

Ideas to help with the cost of living crisis

This autumn cost pressures are likely to continue, particularly utility costs. This will force many of us re-examine our budgets and try to figure out how to balance our books without maxing-out credit cards or entering into expensive loans.

One solution may be to investigate creating additional income streams. For example, turn a hobby into a part-time business; rent out your driveway as a day-time parking area; or rent a spare room in your house. There are also tax exemptions available:

Trading allowance

The trading allowance is a tax exemption of up to £1,000 a year for individuals with trading income from:

- self-employment
- casual services - for example, babysitting or gardening
- hiring personal equipment - for example, power tools

(This allowance does not apply to trading income from a partnership.)

Property allowance

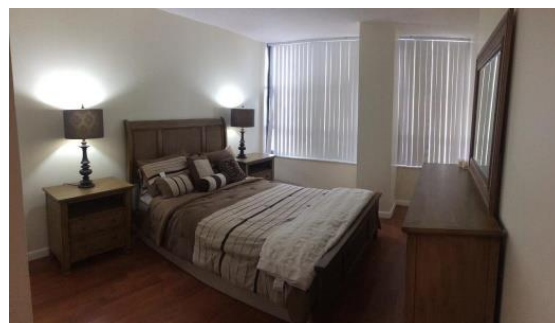
The property allowance is a tax exemption of up to £1,000 a year for individuals with income from land or property.

If you own a property jointly with others, you are each eligible for the £1,000

allowance against your share of the gross rental income. If you have two businesses and claim the property allowance in one business, you may not claim actual expenses in respect of the other business. You cannot use this allowance on income from letting a room in your own home under the Rent a Room Scheme.

Rent-a-room Relief

The Rent a Room Scheme lets you earn up to a threshold of £7,500 per year tax-free from letting out furnished accommodation in your home. This is halved if you share the income with your partner or someone else. You can let out as much of your home as you want.



The tax exemption is automatic if you earn less than £7,500. This means you do not need to do anything. If you earn more than this, you must complete a tax return.

You can also search for ideas and assistance online. HM Government Money and Pensions Service has launched a Money Helper website at <https://moneyhelper.org.uk>.

Published in the Wigan Observer 13th September 2022.