# Advanced mortgage advice

## R07: 2026–27 edition

### Web update 1: 17 August 2026

Please note the following update to your copy of the **R07** study text:

#### Chapter 6, section B, page 6/10

Please amend the following bullet point (amendment in bold) to read as follows:

- the property is only let under **an assured periodic tenancy agreement**.

#### Chapter 6, section B2, page 6/12

Please amend the following paragraph (amendment in bold) to read as follows:

This is an important point, as the loan would be deemed to be a regulated mortgage contract under the MCOB rules. As such it would be subject to those rules, especially the affordability and expenditure rules. There are also further risks to lenders and borrowers. Most buy-to-let properties are let out on **an assured periodic tenancy basis**, which provides rights and protection for both the tenants and the borrowers (landlord). These safeguards are not in place for holiday homes.

#### Chapter 6, section B2A, page 6/14

The 'Be aware' box beginning 'In the Spring Budget 2024…' should be replaced with the following (the change does not affect question 6.2):

The Furnished Holiday Letting tax regime was officially abolished in April 2025. Any income arising from the letting of holiday lets is now taxed in the same way as long-term residential property lettings.

Owners of furnished holiday lets lost the ability to claim for the full cost of the interest paid on mortgages and loans and will be restricted to claiming a tax credit that is restricted to the basic rate of income tax. The capital allowances relief that was available for new items has been replaced with the standard domestic item replacement relief. Any capital gain will be taxed at standard rates.

There were also changes to whether a holiday let qualifies for non-domestic business rates (commercial) instead of council tax. To qualify as a commercial occupancy, strict rules need to be met depending on whether the property is located in England or Wales. If the rules are not met, then the property will be subject to normal council tax, which is set by the local authority and may also include a second-home premium in some locations

The qualifying rules are as follows:

| England | Wales |
|---|---|
| • The property must be available to commercial short-term letting for at least 140 nights in a rolling 12-month period.<br>• The property must be occupied for at least 70 nights in that 12-month period.<br>• There must be intention from the owner to continue to allow the property to be let for at least 140 nights in the coming 12 months. | • The property must be available to commercial short-term letting for at least 252 nights in a rolling 12-month period.<br>• The property must be occupied for at least 182 nights in that 12-month period.<br>• There must be intention from the owner to continue to allow the property to be let for at least 140 nights in the coming 12 months. |

## Chapter 9, section I, case study 3, page 9/19

Please amend point 1 (amendment in bold) to read as follows:

1. Apart from the standard fees that are payable, Aarav and Meena are likely to incur fees for letting agent costs. These would include sourcing a tenant, drawing up **an assured periodic tenancy agreement**, electrical and gas safety tests, landlord insurance and buildings insurance.