

An aerial photograph of a city at sunset. The foreground is dominated by a dense forest of trees with golden-brown foliage. In the middle ground, a residential area with numerous houses and some larger buildings is visible. The background shows a city skyline with several skyscrapers under a sky transitioning from purple to orange.

CRS

CharlesRussell  
Speechlys

# UK Residential Property Investment

Charles Russell Speechlys work with clients in the UK and throughout the world. Our lawyers are based in 11 locations across the UK, Asia, Europe and the Middle East. Through each of these locations, clients are able to access the full range of the firm's skills and expertise.

We have a broad range of skills and experience across the full spectrum of businesses and individual needs. This gives us a wider perspective, clear insight and a strongly commercial long-term view. We use this approach to secure the growth of our clients enabling them to move confidently into the future. It has made us a leader in the world of dynamic growth and among the world's leading creators and owners of private wealth and their families. Major corporates and institutions find our more considered and personal approach a refreshing alternative to conventional business law firms.

# About Charles Russell Speechlys

We have a large team of lawyers who focus on real estate investment for corporates, investment funds and private wealth.

We regularly advise international clients with their UK property investments. Not only can we provide that service “on-the-ground” in Hong Kong, we are also able to support UK property acquisition through our array of private client services such as tax, estate planning, wealth protection and immigration. We provide a seamless and integrated service to our clients through our network of international offices.

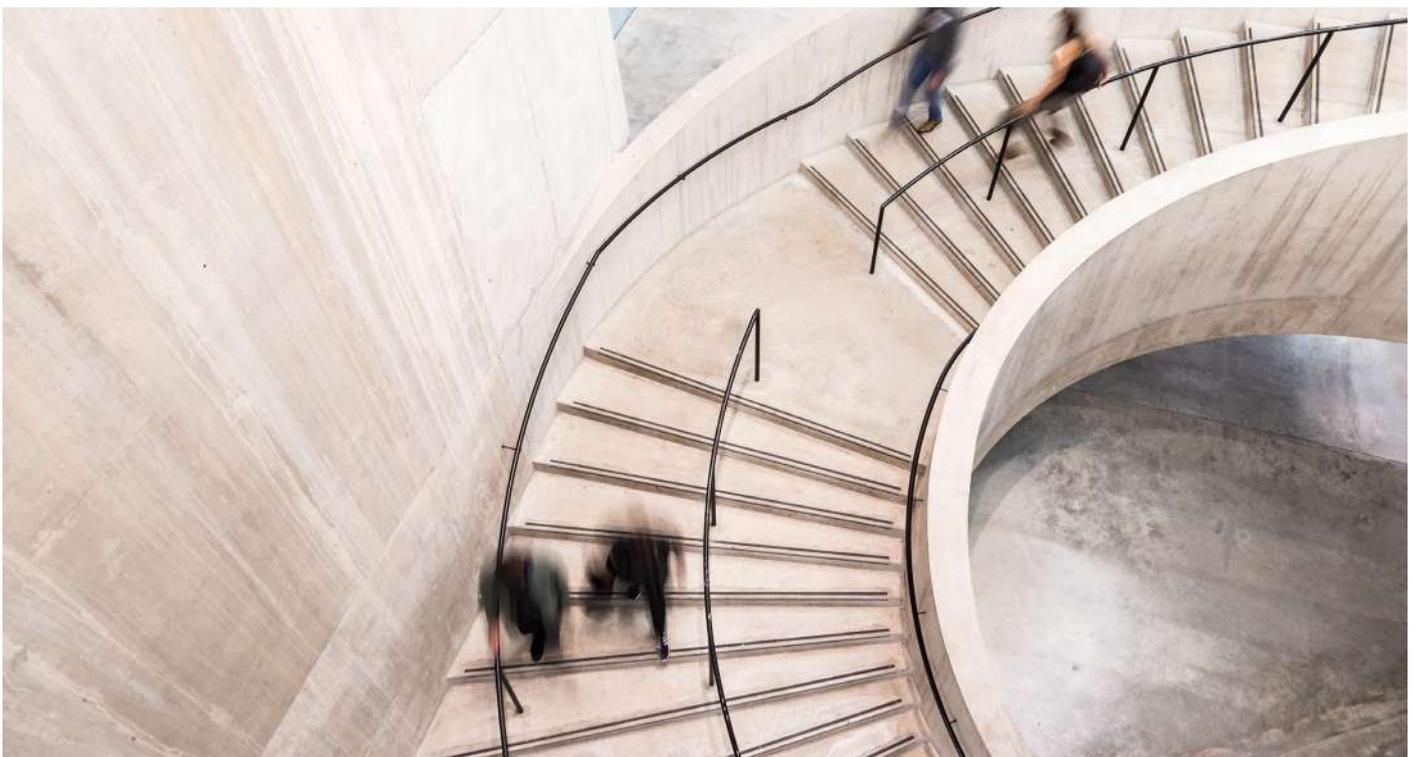
We have expanded our offering in Hong Kong by adding both local and international property capabilities. Our Partner-led team delivers a wealth of experience in relation to UK residential property transactions.

**“They’re head and shoulders above the competition.”**

CHAMBERS & PARTNERS

How we can help you:

- A wealth of experience and expertise in relation to tax, corporate structuring and residential conveyancing.
- Competitive pricing and flexible fee structures.
- Project manage and/or undertake the work
- Act as your day-to-day contact
- Deal with queries, questions or concerns “face-to-face”
- Provide trilingual capabilities
- Facilitate introductions and deal opportunities where relevant



# The UK Residential Property Market

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## Attractive but complicated

Whether you are an international buyer looking to enter the market or already resident in the UK, buying UK residential property can be confusing, complex and often highly competitive. Of course, it offers many attractions – as a home, or an investment – in terms of lifestyle, security and privacy, all underpinned by a well-established financial and legal system, and there's a magnificent range of period and new build properties in London and outside. But the legal and tax issues relating to UK property ownership can make buying, selling and managing property frustrating, time-consuming and stressful.

At Charles Russell Speechlys we understand it can sometimes be an emotional investment as well as a financial one, and our aim is to take you through the process quickly and efficiently to a successful conclusion – minimising the stress.

## London residential property

London is home to some of the world's finest residential property. Competition from global buyers for houses and apartments can be fierce, with those able to move fast enjoying an advantage. But it can also be complex. Foreign ownership, freehold and leasehold intricacies, tax issues, planning and building regulations can add challenges to an otherwise straightforward transaction, whether it's a period property in a conservation area or a prime new development. When you are buying a home for your family, or seeking an investment – or both – it helps to have an expert to steer you swiftly and smoothly through the various issues to a successful conclusion.

**"Charles Russell Speechlys LLP is 'an excellent firm with an exceptional reputation in the market, respected by vendors and purchasers alike.'"**

LEGAL 500



# Property Expertise

We advise clients regarding UK residential property transactions both for occupation and investment.

Areas of expertise include:

- General property law advice
- Legal advice on UK inward property investment
- English residential & investment property acquisition and disposal
- Advice on property financing arrangements
- Tax planning

Our clients include individuals, property investment companies, private and corporate property developers, trustees and banks, from across the world.

In 2020 we dealt with over £100m worth of residential property transactions for our clients across a variety of schemes, including the following:

- Battersea Power Station, London
- One Palace Street, London
- West End Gate, London
- Fulham Reach, London
- White City Living, London
- Beaufort Park, London
- X1 The Tower, Liverpool
- St Martins Place, Birmingham
- Blackfriars, Manchester
- The Copperworks, Birmingham
- Maida Vale Union Lofts, London
- The Wraysbury, Birmingham
- South Bank Place, London
- Millbank Residences, London
- South Quay Plaza, London
- St. John's Wood, London
- Battersea Roof Gardens, London
- West End Gate, London

"If we have an opportunity to put forward a firm for the buyer, they're top of the list."

CHAMBERS HNW



Charles Russell Speechlys



# Tax & Wealth Structuring

Tax issues arise with almost all high value residential property transactions in the UK, and many will be very complicated.

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It's essential that any discussion around property-related tax takes place in the broader context of your financial affairs: that's why we take time to understand your specific circumstances, family situation and financial arrangements. You will have a dedicated and experienced team working on the efficient structuring of your affairs. These may involve issues as diverse as Shari'a compliant trusts or UK heritage property ownership – and you can be confident we have the knowledge and experience to deal with them.

**"They have strength in depth, they're extremely client centric and they consistently provide a high level of tactical and sensible advice."**

CHAMBERS HNW

Our areas of expertise include:

- Advising clients based in the UK and abroad on how to mitigate their exposure to Stamp Duty Land Tax, inheritance, capital gains and other UK taxes.
- Assisting wealthy internationally mobile individuals in the development of effective international tax planning strategies

# Giving You Confidence in Your Property Decisions

Buying and selling prime residential property is challenging in any circumstance.

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Add the complexity of taxes, cross-border issues, inter-generational planning and a competitive and sometimes uncertain market, and you have the ingredients of a highly stressful experience. Our goal is to remove that stress: using our experience and expertise to find solutions that suit you, to a timetable of your choosing, and to give you the confidence that you have made the right decision for your future.



# UK Residential Property Acquisition Procedures

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## Initial Considerations

- **Tax issues**  
the acquisition of UK residential property will give rise to tax liabilities. Please refer to "Tax Considerations for UK Property Investments" below for more information.
- **Acquisition structure**  
the most appropriate legal and tax efficient structure will depend on a number of factors such as:
  - **Acquisition vehicle**  
will the acquisition be through a special purpose vehicle (SPV), trust or by an individual?
  - **Jurisdiction**  
if an SPV or trust structure is recommended then will this be incorporated offshore and, if so, in which jurisdiction?
  - **Investment or otherwise**  
what is the purpose of the acquisition?
  - **Other factors**  
are there any other non-commercial factors to take into account such as family requirements / succession planning, confidentiality, intended level of occupation (if applicable), Shari'ah issues etc.
- **Financing**  
is financing required in relation to the acquisition? If so, is this Conventional or Islamic?
- **Approvals**  
are any approvals required (e.g. consent of landlord if the title to the property is leasehold)?
- Legal assistance must be obtained in relation to the conveyance of all residential property in England & Wales. As such, a law firm will require certain information from any new client so as to comply with anti-money laundering regulations.

## Pre-Exchange

- Prepare and settle draft legal documents including (but not limited to) the sale contract.
- Conduct due diligence comprising investigation of title as well as standard searches and enquiries.
- Prepare a report on title summarising the results of the due diligence.

## Pre-Completion

- Finalise all legal documentation such as (but not limited to) the transfer deed, mortgage deed (if required) and lease /licence to assign (if applicable and as appropriate) and arrange their execution.
- Arrange for drawdown of any financing.
- Prepare the completion statement in relation to the required balance of monies to complete.
- Undertake pre-completion searches / enquiries (as appropriate).

## Completion & Post Completion

- Transfer completion monies from buyer's solicitors to seller's solicitor, which will be held to the buyer's solicitors order pending completion.
- Completion takes place when the seller's solicitors confirm receipt of the completion monies.
- Keys are released to the buyer via the agent.
- Ensure:
  - Payment of the required Stamp Duty Land Tax (SDLT). Please refer to "Tax Considerations for UK Property Investments" below for more information.
  - The transfer of ownership and registration of title at the Land Registry is completed within the prescribed period; and
  - Any financing is registered against the property by way of a first ranking legal charge or equivalent depending on whether the financing is Conventional or Islamic.

## Legal Information Sheet

	Personal Name	Offshore Trustees	Offshore Company
	Property held by individuals or by nominee(s) for them for confidentiality (note a proposed register of beneficial owners may negate any confidentiality benefits)	Property directly held by offshore trustees (no company)	Shares held by individual or held by trustees
<b>SDLT (on purchase) (£)</b>	<p>Yes – progressive system.</p> <p>£0 to £125k - 0% Over £125k to £250k - 2% Over £250k to £925k - 5% Over £925k to £1.5M - 10% Over £1.5M - 12%</p> <p>3% Surcharge any property including any internationally (unless replacing main residence).</p> <p>2% Non UK Resident Surcharge applies if the buyer is not resident in the UK at Completion.</p>	<p>Yes – Progressive system (see left) Depending on type of trust.</p> <p>2% Non UK Resident Surcharge applicable</p> <p>3% surcharge may be automatically applicable.</p>	<p>17% over £500,000</p> <p>Unless relief applies (letting, trading etc.) in which case progressive system applies (see left) with 3% surcharge and 2% Non UK Resident Surcharge automatically applicable upon the whole purchase price.</p>
<b>Annual Charge (ATED) (every year) (£)</b>	No	No	<p>Yes – for owner occupation for properties valued over £500,000. Charge ranging from £3,700 to (depending on property value - see next page)</p> <p>No – if genuinely rented out</p> <p>No – if owned by a property trader</p>
<b>Income Tax</b>	Up to 45% of profits after any deductible expenses. (NB restriction of mortgage interest relief)	Depending on which type of trust, up to 45% of net profits after any deductible expenses. (NB restriction of mortgage interest relief)	No
<b>Corporation Tax (Rental income and on sale of property)</b>	No	No	Corporation tax at 19% on profits after any deductible expenses on post-6 April 2015 increase in value
<b>Capital Gains Tax (CGT) (on sale / gift)</b>	<p>Yes - on post-6 April 2015 increase in value:</p> <ul style="list-style-type: none"> <li>18% for basic rate taxpayers</li> <li>28% for all other rate taxpayer</li> </ul>	Yes - Yes, on post-6 April 2015 increase in value at 28%.	Yes - for shareholders on the disposal of shares in non-UK companies holding UK land, where certain conditions are met. CGT charged at 10% / 20% for individual shareholders and 20% for trustee shareholders, in respect of any post-6 April 2019 increase in value.
<b>Inheritance Tax (IHT) (Usually only on death)</b>	<p>Yes - 40% on death above Nil Rate Band (currently £325,000). An additional "Residence" Nil Rate Band may also be available provided certain conditions are met.</p> <p>(Spouse exemption/mortgages / insurance / reservation of benefit. (NB loans and guarantees relating to UK property potentially subject to IHT)</p>	<p>Yes - Up to 6% every 10 years and on distributions between 10 year anniversaries. 40% on death if reservation of benefit. (no spouse exemption)</p> <p>(NB loans and guarantees relating to UK property potentially subject to IHT)</p>	<p>Following a change to the law on 6 April 2017, the value of the shares (assuming they derive their value from the UK residential property) is subject to IHT.</p> <p>The rules relating to personal names and offshore trustees (see left) will apply depending on who owns the shares. (NB loans and guarantees relating to UK property subject to IHT)</p>

- Note:**
- The above table only relates to residential property purchased by non-UK tax residents and non-UK domiciled persons.
  - This is a summary only and is accurate as at May 2021.
  - From 6 April 2019, CGT has applied to the disposal of UK commercial property by non-UK residents
  - From 6 April 2020, non-UK resident companies have been subject to corporation tax rather than income tax on UK rental income.
  - UK Government announced SDLT relief will apply:
    - From 8/7/20 to 30/6/21 - £0 to £500k - 0%
    - From 1/7/21 to 30/9/21 - £0 to £250k - 0% (not available to buy to let investors)
  - We anticipate a register of beneficial owners in relation to on-shore companies in 2021.

### AED (Annual Tax on Enveloped Dwellings)

- Applies to "non-natural persons" (companies) owning resident property
- ATED year runs from 1 April to 31 March
- Pay Tax and file by 30 April
- Reliefs for genuine commercial lettings, trading, development
- Band determined by value on 1 April (or the acquisition date if later) (existing properties must be revalued)

Property Value	Annual Charge (2019/2020)
Over £500,000 - £1m (from 1 April 2016 only)	£3,700
Over £1m - £2m (from 1 April 2015 only)	£7,500
Over £2m - £5m	£25,300
Over £5m - £10m	£59,100
Over £10m - £20m	£118,600
Over £20m	£237,400



## Contact

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