



ABEL ON PROPERTY

The Renters' Rights Act — the Real Cost

by Harish Verma & Awais Jawaid, Chartered Accountants
40 years' experience, speaking plainly

A note from Harish & Awais Jawaid

Every few years, Parliament rewrites the rules of renting. The Renters' Rights Act is the latest rewrite, and it is a big one. If you are a landlord, it changes how you let, how you end tenancies, and — this is what this little book is about — what it costs you.

I am not a lawyer and this is not legal advice. But in 40 years I have watched every tenancy reform land on landlords' profits, and I know where the costs hide. This book is a plain-English tour of what is changing and the tax angles to watch.

One caution: this is new law, and the fine detail is still settling. I describe the shape of the changes, not the small print — and where I am not certain of a figure, I say so. Take advice on your own position before you act.

What the Act is really about

Strip away the politics and the Act has one aim: to give tenants more security. Longer, more stable tenancies. Stronger rights inside the home. Less fear that the tenancy can be ended for no reason.

Whether you think that is fair or not almost does not matter now. It is the law of the land, or it is becoming it, and your business has to work inside it. Resenting it is free; adapting to it is profitable.

The practical effect is a shift of power and risk toward the landlord. You carry more of the uncertainty: about how long a tenancy lasts, about getting your property back, about what you can and cannot do when things go wrong. Risk has a price, and this book is about making sure you know what that price is.

My message for this chapter is simple: read the Act as a business owner, not as a victim. Every change creates a cost — and every cost can be planned for, priced in, or insured against. That is what the rest of this book does.

Tenancies will change — security for tenants

The headline change is tenancy reform. The old world of fixed terms that simply end, and no-fault evictions that let a landlord take a property back without giving a reason, is going. In its place: tenancies that roll on, and repossession only for stated reasons set out in law.

In plain English: you will need a proper, lawful reason to end a tenancy, and you will need to prove it. Selling the property and moving in yourself are the kinds of reasons the law recognises — but each comes with conditions, notice periods and paperwork that must be exactly right.



This changes your worst case. A bad tenancy used to be a problem you could end. Now it may be a problem you must manage — through the proper legal channels, which take time and cost money. Budget for that reality rather than hoping it never happens to you.

It also changes your best practice at the start. Tenant selection, referencing and the first conversation matter more than ever, because the tenancy you grant is harder to unwind. Choose slowly at the beginning so you are not fighting at the end.

The real cost — where the money goes

Let us talk money, honestly. The Act does not send you a bill, but it creates costs all the same. Longer notice periods can mean longer voids between tenants. Harder repossession can mean longer arrears before you recover a property. Stricter standards can mean more spending to keep a home compliant.

None of these is a fixed number — it depends on your properties, your tenants and your area. But every one of them points the same way: your margin for error gets thinner, so your financial cushion needs to be thicker.

In 40 years I have seen landlords make the same mistake with every reform: they absorb the new costs silently and hope the rent covers it. Hope is not a business plan. Sit down with your actual numbers — rent in, mortgage out, agent fees, maintenance, voids, compliance — and work out what each property truly earns you now.

If a property no longer pays its way once the new reality is priced in, you have three honest choices: improve it, reprice it, or sell it. What you must not do is drift — because drifting under the new rules is how small losses become big ones.

The tax angles to watch

New costs do not just reduce your profit — they interact with your tax position in ways that can surprise you. Here are the angles I watch with my landlord clients.

First, remember that tax is charged on profit, not on cash in your pocket. If the Act pushes your costs up, your taxable profit falls — which sounds like good news until you realise your cash is falling faster than your tax bill. I see landlords confused by this every year: the profit on paper and the money in the bank are two different things. Plan for both.



Second, the mortgage interest restriction — Section 24 — still bites. You only get basic-rate relief on your mortgage interest now, however high your tax rate is. If the new rules squeeze your margins, that restriction hurts more, because there is less profit left for it to shelter. Revisit the numbers; some landlords are closer to the edge than they think.

Third, if the new landscape makes you consider selling, remember the 60-day rule: report and pay capital gains tax on a UK residential property disposal within 60 days of completion. And if you are buying instead — perhaps a better property in a better area — the 5% stamp duty surcharge on additional dwellings still applies. Every move has a tax cost. Price it in before you move.

Running a tighter ship — honest ways to protect margin

You cannot control Parliament, but you can control your business. Here is how my best landlord clients protect their margins — honestly, within the rules.

Know your numbers to the pound. Every property, every month: rent, costs, profit. The landlords who thrive under new rules are the ones who spot a struggling property in month two, not year two. A simple spreadsheet, kept up to date, beats a clever strategy built on guesses.

Spend where it prevents bigger spending. A good tenant reference costs little; a bad tenant costs thousands. A boiler service costs little; a winter breakdown with no heating costs far more — in money and in your legal position under stricter standards. Maintenance is not a cost to cut; it is insurance you can touch.

Review your rents properly and regularly, within the law. Many landlords I meet have not raised the rent in five years and then panic. Small, fair, regular reviews — explained to the tenant, documented — keep you sustainable without drama. A tenant who understands why the rent moves a little each year is a tenant who stays.

And get your paperwork immaculate: tenancy agreements, safety certificates, deposit protection, correspondence. Under the new regime, the landlord with perfect paperwork wins the arguments that matter.

My advice — don't panic, plan

Here is what I tell every landlord who asks me about the Act. Do not panic, and do not sell everything in a fright. Panic is the most expensive adviser you will ever hire.

Do this instead. First, learn what the Act actually requires of you — not the headlines, not the pub talk, the real duties. Second, price the new reality into every property: honest numbers, no wishful thinking. Third, fix what the numbers tell you to fix — the weak property, the thin paperwork, the rent you have been afraid to review.

Fourth, build your cushion. The new world rewards landlords with reserves and punishes those living month to month. If that means one property fewer but a stronger business, that is a trade worth making.

In 40 years I have seen every reform produce two kinds of landlord: those who adapted and prospered, and those who complained and faded. The difference was never the law. It was always the planning. Be the first kind.

Talk to me before you sign anything

If anything in this little book has made you think, do not sit on it. A short conversation now is worth more than a rescue job later. In 40 years I have seen how a ten-minute call saves people thousands of pounds and a great deal of worry.

Call me or send an email, and tell me what you are thinking of doing. I will tell you straight what I think — no jargon, no sales talk. If Abel is not the right firm for you, I will say so.

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Tax rules change. This guide is general information for landlords, not personal advice. Please take advice on your own situation before you act.

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**"Not all accountants
are the same."**

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