



## Guidance for foreign investors in UK property

### Who we are:

**Pride Management LLP** ([www.pridemanagement.co.uk](http://www.pridemanagement.co.uk)) is dedicated to managing UK commercial (and residential) property on behalf of its diverse client base. **We act for a number of overseas investors and companies** from across the globe, **collecting** & paying over rent, arranging buildings **insurance**, maintaining regulatory **compliance**, liaising with their **accountants** and **solicitors** and are additionally authorised to deal with the tax authorities (HMRC) on their behalf. Additionally we actively **source, buy and sell** property for them, thus providing an all-encompassing service, via our highly-regarded portal [www.prideviewproperties.co.uk](http://www.prideviewproperties.co.uk).

### Are you a non-resident person or company looking to invest in UK commercial (and residential) property?

If so, you have come to the right place, and with the **weak Pound, low property prices and Freehold nature of UK property**, you have the right idea! Read our guidance notes below and contact us ASAP for a private consultation by phone, video-conference or in person – call us on 0044 208 868 8680 or [email us](mailto:info@pridemanagement.co.uk)

### Key considerations for foreign investors in UK commercial (and residential) property:

- **Sourcing a solid & safe investment**
  - Get the right advice from the start – we will find you a property that meets your stated needs, which is good value but more importantly **secure and safe**. Contact us early with your requirement and we will be by your side every step of the way.
- **Acquiring the property**
  - Accountancy & Taxation - **it is essential that the deal is structured correctly and you employ the right accountant**. We can suggest several firms who we work with regularly and who will pay particular attention to issues such as:
    - Stamp Duty - Up to 4% Stamp Duty is payable when buying a commercial property.
    - VAT – some properties are subject to 20% Value Added Tax (VAT). The buyer will need to register for VAT in order to reclaim this, or the sale will need to be treated as a Transfer of a Going Concern (TOGC) in order to avoid paying VAT.
    - Inheritance Tax - a non-resident individual's UK assets will be subject to IHT but a non-resident company's will not
  - Legal implications – **a good lawyer can be the difference between getting a good deal and not doing one at all**, and will liaise with the seller's lawyers quickly, efficiently and pragmatically. Buying a property is not meant to be a complicated exercise, but some lawyers do exactly this whilst their fees spiral up. We work with several firms who:
    - Rapidly conduct due diligence of the property's structure, the lease and compliance with all regulations, enabling you to understand quickly if the investment is what it is said to be



- Hold client monies to order in protected accounts for exchange and completion in a timely manner
  - Take a commercial view on any grey areas to ensure the client gets the best deal possible – **UK properties are often hundreds of years old and have changed ownership many times, so the best ones are not always 100% black and white!**
- Financing the investment – it may be possible to obtain finance which we will explore, but as UK bank lending **cash offers remain the best way to secure a good deal**
- Insurance - the property will need to be insured either from the date of exchange or completion at the correct reinstatement value. Insurance should be underwritten by a reputable Insurer and will usually cover the main perils of Fire, Lightning, Theft, Flood and Terrorism, and the premium can often be recovered from the tenant.
- Acquisition costs - buyer's should expect to pay **between 5.75% - 6.5% of the purchase price** to cover stamp duty, legal fees, valuation fees and bank arrangement fees (if applicable). Fees charged by agents vary and may be extra.
- **Management**
  - Rent collection – invoicing tenants is usually **quarterly and in advance**
  - Regulatory compliance, Insurance & Maintenance – various UK and EU health & safety laws need to be complied with in a timely manner, as well as the Landlord's various obligations as stated in the lease
  - Taxation
    - **Pride Management LLP is registered to account for Income Tax** via the Non-Resident Landlords (NRL) scheme. We pay a flat rate of 20% of the rent less any allowable expenses to the HMRC quarterly and additionally each year we are required to submit in Annual Return, so you do not have to worry.
    - If your UK affairs extend beyond property you may need to submit an annual self-assessment tax return to the HMRC, and can be exempted from the NRL scheme. You will need a competent accountant to manage this.
    - If you are VAT registered, the tenant will need to be charged VAT and a regular VAT return will need to be completed
  - **Enhancing value / Development** – we can assist with Rent Reviews and related negotiations with tenants in order to secure better rental terms, as well as planning applications & development opportunities to maximise the potential of your building
- **Selling your property** – the same considerations apply as with Acquisitions, but additionally:
  - Finding a buyer at the highest possible price – this takes **astute marketing, good contacts and negotiation skills - all of which we pride ourselves on.**
  - Capital Gains Tax - non-resident individuals / companies are not liable to CGT, but if the sole purpose of the investment was to make a profit on disposal this may be subject to Income Tax and therefore good planning is required

**If you are interested, don't hesitate to contact us today to discuss in more detail the above issues, the property market in general and some of the fantastic deals we can arrange...**