

FUSION LAW

CLIENT GUIDE

Investing in Property Through an SPV

A guide for property investors, landlords and small developers. Whether to buy personally or through a company, one company or several, joint ventures, finance and security, refinancing and taking money out, the tax after the Budget of 28 October 2026, and a structuring checklist for each stage.

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Six questions to settle before you buy

The question	Why it matters	Where
Personally or through a company?	It decides how the rent is taxed, how you take money out, the stamp duty land tax on each purchase and how you pass the properties on. Settling it before you buy can avoid costly changes later	Sections 1 and 2
Do you already own properties?	Moving them into a company is treated as a sale at market value, so tax can arise although no money changes hands, and the mortgages need your lenders' agreement or new company finance	Section 3
One company or several?	Separate companies can keep one lender's security and one property's problems away from the others, but guarantees can undo that, and companies under common control share the corporation tax limits	Section 4
Who else is involved, and on what terms?	A joint venture needs a written agreement before money moves. Asking anyone, including friends and family, to put money in can bring in the financial services rules	Section 5
What will the lender want from you personally?	Lenders to property companies commonly require personal guarantees, and every registrable charge must be registered at Companies House in time	Section 6
How will you get money out, and get out?	A dividend needs realised profits, not a higher valuation, and a company is easier to sell or refinance if it holds nothing but its property	Sections 7 and 8

Introduction

This guide is for private property investors and landlords, and for small developers, at the point of a new purchase, a refinancing or a joint venture. It is not written for funds or institutional investors, or for an owner buying the building its own business trades from, which our guide to buying your business premises covers.

SPV stands for special purpose vehicle. In property it means a limited company set up for a defined property business or project, and nothing else. Lenders and advisers use the term loosely. The points in this guide apply to any company that holds investment property, whatever it is called.

The guide takes the decisions in the order an investor meets them, and section 9 is a checklist for each stage.

Our view: a company is worth serious thought if you will reinvest the rent in more property, and is less obviously right if you need the rent to live on. How you set it up matters as much as the tax: how many companies you have, what you guarantee personally and what you agree with anyone investing alongside you.

> **Where the line runs.** The tax in this guide is described so that you know what to ask; our colleagues at Fusion Tax advise on the tax for your own position. Section 10 sets out who does what.
>
> **After the Budget.** The figures reflect the Budget of 28 October 2026. Changes marked “proposed” were announced in it and still have to be passed by Parliament. The separate rates of tax on property income from April 2027 are already law at 22%, 42% and 47%; the Budget’s further two percentage points are the proposal.

1. Should you buy personally or through a company?

The main difference is in how the rental profit is taxed and how it reaches you, but liability, borrowing, inheritance and administration all change too.

1.1 How the rental profit is taxed

	Owned personally	Owned by a company
Who pays tax on the profit	You, as part of your income	The company, as corporation tax
Mortgage interest on residential lettings	Not deducted from the rent. Instead you receive a tax reduction at the basic rate on the interest, capped by reference to your rental profit and your other income, with any unused interest carried forward	Deducted as a cost before tax, subject to the usual rules
Rate on the profit	Up to 5 April 2027, the ordinary income tax rates of 20%, 40% and 45%. From 6 April 2027, separate rates for property income: 22%, 42% and 47% are already law, and the Budget proposes raising them to 24%, 44% and 49%	For a 12-month accounting period, 19% where profits do not exceed £50,000, 25% over £250,000, and an effective rate between the two that rises as profits increase. The limits are shared between associated companies (section 4)
Taking money out	The profit is already yours	Taxed again on you when paid out, usually as a dividend, at 10.75%, 35.75% or 39.35% after a £500 dividend allowance
Selling a property	Capital gains tax at 18% or 24% on the gain, after the £3,000 annual exempt amount	Corporation tax on the gain, and further tax on you can arise when the proceeds are taken out, depending on how

- The restriction on mortgage interest applies to residential lettings held by individuals. Interest on a loan to buy commercial property is deducted from the rent in the usual way, whoever owns it.
- From 6 April 2027 the tax reduction for mortgage interest is given at the property basic rate, which is 22% under Finance Act 2026 and would be 24% on the Budget proposal.
- The property income rates apply to taxpayers in England, Wales and Northern Ireland. Scottish taxpayers pay their own income tax rates, and the Senedd and the Scottish Parliament have the power to set their own property income rates.
- The Budget left the headline rates of corporation tax, dividend tax and capital gains tax unchanged.

1.2 What else changes

- **Liability.** A company's debts are its own. But lenders to property companies commonly require personal guarantees from the directors and shareholders, so your own assets may stand behind the loan anyway (section 6).
- **Borrowing.** Lending to companies is a separate market from lending to individuals, with its own criteria and documents.
- **Passing the properties on.** Shares can be given to family members in stages, which is harder with buildings. A gift of shares is still a gift for tax, dividends on shares a parent gives to a child under 18 are generally taxed on the parent, and inheritance tax relief for business assets does not normally extend to a company whose business is mainly holding investments, which includes letting property.

- **Administration.** A company files accounts and a confirmation statement at Companies House and a corporation tax return, keeps statutory registers, and has directors with legal duties. Its accounts are public.

What it means for you. A company is worth serious thought if you plan to keep the profits in the business to buy more property, and less obviously right if you need the rent to live on, because the second layer of tax arrives as soon as profit is paid out as a dividend. Decide before you make an offer, with our colleagues at Fusion Tax or your own tax adviser: once a property is bought in one name, moving it can trigger tax (section 3).

2. What tax does a company pay to buy and hold property?

2.1 Stamp duty land tax on dwellings

In England and Northern Ireland, a company buying a dwelling pays the higher rates for additional dwellings, which are 5 percentage points above the standard rates, from its first purchase of a dwelling costing £40,000 or more. An individual broadly pays them when they already own another dwelling, anywhere in the world, including their own home, and are not replacing their main residence.

Part of the price	Standard rates	Rates for a company
Up to £125,000	0%	5%
£125,001 to £250,000	2%	7%
£250,001 to £925,000	5%	10%
£925,001 to £1.5 million	10%	15%
Over £1.5 million	12%	17%

- **Dwellings over £500,000.** Where a company buys a single dwelling for more than £500,000, a flat rate of 17% (19% for a non-resident buyer) can apply to the whole price. Reliefs take it back to the rates above for, among others, a genuine property rental business letting to people unconnected with the company (broadly, anyone other than those who control the company and their close family; stamp duty land tax has its own test of who counts), and a property developer buying to develop and sell. A relief can be withdrawn if, within three years, the dwelling stops being used for a qualifying purpose, for example if it is occupied by someone connected with the company.
- **Non-resident buyers.** A further 2% applies where the buyer is not resident in the UK for this purpose. For a company, that can depend on who controls it.
- **Six or more dwellings.** Where six or more dwellings are bought in a single transaction, they are treated as non-residential and taxed at the non-residential rates, without the company surcharge. But where more than £500,000 of the price is attributable to a single dwelling in the purchase, a flat 17% (19% for a non-resident buyer) can still apply to the whole of that share unless a relief applies, and the other dwellings stay at the non-residential rates. Multiple dwellings relief, which you may still see mentioned, was abolished from 1 June 2024.
- **Mixed-use and commercial property.** A purchase that includes non-residential property, such as a shop with a flat above, is normally taxed at the non-residential rates: nothing on the first £150,000, 2% on the next £100,000 and 5% above £250,000. There is one catch for companies: where more than £500,000 of the price is attributable to the dwelling, a flat 17% (19% for a non-resident buyer) applies to

the whole of that share unless a relief applies. If a relief does apply, the whole purchase is taxed at the non-residential rates.

Wales and Scotland have their own taxes, with their own rates and surcharges for companies.

2.2 The annual tax on enveloped dwellings

A company that owns a dwelling in the UK worth more than £500,000 is within the annual tax on enveloped dwellings. The charge rises with the value, from £4,600 a year for a dwelling worth up to £1 million to £303,450 for one worth over £20 million, for the year to 31 March 2027. The Budget confirmed a rise of 3.5% from 1 April 2027, to between £4,750 and £314,050. Values are fixed at 1 April 2022, or on purchase if later. The next valuation date is 1 April 2027, and the new values apply from the year beginning 1 April 2028.

Reliefs remove the charge for, among others, a dwelling let commercially to people unconnected with the company, and one held by a developer for development and sale. But the relief has to be claimed on a return, even when nothing is payable: by 30 April for a dwelling held on 1 April, within 30 days of buying one, with longer, special deadlines for some newly built dwellings. If someone connected with the company, such as a controlling shareholder or a member of their family, is allowed to live there, the relief is lost for those days. The rules can also take away relief for days when the property stands empty before or after that stay, reaching back into the previous year of the tax and forward for up to three more. Each tax has its own test of who counts as connected. A short family stay can cost far more than a few days' tax. Missing the return brings penalties.

A second annual charge starts in April 2028. Under the proposed rules, a home in England worth £2 million or more, on April 2026 values, will carry a council tax surcharge of £2,500 to £7,500 a year on top of ordinary council tax. The owner pays it, not the occupier, so a company that owns a let home of that value will be the one liable, and a home left empty and substantially unfurnished for a year or more faces a further premium. Discounts and exemptions will apply to particular kinds of property, such as care homes, registered social housing, working farmhouses and, for a limited period, new homes still held by the developer that built them. A company letting a home should not assume it will qualify unless the detailed rules provide for it.

2.3 VAT

- **Residential lettings.** Letting a home on an ordinary tenancy is exempt from VAT: the landlord charges no VAT on the rent but cannot generally recover VAT on its costs, and the option to tax, which makes commercial lettings taxable, has no effect on dwellings. Holiday lets, and serviced accommodation provided in a similar way to a hotel, are different: they are standard-rated, so VAT is due on them once the landlord is, or must be, registered for VAT.
- **New homes.** The first sale or long lease of a new dwelling by the developer that constructed it is zero-rated: VAT applies at 0%, so the developer can usually recover the VAT on its building costs.
- **Conversions.** Converting a commercial building into homes, or changing the number of homes in a building, can qualify for a reduced 5% rate on the building work.
- **Commercial property.** Commercial property has its own VAT rules, covered in our guide to buying your business premises.

2.4 Capital allowances

Capital allowances, the tax relief on the cost of equipment and buildings, are not available on equipment in a let home or on residential buildings themselves, although equipment in the common parts of a block of flats, such as a lift, can qualify. The cost of replacing furniture and appliances in a let home can be deducted instead. Commercial property can carry allowances on fixtures, which must be dealt with in the purchase contract.

2.5 Developer or investor?

A company that builds or buys property to sell is trading. Its profit is taxed as trading income, not as a capital gain, and special rules treat some profits from developing land as trading even where the property was not bought for that purpose. A company that holds property to let is investing. The line affects the tax on a sale, the VAT and the inheritance tax position, and it is not always obvious where it falls on a mixed project. That is a question for our colleagues at Fusion Tax.

What it means for you. Have the stamp duty land tax worked out for the structure you choose before you exchange contracts. If a dwelling is worth more than £500,000, diary the annual return, even where no tax is due.

3. What if you already own the properties?

Moving properties you already own into a company you control is, for tax, a sale at market value, even if the company pays nothing.

- **Capital gains tax.** You are treated as selling at market value, so tax can be due on the gain since you bought.
- **Stamp duty land tax.** The company is treated as paying at least market value, so it pays stamp duty land tax on that value, including the higher rates for companies.
- **Incorporation relief.** Where a business is transferred to a company in exchange for shares, the gain can be rolled into the shares instead of being taxed at once. The business must be transferred as a going concern (a running business), with all its assets, although cash can be kept back, in exchange wholly or partly for shares; where part of the price is not shares, only part of the gain is deferred. The lettings must amount to a business rather than the passive holding of investments, judged on the activities as a whole. HMRC's guidance says it will accept the test is met where an individual personally spends 20 hours or more a week on that kind of work; below that, it depends on the facts. For transfers from 6 April 2026, the relief has to be claimed, by the first anniversary of 31 January after the tax year of the transfer. It defers the gain rather than removing it. Whether your portfolio qualifies is a question for your tax adviser.
- **Partnerships.** Different stamp duty land tax rules can reduce the charge where a genuine partnership, actively running a business together, transfers property to a company its partners control. Owning property jointly is not enough on its own.
- **The mortgages.** A loan to you does not transfer to a company automatically. The company needs its own finance or your lender's agreement to a new arrangement, and the existing loans may carry early repayment charges.
- **The tenancies.** The company becomes the landlord. Tenants have to be told, and any deposits dealt with.

Be wary of arrangements marketed as moving a portfolio into a company without these taxes, for example by passing it through a limited liability partnership first. HMRC has published warnings that it considers some of these arrangements do not work. Take advice from a tax adviser who is not selling the arrangement.

What it means for you. There may be no need to move properties you already own: you can keep them where they are and buy future properties through a company. Take tax advice before anything moves.

4. One company or several?

4.1 What separate companies achieve

- A lender to one company takes security from that company, unless it also takes guarantees or security from others.
- A problem with one property, such as a long void, a claim or a failed refinance, does not automatically reach the others.
- A property can be sold by selling its company, and a co-investor can share in one company without sharing in the rest.

4.2 What undoes it

- **Personal guarantees.** If you guarantee every company's borrowing, a default anywhere reaches you.
- **Cross-guarantees.** A lender to several companies may ask each to guarantee the others and to charge its assets for them. A default in one then reaches them all.
- **Corporation tax limits.** Companies under common control are associated, and the £50,000 and £250,000 limits that decide the corporation tax rate (for a 12-month accounting period) are divided between them. With three companies under common control in total, each has limits of about £16,667 and £83,333. Whether companies are associated depends on the control tests, and there are exceptions, such as for dormant companies. Splitting a portfolio does not buy more profit at the lower rate.
- **Losses.** A loss in one company cannot be set against profit in a sister company that you own directly. Losses can be shared only within a group, broadly a parent company and the companies it owns at least 75% of, or in some joint ventures where several companies own a company together (a consortium).
- **Lettings to people connected with you.** A company controlled by a few people (a close company) loses the lower rate and pays 25% on all its profits unless, for the whole accounting period, it exists wholly or mainly for purposes the tax rules allow. Letting land to people not connected with the company is one. Letting to people connected with the company, such as its owners and certain relatives, does not count. Whether a company qualifies depends on what it does as a whole and on the tax rules' own test of who is connected.
- **Cost.** Each company needs its own accounts, tax return, bank account and filings.

4.3 A holding company

A holding company that owns the property companies can turn them into a group for tax. Within a group, losses can be shared, and property can usually be moved between companies without an immediate charge to stamp duty land tax or tax on the gain. For stamp duty land tax, the relief can be withdrawn if the company that received the property leaves the group within three years while it still owns the property, or later under arrangements made within those three years, so waiting out the period does not guarantee it. For tax on the gain, a charge can arise if the company leaves the group within six years of receiving the property while it still owns it. Where it leaves on a sale of its shares, the gain is added to the seller's gain on those shares. Both rules have conditions and exceptions. Lenders may want security from the holding company too, and putting a holding company over companies you already own is itself a transaction to plan with tax advice.

Budget changes. Two changes announced at the Budget of 28 October 2026 bear on this. Under legislation to be included in the Finance Bill 2026-27, which still has to be passed, the stamp duty land tax relief can also be withdrawn where the company that transferred the property is wound up and control of the company that received it then changes within the three years. This applies to transactions with an effective

date (usually completion) on or after 29 October 2026, with protection for qualifying contracts made before that date. And it is intended that, where a holding company is put over an existing company from April 2028, a later buyback of shares or reduction of capital will count as a repayment of capital only up to the capital the shareholders originally put in; draft legislation follows in 2027.

What it means for you. Add a company when there is a reason for it: a different lender, a different co-investor, a property you expect to sell on its own, or a development whose risks you want kept away from your lettings. Without one of those reasons, a single company is simpler and costs less to run.

5. What if you are investing with someone else?

Property joint ventures take many shapes: two friends buying a block of flats, a landowner and a developer sharing the profit on a site, or a developer bringing in a funder for a scheme. The legal questions are the same in each: what vehicle you use, and what the agreement between you says.

5.1 The vehicle

	Company	Limited liability partnership	Contract only
What it is	A new company, with each party holding shares	A new LLP, with each party a member	No new entity: an agreement between the parties, who each keep their own interest
Liability	Limited to what each party puts in, unless they give guarantees or, in limited cases, become liable through their own wrongdoing	Limited in the same way	Not limited by the structure. Each party is liable on what it agrees, and an arrangement that is in substance a partnership can be treated as one
Tax, in outline	The company pays corporation tax; shareholders pay tax on what they take out	Generally taxed as a partnership: each member is taxed on their share of the profit	Each party is taxed on its own share
The governing documents	Articles of association and a shareholders' agreement	An LLP members' agreement. Without one, default rules apply, including equal shares of profit	The joint venture agreement itself
Financial services rules	An ordinary company (not an open-ended investment company) is not a collective investment scheme where the investors' only rights are their shares. But an invitation to take shares or lend can still be a financial promotion, and arranging the investment can be regulated	No such exclusion. If some members leave the running of the project to others, the LLP can itself be a collective investment scheme	Depends on the arrangement: where some participants have no day-to-day control and the money is pooled or the property managed as a whole, the rules can apply

	Company	Limited liability partnership	Contract only
Suits	Longer-term holding, several investors, outside finance	Investors who each run the project and want each to be taxed directly on its share	A single project between two parties, such as a landowner and a developer

Which vehicle suits you turns as much on the tax as on the law, so the choice is one to make with our colleagues at Fusion Tax.

5.2 What the agreement must settle

- **Contributions.** Who puts in money, land, time or expertise, how much, and when. Whether money goes in as share capital or as a loan, which affects how and in what order it comes back.
- **Further funding.** What happens if the project needs more money and a party does not pay its share: the others lend the shortfall on stated terms, the defaulting party's share is reduced, or it can be bought out at a discount. Any reduction has to be fair enough to stand up if challenged.
- **Decisions.** Which decisions the developer or managing party takes alone, and which need every party's consent. Matters needing consent can include borrowing, selling, changing the plan or the budget, issuing new shares, and contracts with any party's own businesses.
- **Deadlock.** Where two equal parties cannot agree, the agreement should say what happens: referral to senior people on each side, an independent expert for a technical question, or, as a last resort, a mechanism for one party to buy the other out or for the property to be sold.
- **Fees and profit.** Whether the developer or manager is paid a fee, and in what order money comes back: for example, each party's capital first, then any agreed return on it, then the remaining profit in agreed shares.
- **Transfers and exits.** Whether a party may sell its stake and to whom, rights of first refusal, the right to force the others to join a sale of the whole (drag-along) or to join a sale on the same terms (tag-along), and what happens when the project ends.
- **Death, incapacity and default.** What happens to an individual party's stake on death or loss of capacity, and what counts as a default that allows the others to take its stake.

Before you ask anyone to invest. Inviting people, including friends, family and existing partners, to put money into a property project, whether for shares, as a loan or for a share of the profit, can be a financial promotion, which is restricted. If they will not have day-to-day control of the property, the arrangement can also be a collective investment scheme. A company raising money from several investors to invest under a set policy can also be an alternative investment fund, with its own rules. Running a scheme or managing a fund can require authorisation or registration with the Financial Conduct Authority, and breaching those requirements can be a criminal offence. An ordinary company (not an open-ended investment company) is not a collective investment scheme where the investors hold only shares, but an invitation to buy its shares or lend to it can still be a restricted financial promotion. There are exemptions, but they are narrow and technical. Take advice before you approach anyone for money, and before anything is written or said to them about returns.

We advise on the legal structure of a joint venture. We do not find investors, raise money or promote any investment.

What it means for you. Choose the vehicle with tax advice, and sign the agreement before money moves or the land is committed. Agreeing how you will part company is far easier at the start, when everyone is getting on.

6. How will you pay for it?

6.1 The three kinds of property finance

	What it is	What to watch
Buy-to-let to a company	A term loan secured on a let property, made to the company	Published lender criteria commonly require a company that does nothing but hold and let property, shown by its registered business activity (SIC) codes, and personal guarantees from its directors, and sometimes its shareholders. Some lenders also restrict where the company is registered and who may own it
Bridging	A short-term loan, arranged quickly, repaid from a sale or a longer loan	The date the loan must be repaid (the redemption date), the higher interest charged on default, and fees to extend. A bridge depends on its exit: if the sale or refinance is late, the cost rises quickly
Development	A loan for the land and the build, released in stages as a surveyor acting for the lender (a monitoring surveyor) signs off the work	Security over the site and the building contracts, the right to step in if the developer fails, and guarantees that the work will be finished, and finished within budget. Draws stop if the conditions are not met

We do not quote loan-to-value levels (how much a lender will lend against the property's value), interest rates or fees: they vary by lender and change quickly. The choice of lender and product is one for a mortgage broker.

6.2 The documents

- **The facility letter or loan agreement.** The terms of the loan: the amount, interest, repayment, the conditions the borrower must meet before and during the loan, and the events of default, the breaches that allow the lender to demand repayment. Read the conditions and the defaults, not only the price.
- **The legal charge.** The lender's security over the property, sometimes called the mortgage, which is registered against the title at HM Land Registry.
- **The debenture.** A charge, meaning security, over the company's assets generally, which can include the property itself as well as its bank accounts and rents.
- **The personal guarantee.** A promise by an individual to pay the company's debt if the company does not. It puts your own assets behind the loan. Where a spouse or relative is asked to guarantee, the lender will normally require them to take independent legal advice first. Personal guarantees are the subject of a later guide in this series.

6.3 Registering the charges

With limited exceptions, such as a landlord's charge over a cash deposit given as security under a lease, every charge a company creates must be delivered to Companies House for registration within 21 days, starting the day after it is created. If it is not, the security will not hold if the company fails: the charge is void

against a liquidator, an administrator and the company's other creditors. The debt itself is still owed, and becomes repayable immediately. The lender's solicitor normally registers it. If you are lending to someone else's project, through a company or personally, check that your own security has been registered, at Companies House and, where it covers registered land, at HM Land Registry.

6.4 Money and support between your companies

Where one of your companies lends to another, or guarantees or secures another's borrowing, three things matter:

- **Put it in writing.** A loan agreement stating the amount, any interest and when it is repayable. Lenders and buyers will both ask for it.
- **Corporate benefit.** Each company is a separate person, even if you own them all. The directors of a company giving a guarantee or security must be satisfied that doing so promotes that company's success, and should record why, for example in board minutes. Recording it does not make a guarantee proper if it is not in that company's interests, and if the company is insolvent, close to it, or likely to go into insolvent liquidation or administration, the directors must also take its creditors' interests into account. A guarantee that serves only the borrower can be challenged later.
- **The lender's consent.** An existing lender to either company may need to agree.

6.5 What the building can be used for

A lender values and lends against a building's lawful use. Before you buy or borrow, check that the planning use matches what you intend. Houses in multiple occupation, flats above shops, conversions of offices or shops into flats, and short-term lets can each need planning permission, the council's approval under the permitted development rules, a licence from the local authority, or several of these. Some councils require planning permission in parts of their area for changes that elsewhere would not need it. We check the planning position as part of the purchase; planning applications and appeals are for a planning specialist.

What it means for you. Read the facility letter and any guarantee before you accept the offer, and settle the exit from any bridging loan before you draw it. Put every loan and guarantee between your companies in writing.

7. Can you refinance and take money out?

7.1 What your existing lender's documents say

If you plan to refinance to release equity, the existing facility decides what you can do without consent. Look for restrictions on:

- further borrowing, including a second loan secured on the same property and ranking behind the existing lender (a second charge);
- payments to shareholders, such as dividends or the repayment of loans from you, while financial tests in the facility are not met;
- a change of control, as the facility defines it, which can include a sale or transfer of shares in the borrowing company and which some facilities treat as a default;
- selling or letting the property on terms outside those the lender has approved.

A breach can be a default even where every payment has been made. Repaying a loan early can also bring an early repayment charge.

7.2 Getting the money to you

Money released by a refinance is the company's money. It can reach you in three main ways, each with its own rules:

Route	The legal rule	Tax, in outline
Dividend	A company can pay a dividend only out of distributable profits, broadly its accumulated realised profits less its realised losses, shown in its accounts. An increase in a property's value is not normally a realised profit while the property remains unsold, so a refinance alone does not create room for a dividend. If the company already has distributable profits, refinance money can be used to pay a dividend out of them, subject to the lender's terms. Even then, the directors must consider whether the company can afford it, and must take its creditors' interests into account if it is insolvent, close to it, or likely to go into insolvent liquidation or administration	Taxed on you at the dividend rates (section 1.1)
Repaying your loan	If you lent money to the company, for example to fund the deposit, it can repay that loan, subject to the lender's documents	Repaying the loan itself is not taxed on you. Any interest the company pays you is taxed as savings income. The company normally deducts tax at the savings basic rate before paying it, and pays that tax to HMRC quarterly. That rate is 20% now. From 6 April 2027 it is 22% under Finance Act 2026, or 24% if the Budget proposal to raise the savings rates to 24%, 44% and 49% is passed
The company lends to you	A loan from a company to one of its directors generally needs shareholder approval, subject to exceptions	A loan to a shareholder of a company owned by a few people can bring a tax charge on the company until it is repaid, and an income tax charge on you if the loan is interest-free or cheap

A dividend paid without enough distributable profits is unlawful. A shareholder who knew, or had reasonable grounds to believe, that it was unlawful must repay it, and directors who authorised it can be personally liable.

What it means for you. Before you refinance, read the existing lender's documents for what needs its consent, and plan with your accountant or our colleagues at Fusion Accountancy how the money will reach you.

8. Have you built it for the exit?

One day you will sell a property, sell a company, wind up a joint venture or pass the portfolio on. The structure you choose at the start decides which of those routes is open and what each costs.

8.1 Selling the property or selling the company

A buyer can buy the property from your company, or buy the company that owns it. A buyer of the company takes on its whole history, including any liabilities and tax, so it will check the company thoroughly (due diligence) and ask for warranties, which are contractual promises about the company's past, and a tax covenant, a promise to pay for tax relating to the period before the sale. Which route suits you and a buyer is a commercial and legal question we can help with; the tax on each route, for you and the company, is for our colleagues at Fusion Tax.

8.2 Moving properties within a group

If you may one day sell a property by selling its company, take tax advice before moving it between companies: the group reliefs in section 4.3 can be refused where a sale is in view, or withdrawn if the company leaves the group within the set period.

8.3 Keeping each company clean

What makes a property company easy to sell, refinance or hand on is broadly the same in each case: one property or a defined set of them, nothing else in the company, and records in order. That means:

- the title and any leases or tenancies, with the deposits protected where the law requires;
- the licences, certificates and safety records the property needs, including the energy performance certificate, gas and electrical safety records and any licence for a house in multiple occupation, and the registration of the landlord and each property within the new scheme, which opens region by region in England from 15 December 2026, at £65 a year per property;
- the company's statutory registers, minutes and filings at Companies House up to date, including the information filed there on people with significant control (broadly, those who own or control the company) (companies no longer keep their own register of people with significant control, but must still keep a register of members), and each director's and person with significant control's identity verified by their deadline;
- written agreements for every loan to or from you, your family and your other companies;
- every registrable charge registered, and each charge released once nothing it secures is still owed.

What it means for you. Keep each company clean from the day it is formed. Gaps that a buyer's or lender's solicitor finds are fixed on their timetable, and they give a buyer a reason to renegotiate the price.

9. The SPV structuring checklist

Work through the stages that apply to you, in order.

Before you buy

	Check	Done
1	You have decided, with your tax adviser or our colleagues at Fusion Tax, whether to buy personally or through a company, and why	
2	If you already own properties, you have had tax advice before deciding whether to move any of them	
3	You know which company will buy, and what else, if anything, that company holds	
4	The stamp duty land tax for your chosen structure has been worked out, including any higher rates, and whether the annual tax on enveloped dwellings or, from April 2028, the council tax surcharge on homes worth £2 million or more applies	

	Check	Done
5	You have checked that the planning use, and any licence, allows the letting or development you intend	

Setting up

	Check	Done
1	The company is incorporated with the business activity codes your lender requires, and its articles suit its purpose	
2	Every director and person with significant control has verified their identity with Companies House, or knows the deadline for doing so	
3	Where there is more than one shareholder, a shareholders' agreement is signed	
4	The company has its own bank account, and any money you put in is recorded as a loan or as share capital, in writing	

Investing with others

	Check	Done
1	You have chosen the vehicle (company, LLP or contract) with tax advice	
2	The agreement covers contributions, further funding, decisions, deadlock, fees and profit, transfers and exits, and death, incapacity and default	
3	If anyone else, including friends, family or existing partners, is being asked to put money in, you have taken advice on the financial services rules before approaching them	

Borrowing

	Check	Done
1	You have read the facility letter, including the conditions and events of default, before accepting it	
2	You have read every personal guarantee, and know what it covers and whether it can be capped or released	
3	Any guarantee or security one of your companies gives for another is approved by its board, with the reason it benefits that company recorded	
4	Each registrable charge has been delivered to Companies House within 21 days, and any legal charge over land registered at HM Land Registry	
5	The exit from any bridging loan is settled before you draw it	

Refinancing and taking money out

	Check	Done
1	You have checked what the existing lender's documents allow without consent, and any early repayment charge	

	Check	Done
2	Before any dividend, the company has distributable profits shown in its accounts, not just a higher valuation	
3	Loans between you and the company are documented, and you have taken advice before the company lends to you	

Selling or handing on

	Check	Done
1	Each company holds only its own property, and its records, certificates and registers are in order	
2	You have taken tax advice on selling the property or the company before you agree terms	
3	Before agreeing a sale, your tax adviser has reviewed whether any group relief could be withdrawn or a degrouping charge arise, including under earlier arrangements	

10. How Fusion Law can help

We act for property companies and their owners on the structure, the joint venture, the finance and the companies' purchases and sales. Who does what:

Workstream	Led by
Setting up the property company and any holding company: articles, shareholders' agreements and company secretarial work	Fusion Law
Joint venture agreements, including the company or LLP and the agreement between the parties	Fusion Law
Loan and security documents for borrowers, lenders and investors; loans, guarantees and charges between your companies; independent legal advice on personal guarantees, where we are not acting for the borrower or the lender on that loan	Fusion Law
Buying and selling property by companies, including commercial, mixed-use, development and residential investment property; option agreements; the property side of a refinancing	Fusion Law
Restructuring and moving properties between companies, on the legal side	Fusion Law
Stamp duty land tax, VAT, capital allowances, corporation tax, income tax, capital gains tax, inheritance tax and the annual tax on enveloped dwellings	Fusion Tax, or your own tax adviser
Accounts, management information and how money is taken out of the companies	Fusion Accountancy, or your own accountant
Valuation and survey	Your surveyor
Planning applications and appeals	A planning specialist
Choosing a lender and a loan	A mortgage broker, or your bank

> We do not act for individuals buying, selling, mortgaging or remortgaging homes or buy-to-let property in their own names, including on the individual's side of a transfer into a company. We do not advise on wills or estate planning, and we do not find investors, raise money or promote any investment. We are a non-contentious practice: if a joint venture, a purchase or a tenancy becomes a dispute, we refer it out. Where appropriate, we work alongside our tax, accountancy and financial-planning colleagues across Fusion Consulting Group.

Book a property-structure review. Let us know what you own, what you plan to buy and who you are investing with, and we will work through the structure with you and our colleagues at Fusion Tax, or your own tax adviser, before you commit.

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Words you will meet

Word	What it means
Associated companies	Companies under common control. For corporation tax they share the profit limits that decide the rate
Charge	Security over an asset, which lets the lender enforce against it, for example by selling it, if the loan is not repaid. A legal charge and a debenture are both charges
Collective investment scheme	An arrangement in which people share in the profits of property they do not control day to day, where the money is pooled or the property managed as a whole. Regulated by the Financial Conduct Authority
Connected person	Each tax has its own test. Broadly, for a company: those who control it, their close family and companies they control. Check the relevant rule before anyone connected with the owners occupies a property
Cross-guarantee	A guarantee by each of several companies of the others' borrowing
Debenture	A charge over a company's assets in favour of a lender
Distributable profits	The profits out of which a company may lawfully pay a dividend: broadly, the profits it has made and kept, less its losses. A rise in a property's value is not normally a realised profit while the property remains unsold
Drag-along and tag-along	Rights in a shareholders' agreement to force others to join a sale (drag) or to join a sale on the same terms (tag)
Group	For the tax reliefs discussed in this guide, broadly, a parent company and the companies it owns at least 75% of, directly or indirectly
Legal charge	A lender's security over a property, sometimes called a mortgage
Limited liability partnership (LLP)	A body with limited liability whose members are generally taxed as partners
Personal guarantee	A promise by an individual to pay a company's debt if the company does not
SIC code	The code recording a company's business activity at Companies House
SPV	Special purpose vehicle: a company set up for a defined property business or project, and nothing else

Legal sources

Legislation. Income Tax (Trading and Other Income) Act 2005, sections 272A, 272B, 274A to 274C and 311A. Income Tax Act 2007, sections 6D, 7, 8, 11CA, 13A and 874. Finance Act 2026, sections 4, 6, 7, 8 and 39 and Schedule 1, paragraph 40. Corporation Tax Act 2009, section

250A. Corporation Tax Act 2010, sections 18A to 18G, 18N, 455 and 1122, and Part 8ZB. Finance Act 2003, sections 53, 55, 75ZA, 76, 86 and 116(7) and Schedules 4ZA, 4A, 7, 9A and 15. Finance (No. 2) Act 2024, section 7. Finance Act 2025, sections 50, 51 and 53. Finance Act 2013, Part 3 (sections 94 to 174), including sections 133, 135 and 159. Taxation of Chargeable Gains Act 1992, sections 17, 18, 162, 170, 171, 179 and 286 and Schedule 7AC. Inheritance Tax Act 1984, section 105. Value Added Tax Act 1994, Schedule 7A, Groups 6 and 7, Schedule 8, Group 5, Schedule 9, Group 1, and Schedule 10, paragraph 5. Capital Allowances Act 2001, sections 35 and 270CF. Companies Act 2006, sections 172, 197, 830, 847, 853, 859A, 859H and 994. Land Registration Act 2002, sections 4 and 27. Limited Liability Partnerships Act 2000; Limited Liability Partnerships Regulations 2001, regulations 7 and 8. Financial Services and Markets Act 2000, sections 19, 21, 23, 235 and 238; Financial Services and Markets Act 2000 (Collective Investment Schemes) Order 2001, Schedule, paragraph 21; Alternative Investment Fund Managers Regulations 2013, regulations 3 and 10. Town and Country Planning (Use Classes) Order 1987, Schedule, Classes C3 and C4; Town and Country Planning (General Permitted Development) (England) Order 2015, article 4 and Schedule 2, Part 3, Classes L and MA.

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Cases. *Ramsay v Revenue and Customs Commissioners* [2013] UKUT 226 (TCC). *Royal Bank of Scotland plc v Etridge (No 2)* [2001] UKHL 44. *BTI 2014 LLC v Sequana SA* [2022] UKSC 25.

Guidance. HMRC Company Taxation Manual, CTM03900 to CTM03958 and CTM61505; Capital Gains Manual, CG65715; Stamp Duty Land Tax Manual, SDLTM33700 onwards; Inheritance Tax Manual, IHTM25266; Business Income Manual, BIM60040; HMRC Spotlights 63 and 69. GOV.UK, Annual tax on enveloped dwellings: the basics, and reliefs and exemptions. HMRC VAT Notice 708, Buildings and construction. FCA Perimeter Guidance Manual, PERG 11, Property investment clubs and land investment schemes, and PERG 16, Scope of the Alternative Investment Fund Managers Directive. ICAEW and ICAS, TECH 02/17BL, Guidance on realised and distributable profits under the Companies Act 2006. BTI 2014 LLC v Sequana SA [2022] UKSC 25. HM Land Registry Practice Guide 29. Welsh Revenue Authority, land transaction tax rates. Revenue Scotland, land and buildings transaction tax rates.

Disclaimer: This guide provides general information only and is not legal, tax or financial advice. Nothing in it is an invitation or recommendation to invest in property or in any scheme or product, or to use any particular structure. It describes the law of England and Wales and, on stamp duty land tax, England and Northern Ireland. Law and tax rates stated as at 31 October 2026, after the Budget of 28 October 2026. Some of the changes announced in that Budget still have to be passed by Parliament. Tax rates, thresholds and reliefs change, so check the current position before relying on them. Fusion Law is the trading name of Fusion Law Ltd, authorised and regulated by the Solicitors Regulation Authority (SRA No. 822590). Other services provided by companies in the Fusion Consulting Group are not regulated by the Solicitors Regulation Authority.