Cranleys
CHARTERED ACCOUNTANTS

CRANLEYS' CLEVER CHECKLISTS · No. 19 · GAINS, PROPERTY AND ESTATES

Property and Landlords Tax Checklist 2026/27

Tick it, print it, pin it up. Every box you cannot tick is a conversation worth having.



By Colin Davison FCA, Managing Partner, Cranleys Chartered Accountants. In practice since 1998. Reviewed 15 November 2026 against the 2026/27 rules.

THE QUICK ANSWER

Landlords can deduct most running costs but not mortgage interest, which gets a 20% credit in 2026/27. From April 2027 property income gets its own rates of 24%, 44% and 49%, and the credit rises to 24%. Check allowances, ownership splits, replacement items and whether you are in Making Tax Digital.

THE KEY FIGURES

2026/27 figure	Amount
Property Allowance	£1,000
Finance cost credit	20% (24% from April 2027)
Property income rates from April 2027	24%, 44%, 49%
Rent a Room	£7,500 (£3,750 if shared)
Making Tax Digital for Income Tax	over £50,000 from April 2026

Cranleys is a trading style of Cranleys Partnership LLP, registered in England OC358781. Winton House, Winton Square, Basingstoke RG21 8EN · 01256 830000 · www.cranleys.online

The checklist, box by box

	The check	What to do	Keep as evidence
☐	**Allowance or expenses for each property source?**	The £1,000 property allowance replaces expenses for that source. Use it only if expenses are less.	Rent and cost schedule
☐	**Is finance cost relief claimed as a credit?**	Mortgage interest is not deducted. It earns a tax reduction at 20% in 2026/27.	Lender interest certificates
☐	**Rent a Room or ordinary letting?**	£7,500 of tax free income for letting a furnished room in your home. It cannot be combined with other claims on the same income.	Letting records
☐	**Is the ownership split documented?**	Spouses split income 50:50 unless Form 17 and a real unequal beneficial interest exist.	Form 17, declaration of trust
☐	**Replacement domestic items relief?**	Claim like for like replacement of furniture and appliances, not the first purchase or improvements.	Invoices
☐	**Non resident landlord scheme?**	Letting agents or tenants must deduct basic rate tax unless approved.	Approval letter



MY PRO TIP

mortgage interest is a credit, not a deduction.

A worked example

A higher rate landlord has rent of £12,000, running costs of £1,000 and mortgage interest of £4,000. Profit for tax is £11,000. Tax at 40% is £4,400 less a credit of £800, so £3,600. If interest were deductible the profit would be £7,000 and tax £2,800. At basic rate there is no difference, but higher rate landlords lose £800.

The trap to avoid

Claiming mortgage interest as an expense. HMRC corrects it to a 20% credit and charges interest and penalties on the underpaid tax.

Test your accountant

One question that tells you if you have the right adviser:

How much of my tax comes from section 24, and is it worth holding the portfolio in a company?

What has changed recently

- Property income rates rise from April 2027 to 24%, 44% and 49% after the 28 October 2026 Budget.
- The Renters' Rights Act came into force on 1 May 2026.
- The furnished holiday letting regime is gone. See the holiday lettings checklist.

Questions I get asked

How is rental income taxed from April 2027?

At separate property rates of 24%, 44% and 49%. The finance cost credit also rises to 24%.

What is section 24?

The rule that stops landlords deducting mortgage interest. They get a tax credit instead.

Cranleys is a trading style of Cranleys Partnership LLP, registered in England OC358781. Winton House, Winton Square, Basingstoke RG21 8EN · 01256 830000 · www.cranleys.online

Can I claim the property allowance and expenses?

Not on the same income. You choose whichever gives the better result.

Do I have to report rental income?

Yes, above the £1,000 allowance on Self Assessment, with property income included in MTD thresholds.

The 9 CAD Keys link: Analysis & Positioning

Analysis & Positioning is knowing whether your portfolio is best held personally, jointly or in a company, based on the numbers.

Colin's 9 CAD Keys. CORE: Clarity, Capability, Consistency. ADVANCED: Analysis & Positioning, Alignment, Acceleration. DYNAMIC: Differentiation, Dexterity, Development. Score each key 1 to 5 in the free Business Value Assessment Scorecard, total out of 45. *Freedom is built. One CAD Key at a time.*

Tick these next

Tax checklist 05
Capital Gains Tax Checklist 2026/27

Tax checklist 16
Stamp Duty (SDLT) and Property Taxes Checklist 2026/27

Tax checklist 20
Furnished Holiday Lettings Checklist After Abolition

Tax checklist 08
Inheritance Tax Checklist 2026/27: Nil-Rate Bands and Gifts

Go deeper: my books

For this topic, start with **Property Tax Secrets**, part of The Cranleys Business and Tax Secrets Series: Property Tax Secrets, Inheritance Tax Secrets, Business Tax Secrets, Starting Up Secrets, Business Growth Secrets and Business Exit Secrets. The books are launching soon. Join the launch list at cranleys.online/books and I will tell you the moment each one is released.

YOUR NEXT STEP

Ring me. Free draft plan, no hard sell.

I will build you a free draft tax plan or business plan on my 9 CAD Keys: a scorecard, a 12-month cashflow forecast, a 90-day action plan and a review with me. **1** Get in touch. **2** Short intro call. **3** Your free draft plan in plain English. You decide what happens next.

Tidy rents, tidy returns.

WhatsApp 07999 900000 | **Office** 01256 830000
Email colin.davison@cranleys.co.uk
Web cranleys.online

Scan to read online, tick it on screen and take the Scorecard



General information on UK tax only, not advice for your specific circumstances. Tax rules change. Free draft plans are offered at my discretion and subject to availability; putting a plan into effect is chargeable. Cranleys is a trading style of Cranleys Partnership LLP, registered in England and Wales (OC358781). Registered office: Winton House, Winton Square, Basingstoke RG21 8EN. © Colin Davison FCA, Cranleys Chartered Accountants.

