with average UK rents accounting for 28.3% of pre-tax earnings. The chronic supply and demand imbalance continues to push rents higher, with little prospect of increased supply. Rental growth is expected to slow to around 8% by the year-end but will still outpace earnings growth. Affordability pressures are emerging, especially for renters on lower incomes. The rental market remains strong in London and the South East, where 51% of landlord sales are happening. Higher mortgage rates are affecting landlords with the largest loans, potentially leading to more sales. The impact of rising rents is not uniform, with those on low incomes experiencing the most stress.

Guarantoors increase request

A significant increase in the number of tenants earning £25,000 per year or above are being asked to provide a guarantor to secure a rental property. Between January 2020 and June 2023, the requests for guarantors rose by 58% for tenants earning between £25,000 and £49,999. Even tenants earning higher salaries of £50,000 to £74,999 saw a 92% increase in requests for guarantors during the same period. Landlords are seeking additional assurances due to lack of supply, inflationary pressures, and rising mortgage costs. The guarantor requirement acts as insurance against unforeseen circumstances, such as job loss affecting the tenant's ability to pay rent.

New Planning rules coming

The government has unveiled proposals in its long-term housing plan to change planning permission rules in cities. The proposals aim to convert empty retail premises, takeaways, and betting shops into homes, as well as ease regulations around barn conversions, agricultural buildings, and warehouses. The government's target is to build over 1 million new homes during this parliament. However, a House of Commons Committee report highlights challenges in meeting this goal, as the target is advisory and changes to the National Planning Policy Framework may make building homes harder. The response to the new planning rules has been mixed, with some praising the efforts but others calling for greater ambition. Alongside the planning changes, the government plans to create a new urban quarter in Cambridge and introduce a Planning Skills Delivery Fund and a "super-squad" team to expedite housing developments.

Planning For Investors

https://tinyurl.com/PlanningSecrets

Investing in property is particularly difficult because as an investor you need to know about the planning system in the UK.

Not an easy one as is very complex at many different levels.

If you are serious about investing and want to know how the system works I suggest you take my course on Planning For Investors you can see find on the link above. Worth every penny If you ask me.

WHY I WOULDN'T BUY THIS HMO?

By Noel Cardona

I recently came across this opportunity which I actually talked about on the last issue of my magazine.. A 9 people HMO for £220K which was under managed and undervalued I'd say.

I started doing my due diligence which is what you need to know to ensure you are not getting a troubled asset you can't fix and this is what I found:

The Property did have a HMO license for 9 people which is great. However even though I asked clearly for planning and building control approval I was not giving any information about that, and instead I was handed some certificates which are also part of the due diligence but are less important than the two not provided. Let me explain:

A 9 bed HMO requires a different type of planning than a 6 bed one due to the fact that the more people you have in a property the more dangerous it becomes in terms of health and safety and therefore systems like fire protection become more complicated. This is also related to the building control approval which would have approved all the works done to ensure that among other things the property is structurally safe and other systems that can create a hazard have been correctly installed.

By not being able to provide these two certificates I decided to not chase the opportunity because, as it can be seen in a HMO certificate, the planning and building control ones are a requisite to the other one even though many investors don't know it and believe that just the License alone will do the trick.

I learned this in the hard way and only realised I needed extra certificates when the lender asked me for them and it took 2 years to get them! (end)

HOW TO CHOOSE THE RIGHT JV PARTNER?

By Noel Cardona

Selecting the ideal joint venture (JV) partner is vital for successful property investments. To ensure a harmonious collaboration, follow these top three tips when choosing your property investment JV partner.

Shared Vision and Goals: Both parties must have a common vision and objectives for the investment. Evaluate your potential partner's track record to ensure compatibility and reliability.

Complementary Skills and Resources: Find a partner whose skills and resources **(To page 8)**

Ladder OF Success

Property Investment Mastermind & Inner Circle: These are not for the faint of heart. Are you ready to accelerate your results while working and discussing your strategies with me and other investors like yourself? Are you willing to be on the hot seat and put your ideas to the test? If so, **send a message to info@propertycashflow.co.uk enquiring about the Property Investment Elite Mastermind or Inner Circle (CIP).**

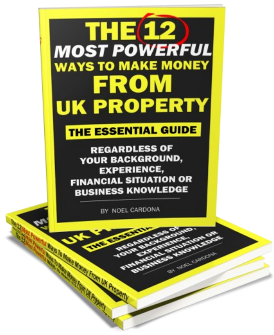
Let me Invest in Property For you: if you have neither the time or the experience but you do have the funds to invest in property (from £50K) at extraordinary returns and capital gains, then I can help you using my several years of experience building portfolios for me and other investors. I do everything for you, from the beginning to the end and you get the value increase and the monthly income. All from the comfort of your home. **Request a 30 mins Free consultation With me on info@propertycasflow.co.uk.**

Hunt Properties with me: Do you want to discover how it is to be in the trenches with an investor looking for properties which have the kind of hidden value that will yield extra-ordinary value for you? Are you ready for a full on day talking to real estate agents and investors, sifting the good from the bad and looking over my shoulder as I uncover the hidden value that the average invertor will never see? **Enquire about the next days available at info@propertycashflow.co.uk**

Attend my 6 week Masterclass: Want to uncover my most important secrets to start from zero and get to freedom in less than four years? Do you want me to break down my strategies, contacts, software, legal packs, everything you need to become a master in property? If you do, then you need to attend my 6 Week Masterclass. Learn about R2R, HMOs, deal packaging, raising finance, buy to let, investing mindset, service accommodation and more. All the tools you need to succeed in property. **Enquire about dates available at info@propertycashflow.co.uk**

Ultimate Property Boot Camp: For those members of my circle who want to start from scratch and get sound bases for their future property investing this is the second step of your journey (The first is to read my books). What is a good deal? Where to start in property? This outrageous boot camp will give you the big picture required to make the right decisions and get where you need to get to. I am aware there is so much information out there that it causes the opposite of what it should do: show you the clear path to move fast and create money speed.

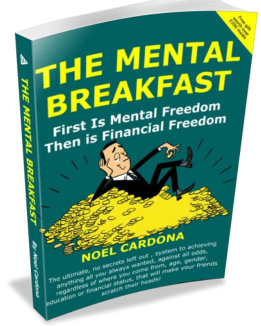
Other Resources from Noel Cardona



The 12 Most Powerful Ways to Make Money From UK Property. Get to know how investing in UK property is a unique ladder where you can start with no money and get to create a tremendous amount of value. My Story is all layout here for you to get inspired. **Buy the book in amazon:** tinyurl.com/Noelbook

The 10 Golden Rules of UK Property Investment will give you access to the 10 most important high leverage actions you must use to achieve money speed. Being busy is not the same as being productive and this book is the key to answer that puzzle. **Available to members of my CIP.**

The 5 Pillar of Successful UK Property Investing is about mindset, about the 80% that will make you successful: You. I've seen many investors fail because they retreat on the first sign of difficulty instead of pushing and winning the war. They give up too early. **Free here:** tinyurl.com/5pillarsbookNoel



The Mental Breakfast? This book challenges your beliefs about what you can achieve. This book works with the most valuable assets you have, that is, your mind and your time. If you don't know how to manage those two, you will just give up when problems come. **Free Download here: https://tinyurl.com/MentalBreakfast**

PROPERTY RENEGADE

THE PROPERTY RENEGADE 24-12 STRATEGY

Property Renegade investors have advanced strategies that the average person or investor would only dream off…

You see, the super mind and market knowledge of a PR enable him or her to see big money where other just see a normal property and, today, I want to give you access to one of those strategies, the one I call 24-12… Are you prepared for a little bit of maths?

The strategy I am talking about is buying a 2 bed 1 bath property and turning it to 4 bed and 2 bath. Now please understand that for this to work the numbers need to work… you may invest in a different area and the property have different rooms but if the numbers are what is required you could do it also.

In the area where I currently invest, you can buy a 2 bed 1 bath for £75K. Now the trick is to be able to find a property with a bathroom big enough that you can turn it into a room and the property also must have two reception rooms so you can also turn one into another room and put an extra bathroom downstairs.

To do all the refurbs required you would be investing about £40K to take it to a nice standard. If you invest around 30% of the £75K in buying the property, you would have put £75K x 0.3 + £40K = £62.5K. So that is, from your pocket you put £62.5K.

Now, second step, once you finish the property you get it valued. For the new configuration the average valuation we would be currently getting is about £110K. So now let's make the numbers:

You refinance stage gives you about 80% of the £110K and part of that goes to pay the 30% you initially paid, so the pocket money you get back is £110K x 0.8 - £75K x 0.3 = £65.5K. What does this mean?

Basically that your return on this deal is infinite because you are getting more that what you are putting in.

This example is real and is happening right now for Property Renegades while most people are complaining about crisis of cost of living. One **of my mentors used to say: "while some people cry others are selling tissues"** and that is exactly para is happening here.

The best part here is that you can use the money to do it again!

If you have about £70K to invest, contact me on info@propertycashflow.co.uk.

Property Renegade Principle

Use Creative Thinking and Market Knowledge to Develop Powerful Investments Opportunities

HOW TO CHOOSE THE RIGHT JV PARTNER?

By Noel Cardona

(From page 6) complement your own. Financial stability and transparency are crucial for a smooth investment process.

Trust and Communication: Establish trust through open communication and discussions about expectations, roles, and responsibilities. Create clear decision-making processes and resolve conflicts proactively.

By focusing on shared vision, complementary strengths, and effective communication, you can form a successful property investment JV partnership that leads to lucrative opportunities and long-term success. (end)