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BHP Tax Intelligence

Property, Private Wealth & Investment



Beyond the cases. Into the bigger questions.

Our **SDLT, LTT and LBTT Case Reports** explain property-tax decisions. **FTT Private Client Tax Watch** covers tax cases affecting individuals and families. **Beyond Tax: Property Law Developments** examines property disputes beyond tax.

Those series examine decisions and their effects. Tax Intelligence asks different questions: what is changing, why does it matter and what should thoughtful investors and families ask next? Each article closes with a short BHP Summary.

Five questions: the Budget's new property-tax choices, family trusts in Australia, and whether American institutional money should buy existing homes.

Original commentary to inform debate. Not personal advice.

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Five questions about property, private capital and the changing rules of ownership.

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The Budget changes the calculation

COMMENTARY AND ANALYSIS | 29 OCTOBER 2026

Our SDLT, LTT and LBTT Case Reports, FTT Private Client Tax Watch and Beyond Tax: Property Law Developments examine court decisions and their consequences. BHP Tax Intelligence does a different job: it asks what emerging policy means for the decisions investors and families have not yet made.

This issue arrives the day after the UK Budget. We examine three separate British property-investment questions: an immediate SDLT group-relief change, a further rise in rental-income tax, and an unexpected new bargain for sovereign investors. Each has a different audience and a different commercial effect. [1]

Two international developments complete the picture. Australia is asking whether discretionary trusts should retain their tax advantages, while the United States is attempting to keep large institutional buyers from competing for existing family homes. They expose the same tension from opposite directions: governments want private money, but increasingly want to dictate where it goes. [6][8]

The result is not another list of tax rates. It is five arguments about ownership, liquidity, control and the price of capital. The rules described range from announced legislation to consultation proposals. Our independent view follows the evidence, not the press release.

Commentary and opinion – not advice

This is general commentary and opinion to inform discussion. It is not personal tax, legal, property, investment or other professional advice, and it is not a recommendation to transact. The legal position, proposals and commercial facts may change.

1 Property groups

The company vanished. The tax risk did not.

A Budget-day change to SDLT group relief is about what happens after a group rearranges its property, not simply what happens on transfer day.

Group relief can allow a company to transfer land to another member of its corporate group without SDLT. That is sensible where ownership is being reorganised rather than sold to a third party. But the relief is conditional: the familiar three-year clawback rule remains part of the bargain. [1][2]

On 28 October 2026, HMRC announced a targeted change. Winding up the company that transferred the property will no longer prevent group relief being withdrawn where the purchasing company then leaves the group within the usual three years. The government says the change takes effect from 29 October, with legislation to follow in Finance Bill 2026-27. [1]

The gap being closed

Imagine a property moving into a special-purpose subsidiary within a group. The original owner is wound up. Later, the subsidiary is sold. Under the existing exception, that sequence could in some circumstances stop an SDLT clawback which would otherwise follow a sale out of the group. The announced amendment is directed at that result. It is not a new general charge on every internal transfer. [1][2]

The commercial point is wider. A property structure can look perfectly sensible on the date it is created and very different when a disposal, liquidation or third-party investment follows. Relief is not a substitute for checking the entire proposed sequence, including the existing anti-avoidance conditions. [2]

Where genuine reorganisations may feel it

Groups often wind up dormant entities to simplify ownership. The risk is that the clean-up is treated as a tax conclusion when the three-year history is still relevant. Deal teams now need to revisit the order of transactions, the reasons for each step and the identity of the company ultimately being sold.

The published Budget description is clear about the intended outcome, but the detailed statutory text and transitional application still warrant examination when available. A proposed effective date should not be mistaken for a complete, enacted explanation of every edge case. [1]

BHP Summary

The lesson is not that group relief has become unattractive. It is that a group cannot assume a liquidation erases an earlier property transfer for SDLT purposes. The transaction that matters may be the one that happens two years later.

2 Rental income

The next squeeze on rents starts with the tax bill

The Chancellor has lifted the planned tax rates on rental profits again. The question is who ultimately absorbs that cost: owner, tenant or housing supply.

In 2025, the government announced separate property-income tax rates from April 2027 of 22%, 42% and 47%. The 28 October 2026 Budget raises those planned rates again, to 24%, 44% and 49%, for the basic, higher and additional bands. Those new numbers are a Budget proposal for Finance Bill 2026-27, not a rate already applying to 2026 rents. [1][3][4]

HMRC says the proposed new property rates will apply from 6 April 2027 across England, Wales and Northern Ireland. Scotland and Wales have separate arrangements for devolved rate-setting powers. The tax is on taxable property income, not a flat percentage of gross rent received. [1][3]

A landlord does not set the market rent

A higher personal tax charge reduces what is left after running costs and finance. It does not, by itself, create a tenant able to pay a higher rent. The commercial effect will differ between a well-funded owner with low borrowing and a highly geared landlord whose cash return has already been squeezed.

There will be renewed talk of incorporating portfolios. That may be appropriate in particular circumstances, but a transfer into a company is a real transaction. SDLT, capital gains tax, lender consent, funding terms and the future cost of extracting profits all belong in the calculation. Incorporation is not a magic switch that makes a property business cheaper.

The Budget is making a policy choice: income from ownership should carry a higher tax charge than before. Whether that achieves a fairer system depends partly on who can change their investment structure and who cannot. [1]

Who pays in the end?

Some landlords may accept less income. Some may try to increase rents; others may choose to sell. None of those responses follows automatically from a two-point change, and selling an existing home does not necessarily add a home to the rental market. Housing policy needs to distinguish tax yield from housing supply.

BHP Summary

Property investors should revisit after-tax cash flow, not just headline yields. The decision to hold, refinance, sell or incorporate is fundamentally a commercial decision with a tax cost attached. A higher rate sharpens that decision; it does not answer it.

3 Sovereign capital

Britain wants foreign state money – on new terms

The UK proposes taxing more of a sovereign investor's property profits while offering a deliberately attractive route through REITs. That is an invitation as much as a restriction.

For decades, foreign governments and their investment arms have operated against a distinctive UK tax background, including sovereign immunity from certain direct taxes. On 28 October, HM Treasury opened a consultation to replace that non-statutory arrangement with a formal sovereign tax status from 1 January 2029. [5]

The proposal would bring specified UK real-estate income and gains into tax. But the same package would create special access to the UK real estate investment trust (REIT) system, including a 15% rate on relevant property income distributions and a route for a sovereign to hold a controlling REIT interest through a UK company. [1][5]

A tax charge and an invitation

This is not simply a withdrawal of an old privilege. The Treasury proposes continued qualifying institutional investor treatment for several investment regimes, alongside transitional rebasing and time-limited SDLT relief for certain reorganisations. Those details are intended to make the move into a new structure commercially possible, rather than force sudden disposals. [1][5]

The investment question is whether direct ownership becomes less attractive while REIT participation becomes more attractive. If so, the UK may change the form in which international state capital owns its buildings without reducing the amount of capital committed to them.

The commercial result could be a change in how buildings are owned, without any change in their use. The same office or residential development may be priced differently when it is held directly and when it sits inside a qualifying investment vehicle.

The market cannot price a consultation as law

HM Treasury seeks responses by 20 January 2027. Draft legislation is still to be published and the intended start is 1 January 2029. Existing structures warrant a measured review, not an immediate tax-driven reshuffle. REIT managers and domestic development partners may also be affected if sovereign capital changes its preferred route into UK property. [5]

BHP Summary

A government can make an investment more taxable and still want more of it. Here the UK is proposing to trade a broad exemption for a clearer, structured route into real estate. Whether the offer succeeds will be judged by capital flows, not the consultation title.

4 Family trusts

Australia asks what a discretionary trust is for

A proposed 30% minimum tax raises a familiar question for wealthy families: when tax flexibility narrows, what else does the structure still achieve?

On 14 October 2026, Australian Treasurer Jim Chalmers introduced bills proposing a minimum tax on certain discretionary-trust income from 1 July 2028. It is a trustee-level top-up to 30% where the tax otherwise payable falls below that amount – not an extra 30% charge on all assets or distributions. The bills remain before Parliament. [6][7]

The proposed law contains important exclusions, including fixed and charitable trusts, special-disability trusts, superannuation arrangements, genuine discretionary testamentary trusts and specified primary-production or vulnerable-beneficiary income. There is no single answer for every trust bearing the same label. [6][7]

The choice is bigger than a tax rate

Non-corporate beneficiaries are to receive a non-refundable offset for qualifying trustee tax; corporate beneficiaries are treated differently. That matters for families using several entities together. A headline minimum can have very different consequences depending on the destination of the income and the existing structure. [7]

The government is also offering options: transitional roll-over relief from July 2027 for eligible restructures, or an election that effectively pre-commits a trust to nominated beneficiaries and distribution proportions. That election may keep the legal trust in place while reducing future tax flexibility. [6][7]

The political case is straightforward: people earning through assets should not have access to lower effective rates solely because a discretionary vehicle can decide where income lands. The counterpoint is that family trusts also provide continuity, governance and asset protection – purposes that do not disappear when tax rules change.

The price of simplifying the structure

Leaving a trust can have costs beyond Australian federal income tax, including state or territory duties and the practical consequences of changing asset control. Equally, keeping a trust merely because it has always existed is not a strategy. The legislation is still proposed and further details may emerge. [6]

BHP Summary

The important decision is not automatically to dismantle the trust. It is to ask which benefits justify its complexity once flexible income distribution is less valuable. That is a question UK and international families will recognise, even though Australia's draft rules do not apply here.

5 US housing

Should Wall Street buy the house next door?

Washington is drawing a line between financing new homes and bidding for existing ones. Its new rulemaking reveals how difficult that distinction becomes in practice.

The US Treasury issued proposed regulations on 22 October 2026 to implement section 1001 of the enacted 21st Century ROAD to Housing Act. From 7 January 2027, the Act generally restricts purchases of single-family homes by large institutional investors controlling at least 350 such properties, directly or indirectly. The regulations themselves are not yet final. [8][9]

The policy argument is easy to understand. A family buying its first home is competing for a place to live; a large investment platform is buying an asset. But ownership is not the whole housing market. Investors also finance building, repairs, rentals and the reuse of neglected stock.

The exceptions tell the story

The Act permits specified purchase categories, including build-to-rent, renovate-to-rent and programmes that support homeownership. Treasury is consulting on how those categories work, what counts as substantial rehabilitation and when a passive investor has enough property control to fall within the restriction. [8][9]

Those questions are not technical decoration. A pension fund, private-equity investor, property manager and joint venture may each be involved in a single house. A poorly designed rule could stop useful development capital along with speculative bidding. A loosely designed one could be avoided through paperwork.

The central risk is a rule that measures the size of an investor without giving enough weight to the activity financed. New home construction and an auction for an existing family home are not economically identical, even when the same firm is involved.

Will it make homes more affordable?

The measure may redirect institutional capital towards construction and renovation. It may also affect the exit market for landlords selling established portfolios. The result will depend on final definitions, enforcement and how much genuinely new supply follows. The Federal Register notice appeared on 23 October, with comments due 23 November. The statute is enacted; its implementing regulations are still proposed. [9]

BHP Summary

The deeper question is not whether institutions should own homes, but whether they increase the number and quality of homes available. A rule that measures ownership alone may miss that distinction. The US is now trying to draw it in law.

Sources and acknowledgements

Published 29 October 2026; legal and policy status checked to 29 October 2026. Source numbers in the articles identify primary material; BHP's editorial arguments and judgements are its own.

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