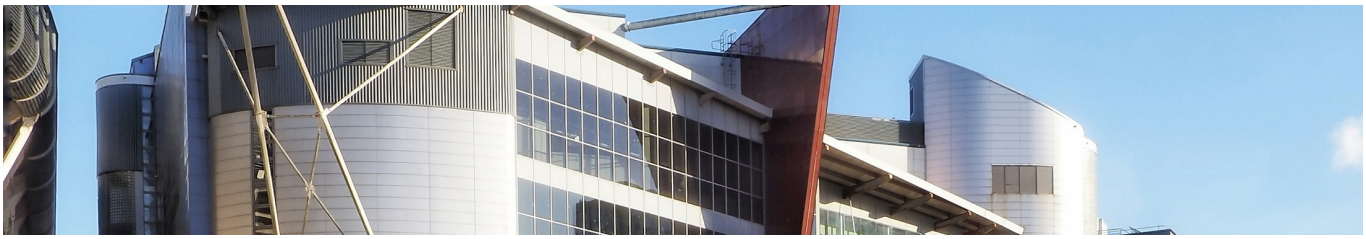
Limited Company Buy-to-Let Mortgages

A company mortgage is a borrowing structure, not a tax shortcut.



An SPV can suit a long-term property strategy, but the right ownership route depends on how profits will be retained, reinvested and eventually extracted.

01 Understand who actually borrows

- A new special purpose vehicle (SPV) is usually set up to own investment property; lenders often assess the directors and shareholders and may ask for personal guarantees.
- A trading company and an SPV are not automatically interchangeable. Lender criteria, company activities and security requirements differ.
- Confirm shareholdings, directors, source of deposit and the company's purpose before applying.

02 Look beyond the interest rate

- Compare arrangement fees, maximum loan-to-value, interest coverage stress tests, legal requirements and the cost of any guarantees.
- Model corporation tax and the tax consequences of taking profits out of the company with an accountant.
- HMRC's residential finance-cost restriction generally applies to individuals, not companies, but that alone does not make incorporation the cheaper option.

03 Be especially careful with existing properties

- Moving a personally owned property into a company is normally a disposal and acquisition, potentially triggering capital gains tax, SDLT or equivalent devolved tax, and new mortgage costs.
- The company may need a new mortgage, and the transfer can change insurance, leases and beneficial ownership arrangements.
- Obtain legal and tax advice before transferring title or creating a company.

THE NUMBERS | ILLUSTRATION ONLY

If a company earns £24,000 rent and pays £12,000 interest, that is not £12,000 of spendable profit: maintenance, agent fees, voids, tax and possible director withdrawals still matter.

The mistake to avoid

Never decide on the structure from a single tax headline or assumed mortgage rate.

Documents worth preparing

Company number and articles; director/shareholder details; accountant's structure advice; deposit trail; target property details; projected rental figures.

DISCUSS A DEAL

Send the property, borrowing requirement and your timescale to deal@wefinanceuk.com, or call 020 3917 2651.

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Important information

Your home may be repossessed if you do not keep up repayments on your mortgage. The Financial Conduct Authority does not regulate most buy-to-let mortgages. Bridging finance is typically a short-term, higher-cost form of borrowing and carries risks, particularly if the planned exit strategy is not achieved. A clear repayment strategy should be in place before entering into any agreement. Commercial bridging finance is not regulated by the Financial Conduct Authority.

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