

Viewpoint



Buying for the first time?

Getting onto the property ladder may seem like a daunting process, but there is help available.

Tax changes impacting Buy to Let landlords

If you own a property portfolio you need to know about changes to tax relief.

The value of mortgage advice

Five reasons why our advice can be invaluable when it comes to helping you find the right mortgage.

Buying for the first time?

For first time buyers, getting onto the property ladder may seem like a daunting process, but there is help available.



If you want to discuss how we can help you to get on to the property ladder, please get in touch.

With demand outstripping supply in many areas, the average UK house price has been pushed beyond the reach of many of the UK's estimated 335,750 first time buyers. A report from The Land Registry (based on data from November 2016) shows an annual price increase of 6.7%, taking the value of the average UK property to £217,928.

When you consider that first-time buyers would typically put down around 20% against their first home, it's no wonder that finding a sufficient deposit is becoming increasingly difficult – especially for those currently renting. In fact, one of the major lenders reported the average first-time deposit has more than doubled since 2007 to more than £32,000.

If you're struggling to save a large deposit you may be able to find a mortgage rate of 90% or 95% – provided you can meet the lender's affordability criteria.

The bank of mum and dad

Meanwhile research by the Social Mobility Commission has found an increasing proportion are turning to their parents for help buying their first home. In fact, over a third of first-time buyers in England (34%) are relying on the bank of mum and dad, compared to one in five in 2010.

The 'bank of mum and dad' has been a useful financial foot-up for many, but what about parents who want to help their kids but don't have savings?

Government help

Although the Help to Buy: mortgage guarantee scheme ended in December 2016 the Help to Buy: Equity Loan is still available. The Government lends you up to 20% of the cost of your newly-built home, so you'll only need a 5% cash deposit and a 75% mortgage to make up the rest. Equity loans are available to first time buyers as well as homeowners looking to move. The home you want to buy must be newly built with a maximum price tag of £600,000.

Other initiatives to help first-time buyers include The Help to Buy: ISA which helps you boost your savings by 25%. For every £200 you save you receive a government bonus of £50. The maximum government bonus you can receive is £3,000.

Sound mortgage advice can take the complexities out of the home-buying process and maximise your chances of getting an affordable mortgage.

Your home may be repossessed if you do not keep up repayments on your mortgage.



At a glance:



335,750
first time buyers
in the UK



£217,928
average value
of a UK property



x2
first-time buyer deposits
doubled since 2007



34%
of first time buyers
rely on parents

Tax changes impacting Buy to Let landlords

The way landlords can claim tax relief on their mortgage finance costs has changed.



To talk about mortgage options for your Buy to Let investments get in touch.

Up until 5 April 2017, landlords could deduct mortgage interest from their rental income before calculating how much tax they should pay. Now, however, tax relief on Buy to Let mortgage interest will gradually be reduced.

The restrictions will be phased in over the next three years, resulting in tax relief only being available at the basic rate of income tax (currently 20%) from April 2020:

Tax relief on finance costs	2016/17	2017/18	2018/19	2019/20	2020/21
Old system	100%	75%	50%	25%	–
New system	–	25%	50%	75%	100%

Wear and Tear allowance has changed

Landlords of only fully-furnished residential properties used to be able to claim tax relief for wear and tear on furnishings. This changed in April 2016, when the 'Wear and Tear' Allowance was replaced with a relief that enables all landlords of residential dwelling houses to deduct the costs they actually incur on replacing furnishings in the property, such as:

- sofas
- televisions
- fridges and freezers
- carpets and floor-coverings
- curtains
- crockery or cutlery
- beds and other furniture

The initial purchase of furniture, furnishings, appliances and kitchenware is not eligible for the tax relief.

How will the changes impact you?

The tax relief changes can seem complicated, so it's important to take the right steps now, so that you know if and how you are affected and what you need to do to minimise the impact:

- Seek advice from a qualified tax adviser on how the new rules will affect your taxable income
- Discuss your portfolio and the best way to structure it with a qualified tax adviser
- Speak to us and we can explore whether your financial plan needs to change to accommodate any potential loss of profit from the Buy to Let changes.

This article is for information purposes only and does not constitute tax advice. It's best to seek advice from a tax expert on how the rules will affect your taxable income.

Tax information is based on our understanding of the proposed tax legislation and may be subject to change.

Some Buy to Let mortgages are not regulated by the Financial Conduct Authority.

Your property may be repossessed if you do not keep up repayments on your mortgage.

The value of mortgage advice

With so many mortgage lenders offering their products on the high street and online, it can be tempting to cut out the middleman and 'go direct'.

When you're making such a huge financial commitment, the guidance you can get from a qualified mortgage adviser can be invaluable.

Here are five reasons we can make a difference:

1. We know what a good deal looks like

It's easy to underestimate the costs involved when buying a property or remortgaging. An attractive rate may appear good value, but this could change once you factor in things like fees and loan conditions.

We will compare a wide range of lenders and thousands of mortgages on your behalf looking beyond the headline rate so that you understand how the length and type of loan will affect how much you pay over the longer term. We'll highlight any additional costs you should be aware of (like administration fees, booking fees and valuation costs).

2. We know the market

If your mortgage needs or circumstances are 'out of the ordinary', you may find it more difficult to find a mortgage. We have knowledge of lenders' criteria and can save you time and hassle as you search for a suitable lender.

3. We can do the hard work for you

Selecting the right mortgage is just the start. We will work with you to complete the necessary paperwork, liaise with solicitors, valuers and surveyors on your behalf, and help make the process as smooth as possible.

4. We are professionally qualified

Unlike many branch and telephone-based mortgage sellers in banks and building societies, we are able to advise you on a broad range of lenders and products. This means you benefit from genuine choice coupled with quality advice.

5. We look beyond the mortgage

We consider the bigger picture when it comes to advising you on your mortgage. For example, we can help you safeguard your home by recommending products that can financially protect you and your family, should the unexpected happen. We can also recommend providers that can help with other elements of the home-buying process, including solicitors, surveyors and insurance providers.

And, if you want us to, we can stay in touch with you to make sure your mortgage and protection arrangements remain appropriate for your needs.

Conveyancing and surveying are not regulated by the Financial Conduct Authority.



Whether you're looking for a mortgage on your first home or dream home, we can help.

Your home may be repossessed if you do not keep up repayments on your mortgage.

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