

# AT Arnold · Thomson

## the field leader

2025 SUMMER EDITION

**Due Diligence  
or an Invasion  
of Privacy?**

**The Importance  
of Succession  
Planning**

**Restrictive  
Covenants**  
What are the effects?

AT Arnold · Thomson

- The information in this newsletter is not intended to be exhaustive of the topics covered. Specific advice should be sought on the application of the law in any particular case.
- If we do not have your correct details please also inform us of any changes so that we may update our records.

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# Director's Welcome

A warm welcome to this edition of the Field Leader. This year continues to move at a fast pace, as we enter the summer months.

Last year provided some notable events both at home and abroad. Here at Arnold Thomson, we have been increasingly busy serving the needs of our clients. At the forefront of the minds of a great number of our clients is the continuing effect of the Autumn Budget last October, and in particular, the potential effects this is having on the farming and rural community.

The current uncertainty surrounding the proposed changes to the tax regime in relation to Inheritance Tax has created significant concerns and challenges to the farming industry as a whole, and it has led to many farming families considering their options regarding succession planning and adjustments to their business structures. At the time of this publication, there is still some hope that the harsher tax regime outlined in the Autumn Budget will receive further consultation, but we are still uncertain as to the final details. You will find some articles in this edition specifically on succession planning and inheritance tax in light of the proposed changes.

There are also some articles dealing with our constantly evolving regulatory requirements, and some useful points on cyber security, all of which add to the challenges of the working environment. It is

clear that there is a real drive for a future of Artificial Intelligence (AI), and there is no doubt that developments in technology will see a huge change in future years in all sectors. Whilst we continue to invest in our technology to adapt to the times, our practice remains fully focussed on maintaining personal relationships and services to our clients. We fully intend to continue to build on that mantra of engaging personally and traditionally with our clients and fellow professionals, to ensure that you receive the same personal advice and service that we always strive to provide.

We hope that you can join us at the Blakesley Show again this year – there was a record attendance last year! There is no doubt that the show will be equally as busy again this year, and an enjoyable occasion for all. We look forward to seeing you there. As with previous years, we continue to support our two charities which you

will see referenced on page 22. We will be holding a raffle to raise money for these great causes, and the firm will again be matching whatever is raised on the day.

My colleagues and I hope you enjoy this edition, and we are, as ever, here to assist and provide you with expert legal guidance. We would like to express our gratitude to you, and to our fellow professionals for your continued business and support.



**Matt Hawkins**  
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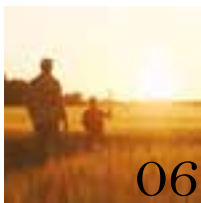
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For expert legal opinions on current matters, visit the latest news section on our website from your phone, tablet or PC: [arnoldthomson.com](http://arnoldthomson.com)



# Due Diligence *Or* an Invasion of Privacy?

The regulatory landscape, in which we operate as legal practitioners, is constantly evolving. Primarily, this is so that the regulations which govern our profession and the manner in which our services are utilised, can remain effective in ensuring that collectively, we continue to build a safer society. With the revisions in 2024 to the Money Laundering Regulations (MLR), it is now even more important (and a mandatory requirement) for law firms to satisfactorily identify and verify their client's identity, conduct what is known as client due diligence (CDD), and establish their source of funds – and where relevant, their source of wealth, before carrying out their instructions. Failure to conduct these checks to the standard required by our regulatory body, the Solicitors Regulatory Authority (SRA), can lead to serious consequences such as regulatory fines, reputational damage, and even criminal charges, for law firms. There has been no shortage of reports of this nature in the last 12 to 18 months.

MLR cover a wide range of regulatory and statutory obligations, all of which are aimed essentially at detecting and preventing money laundering and terrorist financing, promoting transparency in the financial and property markets, and preventing

tax and sanction evasion, amongst other related financial criminal activities. As solicitors, in carrying out our client's instructions, we are entrusted with significant funds at all times, hence the focus on the profession and the need for strict compliance with the regulations. The political unrest around the globe – particularly the ongoing war between Russia and Ukraine, as well as the Middle East, are some of the reasons why the statutory and regulatory requirements have lately been under regular and more stringent revisions. The pertinent question, however, is how this affects us as a firm, and what impact it potentially has on you, our clients.

As many of our clients may have noticed, there are additional questions which we now require your answers to, as well as corroborating documentary evidence, where necessary. Please know that we are most grateful for your understanding and cooperation, which in turn means that we are better able to ensure that your transaction goes smoothly without regulatory delays. While the aim of carrying out adequate checks before embarking on a client's instructions are clear to see, and indeed, applaudable, it is also perfectly understandable that without a clear explanation to clients as to why these checks are necessary, some of the enquiries may appear rather invasive and intrusive.

Asked in isolation, some of the mandatory questions relating to CDD could legitimately raise ethical and data protection or invasion of privacy queries. Under the General Data

Protection Regulation (GDPR), we must only ask for information which has clear relevance to our clients' matters, never sharing the information without a valid legal reason, and ensuring that we safeguard and protect our clients' data. My colleague, Mark, sheds more light on our commitment to this in his article on Page 8. The thin line between the information required for adequate checks and one's right to privacy can sometimes represent a dichotomy of some sort. When faced with what appears to be a contradictory requirement to, on one hand, respect our clients' privacy, while on the other, ask for seemingly intrusive and sensitive data such as bank statements showing the funds in their account, payslips or tax returns, copy of a Will or grant of probate, (where the funds are from an inheritance) or divorce settlement papers, for example, it is crucial that we find acceptable balance and proportionality.

This is why, at Arnold Thomson, although we are fully committed to our regulatory obligations, we are also just as committed to respecting our clients' privacy. We will only ever ask for information and documents which are pertinent to your transaction. We will also ensure that we explain the process thoroughly, such that there are no misconceptions that the questions represent a lack of trust or an implication of wrongdoing. We fully appreciate and understand that it may sometimes be uncomfortable to hand over personal information, financial details, and documents. The truth of the matter is that, ironically, we too, are sometimes equally uneasy

when asking these questions. However, we are also conscious of the fact that the process is in place to protect you - our clients, to uphold the integrity of the legal profession, and to ensure that solicitors are not inadvertently assisting criminals to perpetuate financial and other criminal activities which adversely affect society as a whole.

So, the next time that we send you our questionnaire asking for the confirmation of the source of your funds or indeed your wealth, please be assured that it is not because we wish to invade your privacy, nor is it that we do not trust or believe your verbal confirmation. It is because it is our strict regulatory obligation – an obligation aimed at protecting not just your interest and ours, but increasing, as best as possible, the safety of our society.



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# The Importance of Succession Planning



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The changes to inheritance tax announced in the October 2024 budget have reinforced the importance of good succession planning for farming families. As our colleague, Rhianna, has set out on page 14, these changes are significant and will have an impact for most farms.

Historically, the advice for farmers has been to retain land and buildings until death, given the generous tax allowances available, but this is no longer likely to be the best option.

Taking advice in conjunction with your accountant and land agent is essential to minimise the impact of the proposed changes. There are a number of key points to consider when planning:

## Who is the owner?

While this appears to be straightforward, where land and buildings have been put on a partnership balance sheet, it is not always clear who the owner is. Also included within the value of the farming assets will be crops, livestock, machinery and potentially land and buildings. The ownership of all assets in the business need to be ascertained to allow for effective succession planning.

## Is the structure of the farming business correct?

In a partnership, spouses could be brought in as additional partners and assets transferred to them to maximise the use of the available

inheritance tax allowances. An up-to-date written partnership agreement is crucial. The agreement can ensure that where assets are transferred to other partners, there is some control over where those assets are transferred to on death, as well as ensuring that the partnership can continue without issues being encountered with banks.

## Valuations

Accurate valuations are essential to ensure that the potential exposure to inheritance tax can be properly calculated. Where there may be future development on land, which will increase the value significantly, an accurate understanding of the figures involved is crucial.

## What is the potential exposure to tax?

When considering planning and the potential for making lifetime gifts, inheritance tax is not the only relevant tax. Capital Gains Tax and Income Tax both also need to be taken into account. Capital Gains Tax may be payable on lifetime gifts of non-trading assets and on the sale of land. Where land or other assets may be gifted, income within a partnership is likely to have to be reduced proportionately for the person who has made the gift, which will also impact the income tax position for other members of the partnership.

## How will Inheritance Tax payments be covered?

Life insurance may be used to cover some or all of the inheritance tax payable on gifts made in lifetime, or for the estate on death.

“careful thought needs to be given to the structure of a Will”

Inheritance tax on assets benefitting from Agricultural Property Relief or Business Property Relief will be payable by instalments, interest free over ten years. Pertinent questions may therefore include whether additional income can be generated to pay the instalments or if something needs to be sold.

Similarly, are there other assets outside the farming business that may be used to assist with the payment of tax?

## Wills & Lifetime Gifting

The proposed £1,000,000 allowance for Agricultural/Business Property will not be transferrable between spouses. Careful thought needs to be given to the structure of a Will, as if all assets pass to a spouse on death, an additional £200,000 of tax will be payable on the death of the surviving spouse.

Where younger members of the family are to benefit from assets by lifetime gifts or under a Will, consider the use of pre-nuptial and post nuptial agreements to try to minimise the impact of relationship breakdowns in the future.

Succession planning in farming families can be complex, but good advice is key to ensuring that the business can continue for future generations. Working seamlessly together,

given the overlapping areas of law, members of our Agricultural Property and Private Client Departments are here to provide the expert and bespoke advice you may need.

For more information, and if you have any questions specific to you, your farm and your family, please do not hesitate to get in touch with us.







# Cyber Essentials

## Partnering for Digital Security

At Arnold Thomson, the security of the sensitive information you entrust to us is paramount. Whether we're handling complex estate planning, farm business structures, commercial leases, or residential property transactions, we understand the importance of protecting your data. That is why we are proud to be **Cyber Essentials Certified**.

### What Does Cyber Essentials Mean?

Cyber Essentials is a UK government-backed scheme designed to help organisations implement fundamental security controls. Certification demonstrates that at Arnold Thomson, we have adopted measures which guard against the most common cyber threats, such as phishing attacks and malware. It reflects our ongoing commitment to maintaining robust IT security practices and safeguarding the confidentiality of your legal and financial affairs. For you, our client, it offers extra peace of mind that your information is handled within a secure framework.

### Why Cybersecurity Matters for Everyone – Including You

Cybersecurity isn't just a concern for banks or large corporations; it's vital for everyone in today's connected world. Farms, rural businesses, landed estates, commercial property and business owners, and private individuals are all potential targets for online criminals. The risks are real and varied, including:

- **Financial Fraud:** Fake invoices from compromised email accounts seeking payment changes
- **Phishing Scams:** Online criminals posing as genuine organisations to steal bank details.

- **Identity Theft:** Scammers who steal unsuspecting and innocent people's personal details, pose as them, and seek to take out finance in their names, running off with the money and leaving a trail of debt behind for the victims.
- **Data Theft:** Loss of sensitive business, personal, or financial information.
- **Operational Disruption:** Ransomware attacks that lock up essential management or accounting data. There is then usually a demand for payment before the disruption can be removed.

“ we have adopted measures which guard against the most common cyber threats, such as phishing attacks and malware ”



**Mark Everitt**  
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Whether you manage a large business with significant assets, a small family business, or even just want to protect your personal data, the impact of a cyber incident can be most stressful and costly. Protecting your digital presence is as crucial as securing your physical property - perhaps even more so, as online attacks can come from several angles at once.

### Simple Steps Towards Better Security

While we continuously invest in our firm's IT security, we also strongly encourage all our clients to take some or all of these basic precautions:

1. **Use Strong, Unique Passwords:** Avoid easily guessable passwords and resist the urge to reuse passwords across different websites, especially for banking and email.
2. **Use Multi-Factor Authentication:** Security apps on your phone, such as Microsoft Authenticator and banking apps, send you a unique code each time you log in. Criminals cannot log in to your accounts without access to your phone.
3. **Keep Software Updated:** Periodically, developers release updates for your device's operating system (Windows, Apple's iOS, or Android) and web browsers (Chrome, Firefox, or Safari). These updates fix security vulnerabilities that could permit online troublemakers to gain access. When you receive a notification to update your device or an application, it is always wise to do so. This is one of the simplest ways to protect your personal information from online threats.
4. **Back Up Important Data:** Imagine if you kept your most important physical documents, such as your financial records, family photos, and essential contacts, in a single folder. If that folder were lost or damaged, you'd lose everything. "Backing up" simply means making a copy of your important digital files and storing them in a separate, safe place. A good way to do this is to maintain two copies
  - **A copy at home:** You can copy your files onto an external hard drive (a

small box that plugs into your computer) and then store it safely somewhere in your house.

- **A copy stored elsewhere:** Services such as iCloud, Google Drive, or Microsoft OneDrive can automatically save a copy of your files online. This is akin to having a secure storage unit for your digital information. If anything were to happen to your computer and your home copy, you would still have this online backup.

5. **Be Vigilant:** Think before you click! Be suspicious of unexpected emails, WhatsApp and text messages about deliveries you are not expecting, asking for sensitive information or urging immediate action, especially regarding payments. Verify requests through a known contact method if unsure.

Our Cyber Essentials certification demonstrates our commitment to data security, and to ensuring that we protect our clients' data. By working together and remaining vigilant, we can all contribute to a safer digital environment.



# Leasehold Reforms

A leasehold property is one in which the owner has a right to occupy the property for a set number of years, subject to the conditions and matters contained within the Lease document.

The leasehold owner does not own the land on which the property is built.

This is owned by the freehold owner or the landlord, who may charge a ground rent and, in most cases, service charge. The most common example of a leasehold property is a flat located within a block of buildings.

Many leasehold owners experience difficulties in connection with the ownership and occupation of their properties, including increasing service charge and management fees, the lack of provision of services that are required and, as has been highlighted following the Grenfell Tower fire in 2017, defective building cladding, which requires replacement.

The Government introduced the Leasehold and Freehold Reform Act 2024, with the purpose of making leasehold ownership of property cheaper and easier. The aim is to achieve this by:

- 1) Abolishing ground rents: Since 30 June 2022, landlords were only permitted to charge a “peppercorn rent”, which is essentially a nil amount. The 2024 Reform Act intends to abolish the charging of ground rents altogether. Landlords under existing leases are however permitted to continue to charge the ground rent reserved under the lease document, until the end of the fixed term of the existing lease.
- 2) Banning the sale of leasehold houses
- 3) Simplifying and creating a fairer process under which a leaseholder may purchase the freehold interest in their property or extend the term of their lease. There are a number of options available to leaseholders, including the creation

of an online calculator to determine the cost of extending a lease, or for purchasing a freehold interest; extending the term of years for which a lease must be extended from 90 years to 990 years; abolishing the rule under which a leasehold owner must own the property for a minimum period of 2 years, before they are able to purchase the freehold, or extend the tenure.

- 4) A requirement for landlords to have transparency in the service charges they raise in relation to services they provide to the property and any other properties within the building, or estate. Such services can include insurance, grounds maintenance, maintenance and repairs to the structure of the building and management costs. Limits are also to be imposed upon the costs that may be charged by landlords, and their management agents, for providing information packs when a leasehold owner seeks to sell their property.

The Government has also recently announced that they are considering promoting and requiring the use of commonhold ownership of properties.

A commonhold ownership is one where a property is owned on a freehold basis, with any communal areas, such as gardens, car parking

areas, stairways and structures of a building, owned by a commonhold association. Each property owner is required to be a member of the association, ensuring that the persons who have the direct benefit of the common areas also have full control of them. The rights, responsibilities, restrictions, or requirements of the association will also be imposed on the property owners within the commonhold community statement.

Commonhold ownership was introduced within Part 1 of the Commonhold and Leasehold Reform Act 2002. Although the information available in relation to existing commonhold schemes is limited, reportedly, around 184 properties were registered as commonhold in 2023.

The Government White Paper, issued on 19 March 2025, intends to fully review the commonhold system and to ascertain whether it is viable to phase out traditional leasehold ownership, in favour of the commonhold.

Also of note is the Building Safety Act 2022 which was introduced following the Grenfell Tower fire. The Act focuses on safety regulations in relation to higher risk buildings which are at least 18 meters tall, or at least seven storeys high, and contain 2 or more residential properties. The Act increases



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the safety checks and requirements at the time of construction of new buildings. It also places obligations on landlords in connection with the assessments of the buildings and any required remediation. Furthermore, the Act imposes caps on contributions which leaseholders may be required to pay in connection with the remediation works.

When purchasing any property, it is essential that a purchaser reviews all title and other related documents to ensure that they are certain of what their obligations and any restrictions imposed upon them are. This is especially important in relation to leasehold ownership, where the obligations and restrictions are generally more onerous than freehold ownership, and can include many additional costs.

At Arnold Thomson, our Residential and Commercial Property departments work closely together to regularly assist both our leasehold and freehold owners. We take pride in ensuring that our clients are aware of all matters relating to the property they are purchasing. We are happy to answer any questions prior to exchange of contracts and completion. In addition, we provide guidance and expert legal services to management companies in connection with the sale and purchase of leasehold and freehold properties, lease extension, and the provision of management packs, which are required at the time of a sale.

If you require any assistance or legal guidance with your leasehold property, either as a seller, or a buyer, or if you wish to extend the terms of your lease, please do not hesitate to contact us.



# A Day in the Life of an Associate Solicitor



The first thing I do is to check my emails from the night before and complete a to-do list for the day ahead. I have learnt from experience – starting as a Paralegal at the firm, to qualifying as a solicitor and being recently promoted to Associate Solicitor – that being organised is crucial to meeting deadlines and providing our clients with the quality of service and value we pride ourselves on. Agricultural property transactions can be complex and time-sensitive, especially during seasonal milestones or pre financial budgets. Timely and clear communication is therefore critical.

One of the things I enjoy most about Agricultural Property, is that no day is ever the same!

Mornings are often spent drafting or reviewing legal documents, which can range from Contracts for sale of land, overage deeds and comprehensive covenants in a Transfer of Part. This is detail-oriented work that requires a deep understanding of property law and rural nuances such as rights of way, environmental land management schemes, covenants or the inheritance implications of farmland assets. Family farms often span generations, and as such, it is not at all unusual for us to work closely with our colleagues in the Private Client department and tax advisors, to ensure that succession planning is properly considered and handled smoothly. This is particularly important in ensuring a client's Will coincides with a Partnership Agreement.

My morning starts, after a big mug of coffee at home, with a lovely walk to the office past the noisy lambs and sun shining on the Water Meadows. For those who may not be familiar Arnold Thomson's location, our main office is set in Towcester – a beautiful historic market town in West Northamptonshire. Another cup of coffee on arrival and a quick catch up with my colleagues in the Agricultural Property and Rural Business Team, and I'm ready to start my workday.

“being organised is crucial to meeting deadlines and providing our clients with the quality of service and value we pride ourselves on”



**Morgan Baines** – Associate Solicitor  
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In the process of drafting, some time is also spent researching, reviewing and gaining additional knowledge and understanding. As with all aspects of the legal profession, it is essential for an Agricultural Property Solicitor to remain current with changing legislation and other changes which may potentially affect our clients. With around 13% of land still not being registered at the Land Registry, and a large proportion of that being agricultural land, it is no surprise that a lot of my time is spent reviewing historic title deeds to establish ownership and boundaries and preparing first registration applications.

Lunch is often spent outside of the office networking with clients and other professionals, such as land agents or accountants. In the rural world, forming and nurturing trust and long-term relationships with clients and agents is important, as we are then better able to work seamlessly together in looking after our mutual clients' best interests.

A key part of being a Solicitor is being on hand to discuss matters with clients and agents. This could range from helping a landowner navigate through the complexities of a land sale, to discussing a Deed of Easement needed for services over neighbouring land. Sometimes, we're lucky enough to spend an afternoon in our wellies on a farm! Site visits provide a deeper understanding of the practical aspects of a client's needs and can enhance our ability to offer informed legal

guidance. Agricultural Property Law is highly specialised, which means that providing clear and concise advice to suit our clients' specific needs and circumstances is significantly important. As the day draws to an end, time sensitive matters and client meetings permitting, I usually end the day by checking social media for relevant news or posting on Arnold Thomson's LinkedIn page – which, please feel free to follow, so that you can see our updates and articles.

Being an Agricultural Property Solicitor can be challenging. However, it is also extremely rewarding – especially in terms of building close, lasting relationships with clients and professionals.





# Inheritance Tax

## Changes to Agricultural Property Relief & Business Property Relief

“there is no ‘one size fits all’ solution regarding the appropriate tax planning for APR and BPR assets”



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### Government Consultation

In the 2024 Autumn Budget, substantial changes to Agricultural Property Relief (APR) and Business Property Relief (BPR) were announced by the Government. It is anticipated that these changes will become law on 6th April 2026.

To date, APR and BPR have been available for business and farm owners. The relief allows for assets to be passed on to future generations with 100% relief from inheritance tax (IHT), provided certain conditions are met.

From April 2026, a new £1 million allowance will apply to the combined value of assets qualifying for 100% APR or 100% BPR (qualifying assets). Any qualifying assets over £1 million will only benefit from APR or BPR at a rate of 50%. This means that half of the asset value would be subject to inheritance tax. The rate of tax paid on those assets will be 20%. Additionally, the rate of BPR available for shares admitted to trading on a recognised stock exchange which are not listed will be 50%.

As it stands, we do not have the details of these new rules and only the ‘headlines’ have been provided. The Government has released a consultation on the proposed changes, but this is limited to how they relate to trusts.

This article relates particularly to discretionary trusts, which is the most common type of trust used for inheritance tax planning purposes. The consultation proposes that there will be two separate £1 million allowances for individuals and for trustees.

### Key Consultation proposals relating to individuals

- The £1 million allowance will benefit from a 7-year rule. This means that if a person makes a gift of a qualifying asset up to the value of £1 million, whether outright or into trust, and survives the gift by 7 years, there will be no IHT due on those gifts on death and the £1 million allowance will renew.

- The £1 million allowance is not transferable between spouses or civil partners.
- If an individual makes a gift of qualifying assets on or after 30th October 2024, the £1 million allowance will apply if:
  - the individual dies on or after 6th April 2026; and
  - does not survive the gift by seven yearsAny value in excess to the allowance will be subject to IHT at a rate of 20%.
- Gifts made before 30th October 2024 are not affected by the new rules and will not reduce an individual's £1 million allowance.

### Key Consultation proposals relating to discretionary trusts

- Trusts set up before 30th October 2024 which include qualifying assets, will each benefit from a £1 million allowance each. The £1 million allowance will not apply to distributions of qualifying assets made from trusts before 6th April 2026 and they will qualify for the full relief. However, the £1 million allowance will be applied at the next 10-year anniversary of these trusts.
- Trusts set up on or after 30th October 2024 by the same individual (settlor), that include qualifying assets, will share the £1 million allowance between them.
- The £1 million allowance will benefit from a 10-year rule. This means that it will refresh every 10 years from the date that the trust was set up. Currently, the trusts are assessed for inheritance tax every 10 years and so this means that the £1 million allowance will refresh on each ten-year anniversary of the trust.
- 10-year anniversary and exit charges will be subject to complicated calculations.

### Next Steps

The consultation closed on 23rd April 2025. We expect that there will be a further consultation later in the year. The Government will publish the draft legislation thereafter. In addition, there has now been a House of Commons Committee Report which has raised concerns about a lack of consultation and impact assessments before the announcement of the changes to APR and BPR. It has been suggested that there may be less disruptive alternatives with which the desired outcome or result may still be achieved. One of such alternatives being to stop the purchase of land by wealthy investors in order to avoid IHT.

We do not yet know what the Government's response to the report will be. As such, we are suggesting that, based on the proposals, consideration should be given to:

1. Lifetime gifting where possible. This would need to take Capital Gains Tax considerations into account.
2. Equalisation of assets between spouses to ensure that both can use their £1 million allowance.
3. Updating Wills and Partnership Agreements to ensure that the £1 million allowance is utilised either by way of outright gifts to the next generation or the use of a trust to allow a surviving spouse to benefit and provide a greater degree of protection.
4. If a trust was set up before 30th October 2024 and is no longer required, this could be closed before the next 10-year anniversary and obtain 100% relief on assets qualifying for APR or BPR.

There is no ‘one size fits all’ solution regarding the appropriate tax planning for APR and BPR assets. Each matter will need to be considered on its own unique facts in order for us to provide you with bespoke legal advice. Expert guidance relating to capital gains tax and income tax should also be sought from an accountant.

If you have any questions or require more information about your options, please get in touch with any member of our Private Client Team, and we would be happy to assist.



# Buying a Residential Property as a Limited Company



Purchasing a residential property through a limited company is becoming a popular choice for investors and landlords. Whether it's for tax advantages, asset protection, or future planning – this route comes with its own unique considerations. But what does it actually involve? We have put together a straightforward guide which breaks down the key steps and factors involved when a limited company buys a property with a mortgage.

## Why Buy Through a Limited Company?

For many property investors, using a limited company to purchase property is an appealing option. Companies pay corporation tax on their profits, which is often lower than the higher rates of income tax which may be payable by individuals on rental income. Additionally, a limited company structure can make it easier to manage multiple properties or pass assets on to family members.

However, there are trade-offs. For example, limited companies pay higher rates of Stamp Duty Land Tax (SDLT) on residential properties, and accessing mortgages can be trickier than it is for private individuals. It is worth balancing these factors, and weighing the pros and cons before deciding if it is a worthwhile venture.

## How Does It Work?

When a limited company buys a property, the company itself becomes the owner. This means that the purchase follows the rules for businesses, not individuals. As part of the process, solicitors and lenders will look into the company's financial position to ensure that it is legally allowed to own property.

The company directors, often the people behind the decision to buy, will play a key role. They might even need to personally guarantee the mortgage. This adds a layer of security for the lender, but it is important for the company and its directors to understand the risks before proceeding.

## Getting a Mortgage: What's Different?

Mortgages for limited companies work differently than for individuals. Lenders are cautious because the company is a separate legal entity. Mortgage lenders will need to see the company's financial records, and they may ask the directors to provide personal guarantees. These guarantees mean that the directors are agreeing to be held responsible for the repayment of the mortgage, if the company is unable to fulfil its financial obligations.

In addition to personal guarantees, lenders may also require a debenture: a charge over the

company's assets, giving the lender priority in case of liquidation. A debenture typically includes a floating charge over the company's assets, which means that if the company defaults, the lender can seize those assets to recover their money.

It is also worthy of note that interest rates for limited company mortgages are often higher than for the rates for personal buyers. This is partly because lenders see company borrowing as higher risk. On the plus side however, the company can claim tax relief on mortgage interest payments, which is no longer an option for individual landlords.

## Legal and Tax Considerations

One of the first steps that we usually take when we are instructed, is to verify the company's setup. As the lawyers representing the company, we must ensure that the company has the legal power to buy property, as outlined in its governing documents. It is also important, and a statutory as well as a regulatory requirement, that we establish who the owners of the company are i.e. the "beneficial owners".

Tax consideration is also a major factor. Limited companies face a 3% SDLT surcharge on top of standard rates for residential properties. While company tax on rental income is lower, other taxes, such as capital gains tax on selling the property, work differently. This makes it essential to get good tax advice before moving forward. We always strongly advise our clients to seek expert guidance from their accountants on tax related matters.

Once the initial steps and considerations have been carefully addressed, we, as the legal representatives, then attend to the actual transaction, including entering into correspondence with the seller's solicitors, reviewing the contracts, checking the title, conducting the necessary searches, and raising all pertinent enquiries. Prior to exchanging contracts, we will submit our report to our clients for their careful consideration. The legal process from this stage, is not entirely dissimilar to a standard property purchase. With our client's confirmation, as well as the lender's to proceed to completion, we will finalise the purchase for our client.

## Registering the Property

The final stage, as with any property purchase, is attending to registration formalities. This part of the process is somewhat different, as the lender's interest or charge over the property, will be entered on Companies House, which is a public record.

Other formalities, such as the payment of SDLT (although at a higher rate in this instance), and registering the company's ownership, as well as the lender's charge at the Land Registry remain the same.

Buying property through a limited company is particularly suited to landlords who are looking to build a portfolio or those planning long-term investments. For one-off purchases, the additional costs and complexities may outweigh the benefits.

If you are considering your options, our Residential Property Team will be happy to provide you with skilful guidance and bespoke advice, based on your personal circumstances. It will also be necessary to speak to your accountant, as well as a letting agent, who will be able to assist with tenancy agreements, and compliance with rental regulations, such as tenant safety requirements and licensing.

If you would like to know more about your options, or if you have already given due consideration to all the factors and would like to proceed with your purchase as a limited company, please do not hesitate to contact our Residential and Commercial Property Teams for assistance. We would be happy to help.



**Ben Currie**  
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# WORK EXPERIENCE

During my time at Arnold Thomson, I can happily say I have gained so much insight and knowledge from the friendly and supportive individuals that work here. I didn't really know what to expect when I first walked through the doors, but I was quickly welcomed to the warm and friendly environment.

Early on I noticed the fantastic work ethic, which everyone seemed to have, and this just further evinces the enthusiasm of the people here, who are so invested in their roles, and how they can obtain the very best outcome for their clients. This also signifies the sheer care that they have, but not just for their clients, for me as well. I felt like I was truly a part of the working world, and I have been so impressed by the involvement provided to me, in each department I have been in. The flexibility and adaptability Arnold Thomson have shown to support and cater for me, has been immensely impressive.

Spending time in different departments, really helped me gain an understanding on what it is like to work in a law firm, and although I haven't made up my mind on what type of law I wish to pursue, I can honestly say doing my work experience here has benefited me hugely, as I have attained so much knowledge in law in general, and I am very grateful for all the help I received during my time here. Thank you, Arnold Thomson.

J.P.

As I first walked through the door to begin my work experience at Arnold Thomson, I didn't know what to expect. What would the people be like? Where would I be working? Would I enjoy it? All these questions were quickly answered. From the outset, everyone at the firm made time in their busy schedules to answer any questions I had, explaining things clearly and patiently. On top of that, they were all incredibly friendly and welcoming, making sure I was involved in their day-to-day work.

I was given the opportunity to gain insight into various departments within the firm, which helped me understand the different areas of law and the range of work solicitors do. The care and enthusiasm shown by the team inspired me to want to learn more about the legal profession – and perhaps even pursue a career in it one day.

This experience was a real eye-opener. Before my placement, I only had a vague idea of what solicitors did. For example, I had assumed that solicitors often went to court, but I soon learned that their role is quite different from that of barristers. While solicitors primarily offer legal advice and handle client matters outside of court, barristers are the ones who represent clients in court, sometimes instructed by solicitors.

One of the things that made this experience so valuable was how welcome I felt throughout. Being in such a supportive environment made it easier to learn and gave me the confidence to ask questions and engage fully with the work that had been set.

Overall, my time at Arnold Thomson helped me develop a basic but clear understanding of the legal field. If you're considering a career in law, I would highly recommend gaining experience with Arnold Thomson.

W.C.

When I first started work experience at Arnold Thomson, I had no idea what to expect and how it would go. However, after just one week here, I can confidently say that it has been an extremely useful experience that I would now never be without. They have provided me with the information and experience necessary for me to gain a better understanding of what the world of law is actually like, helping me to make a more informed decision about my future career.

Right from the beginning, Arnold Thomson prioritised what I needed to gain from my experience, making sure that I had time within each of their departments and each part of the firm as a whole, in order for me to learn more about everything they do and what I would potentially do in the future. They understand how important it is for me to experience as many aspects of the firm as possible as an aspiring law student and have given me valuable information about working as a lawyer. As a student in sixth form with limited knowledge of what a career in law could be like but who is also at the point of making a pivotal decision about my future, this broader insight is invaluable to me.

By experiencing each of the departments within the firm, I have gained a broader understanding of some of the types of law I am likely to study at

“ their openness to questions helped me to gain a lot more information. They happily gave me help and advice when I needed it ”

university, helping me to prepare for the future. I found it really useful to talk to so many people in these different departments as they described the different pathways they each took to get into law, which I hope will help plan my own route. They gave me valuable advice about the best things to do at University open days, and what to look for in a University and career. They also talked to me about their own law degree, and how their work experience had helped them to understand certain areas of their course a lot better due to the experience they had gained.

The most enjoyable aspect of my experience here has been collaborating with the lawyers. Their caring and welcoming attitude helped me to settle in and enjoy my time here, and their openness to questions helped me to gain a lot more information. They happily gave me help and advice when I needed it and made me feel informed about each area.

I will always look back and remember my time here, and all of the practical knowledge and advice I have gained. I would recommend all future work experience students at Arnold Thomson to talk to the people here as much as possible, as that is where I found the most valuable and beneficial information.

C.H.



# Restrictive Covenants

Restrictive covenants are, in essence, restrictions on the use of land, which can be legally enforced. A restrictive covenant which affects a landowner's property can have a detrimental effect or indeed prevent development of the land. Enforcement is not only possible against the original owner of the land, but may also affect subsequent purchasers. Therefore, even where a landowner was not the original party to the restrictive covenant, but purchased the land subject to it, they could still be caught by the restriction within the covenant. Likewise, the original party with the benefit of the restrictive covenant and their successors in title can enforce the restrictive covenant if the covenant is breached.

“the mere threat of potential enforcement action being taken could affect any material terms agreed for the development of the land, or whether it proceeds at all”

Whilst restrictive covenants affecting land are enforceable between the parties to the original document (as a matter of contract law), in order for a restrictive covenant to be enforceable against successors in title, it needs to satisfy certain detailed criteria. In the first instance, the restrictive covenant must either be protected by the appropriate registration or, if it is not possible to register the covenant, the party who will bear the burden of the covenant (i.e. the landowner wishing to develop the land) must have had notice of it when the land was purchased.

A restrictive covenant could, for example, contain an absolute bar on any building or development of the land. Alternatively, it may permit development, but only with the consent of the party who has the benefit of the covenant. The consent may be at the party's absolute discretion, but there may also be a provision in the covenant directing that such consent should not be unreasonably withheld or delayed. It may also be subject to a payment being made.

It is therefore very important that, before considering any potential development of land, or indeed purchase of land for developmental or other purposes, a thorough check is conducted and the title is reviewed, to establish if there are any restrictive covenants affecting the land; which land has the benefit of those covenants; and whether they are enforceable. The manner in which the review is undertaken will depend on whether the land is registered or unregistered, and the date the covenants were entered into. It is not unusual for there to be some element or degree of uncertainty as to the enforceability of a covenant restricting the use of land in a certain way. More often than not

however, the mere threat of potential enforcement action being taken could affect any material terms agreed for the development of the land, or whether it proceeds at all. The importance of checking and considering any restrictions on the title at an early stage, can therefore not be overstated.

At Arnold Thomson, members of our Commercial, Agricultural and Residential Property Teams are available to assist with the necessary inspection of title, and consideration of restrictive covenants. We would be happy to provide you with expert legal guidance and advice. Working closely with our professional colleagues, including land agents, we are here to protect our clients' best interests.

For further information and if you have any questions about the effect of restrictive covenants on your land, please do not hesitate to contact us for assistance.



**Angela Guess**

Solicitor & Head of Commercial Property  
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# Supporting Local Charities

In every community, there are people and organisations working tirelessly to support those in need. Local charities are at the heart of these efforts; creating direct and meaningful change close to home. Supporting them isn't just a kind gesture, it actually matters, and means everything to them. Len's Light and Age UK are our nominated charities for the third year in a row, and we are so proud to be able to support them again.



Len's Light was founded by Andy & Lynda Eadon, the parents of Len Eadon, who sadly passed away by suicide on 1st January 2022. Andy and Lynda have been working together with friends, families and supporters to raise funds and increase awareness of mental well being in the rural community. Your support would be most invaluable. To learn more about the charity, please visit:

[www.lenslight.co.uk](http://www.lenslight.co.uk)  
[www.leneadon.muchloved.com](http://www.leneadon.muchloved.com)



Age UK Northamptonshire cares for the elderly. They help them to make the best of life and to have a secure and dignified old age.

Older people will recognise Age UK Northamptonshire as an independent charity, part of their community and the organisation that they can depend on, more than any other, to treat them like a human being. The Charity provides a range of services to improve the quality of older people's lives, promote independence and prevent them from falling into frailty, poverty and isolation. Age UK Northamptonshire are recognised as the foremost local charity for older people in the county and as an organisation that older people can depend on to treat them with dignity and respect. Any support given to the charity would be gratefully received.

To learn more and other ways in which they can be supported, please visit:

[www.ageuk.org.uk/northamptonshire](http://www.ageuk.org.uk/northamptonshire)  
 Telephone: 01604 611200



## Let's Keep in Touch

### Please join us at Blakesley Show Saturday 2nd August 2025

We are all looking forward to the Blakesley Show on Saturday 2nd August. You are invited to join us for refreshments and a chat with us. Our raffle this year will again be in aid of the 2 charities that we continue to support: Len's Light and Age UK Northamptonshire. There's an opportunity to win some great prizes and to also you're your support to these 2 worthy charities.

By buying a raffle ticket, you will have the chance to win one of the following amazing prizes:

1. Dinner voucher of £100 at Moghul Rooms, Towcester
2. A Magnum of Champagne;
3. A hamper from Smiths Farm Shop

All proceeds from the raffle tickets go directly to the 2 charities.



We hope that you have enjoyed this edition of the Field Leader and that you wish to continue to receive it. Please also let us know if you have any feedback for us.

Please let us know if you would like to join or stay on our mailing list by 'opting in'. You can do this by:

- 1) E-mailing us at [paula.annetts@arnoldthomson.com](mailto:paula.annetts@arnoldthomson.com)
- 2) Indicating your preference on our Terms of Business, which you will receive when we open a new matter for you; or
- 3) On our feedback forms at the end of your transaction.



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