

# Landlord Information Pack



# Autumn Budget

**What Landlords need to know**



# Overview

The Chancellor delivered the Autumn Budget 2025 on 26th November, outlining several major tax changes that will directly impact landlords across the UK.

While many feared the introduction of National Insurance on rental income, this was not introduced.

However, the Budget still confirmed several reforms that will increase tax liabilities for landlords and reshape the private rented sector.

At Bates & Co Lettings, we are committed to helping landlords across Hailsham, Eastbourne and the surrounding areas navigate these changes with confidence.



# Key Budget Announcements Affecting Landlords

## The Budget introduced a number of important measures, including:

- No National Insurance on rental income
- Property income tax increased by 2% from April 2027
- Dividend tax increased by 2% from April 2026
- Frozen income tax thresholds, increasing fiscal drag
- A new council tax surcharge for homes valued at £2 million+

These changes mean landlords will face higher overall costs and reduced margins, particularly those with mortgages.

## Property Income Tax Increase from April 2027:

From April 2027, rental income will be taxed differently from employment income. A 2% rise has been applied across all tax bands for property income:

- Basic rate: 22%
- Higher rate: 42%
- Additional rate: 47%

These new rates apply to taxable rental profit after allowable expenses such as repairs, insurance, management fees, and compliance costs.

According to analysis, this will lead to the following approximate annual increases:

- £10,000 profit → £200 extra tax
- £25,000 profit → £500 extra tax
- £50,000 profit → £1,000 extra tax



Landlords with mortgages will be hit harder because of Section 24, which prevents the full deduction of mortgage interest. Instead, landlords only receive a 20% tax credit — meaning taxable profit is higher than their real net earnings.

## Property Income Tax Increase from April 2027:

A new council tax surcharge will apply from 2028 for properties worth over £2 million include:

- Property Value Annual Surcharge
- £2m–£2.5m = £2,500
- £2.5m–£3m = £4,000
- £3m–£5m = £5,000
- £5m+ = £7,500

This measure will affect around 100,000 properties, mainly in London and the South East.

## Dividend Tax Rise for Company Landlords

Landlords operating through limited companies will also feel increased pressure, **as dividend tax will rise by 2% from April 2026.**

A landlord receiving £60,000 in dividends may pay around **£1,200 more tax annually.**

## Frozen Tax Thresholds Until 2031

The Government has extended the freeze on personal tax thresholds until 2031. This “fiscal drag” means more landlords will be pushed into higher tax bands, even if their income only rises with inflation.

The Office for Budget Responsibility warns this ongoing erosion of returns is likely to reduce the supply of rental properties, potentially pushing rents higher as demand outpaces supply.



## What This Means for Landlords in 2025 and Beyond

The combined effect of increased taxation, frozen thresholds and the new council tax surcharge will reduce rental yields for many landlords. When combined with the new Renters' Rights Act taking effect in May next year, landlords will face:

- Tighter financial margins
- Stricter compliance requirements
- Greater operational pressure

However, the leaflet highlights that property remains a strong long-term investment. Historical capital growth continues to make residential property one of the most stable asset classes.

## What This Means for Landlords in 2025 and Beyond

With higher taxes and increasing costs, protecting rental income is now essential. Even small arrears can significantly impact profitability. The leaflet stresses the value of Rent & Legal Protection, which can shield landlords from unexpected financial shocks.

As a professional letting agent, Bates & Co can help landlords access:

- Rent guarantee services
- Legal protection
- Robust tenant referencing
- Compliance support
- Section 13 rent reviews
- Regular property inspections



# How Bates & Co Lettings Can Support You



As local specialists serving Hailsham, Eastbourne, Polegate and surrounding areas, we help landlords stay compliant, profitable and protected, even in a challenging tax and regulatory environment.

## **Our team provides:**

- Full Tax & Compliance Guidance
- We help landlords understand the Autumn Budget and plan effectively for April 2026–2028 changes.
- Guaranteed Rent Scheme
- A popular option offering fixed monthly rent with zero voids, ideal for ensuring stability during market uncertainty.
- Full Property Management
- We take care of everything from tenant find to rent collection, inspections, maintenance and legal updates.
- Expert Support with the Renters' Rights Act
- We ensure your property and tenancy meet all new legal standards coming into force.

If you're concerned about how these Budget changes will affect your rental income, portfolio strategy or long-term investment goals, we're here to help.



# Talk to Bates & Co Lettings Today

Whether you are a single-property landlord or manage a larger portfolio, our expert team can guide you through the Autumn Budget 2025 changes and help you maximise your investment returns.

**Contact us today for tailored advice or to book a free property management consultation.**

