

Welcome to our Landlord Newsletter covering industry updates and insight.

MTD for Income Tax – The Countdown Begins

With fewer than 9 months to go until Making Tax Digital for Income Tax (MTD for IT) becomes mandatory for the first group of sole traders and landlords, now is a good time to ensure you are prepared.

From **6 April 2026**, individuals with combined turnover from self-employment and/or property exceeding £50,000 (based on 2024/25 figures) will fall within the new regime. Affected taxpayers will be required to:

- Maintain digital records of income and expenditure using MTD-compatible software.
- Submit quarterly updates to HMRC summarising their transactions.
- Complete an end-of-year submission to finalise their business results and report any additional income.

Those with lower levels of turnover will be brought into the regime in subsequent years.

A wide range of MTD-compatible software solutions are available – from simple spreadsheet-based tools to cloud-based accounting packages with automated data capture features. If you need any help in choosing compatible software, please get in touch – we would be delighted to help.



A property business or a second home?

Real estate company Colliers has published research into what it describes as homeowners 'flipping' their holiday homes into the business rates system in order to avoid paying the increased council tax premiums for second homes in parts of the UK. Current regulations mean that the second property can be classed as a business if the owner makes it available as a holiday let for 140 days of the year, and it is let to holidaymakers for at least 70 nights in total. As a small business, the owner can elect to pay business rates instead of council tax and claim 100% relief on the business rates payable if the rateable value is less than £12,000.

Based on current council tax rates for second homes, Colliers estimates the loss of revenue to be around £334 million. Colliers is calling on the government to reform the council tax system.

Scotland: Progress on the Housing (Scotland) Bill

The Housing (Scotland) Bill has now passed Stage 2 of parliamentary scrutiny, following detailed consideration by a cross-party committee of MSPs.

Introduced last year, the Bill seeks to strengthen tenant protections and place new duties on local authorities and landlords aimed at preventing homelessness.

Key measures include:

- Enhanced protections for social tenants against issues such as damp and mould.
- Provisions for rent caps in designated rent control areas.

Social Justice Secretary Shirley-Anne Somerville welcomed the completion of Stage 2 scrutiny and confirmed her commitment to working with colleagues as the Bill moves to its final stage. The legislation now progresses to **Stage 3**, the concluding phase before becoming law.



Will interest rates drop again?

The Bank of England base rate determines what it charges banks and building societies to borrow money, which in turn, determines what banks and building societies charge consumers to take out mortgages.

Mortgage rates are currently higher than they have been for most of the past decade, so should we expect them to drop?

The base rate has seen 3 decreases so far this year, most recently being cut to 4% on 7 August.

Consequently, analysts are expecting a slight cut to mortgage rates this Autumn.

House prices drop significantly in July

According to the most recent Rightmove House Price Index (July 2025), the number of homes on the market is at a decade-high level, driving a drop in the average asking price of 1.2% to £373,709.

As a result, Rightmove revised their home price growth forecast from +4% to +2% for 2025.



To read the Rightmove report, click [here](#).

Rightmove state that “price is key to selling”, because *“discerning buyers can quickly spot when a home looks over-priced compared to the many others that may be available in their area.”*

The future looks brighter, however, with estate agents Savills predicting that UK house prices will increase by 1% in 2025 and by 24.5% over the next 5 years. This will be driven by increased mortgage affordability and further cuts to the base rate.



To read the Savills report, click [here](#).

If you would like to speak to us and find out how we can help you with any property-related issues, please contact Keith Hunter on 01383 628800 or email khunter@thomsoncooper.com.

The newsletter is part of our online [Property and Landlord Hub](#) which also features factsheets and property-related articles.