

Tax Planning Tips

Your property – making the most of bricks and mortar

Let rooms in your own home to one or more lodgers



Rent-a-room relief allows up to £7,500 of rent per property to be received tax free per year. The rooms must be let as residential accommodation in the home you live in, and no expenses can be claimed. If the gross rent is higher than £7,500, you need to declare the income on your tax return. However, you can then claim a deduction of £7,500 instead of the actual expenses incurred. Payments received

under the Homes for Ukraine Scheme are not taxable and do not count towards the rent-a-room relief cap.

When you occupy a second home tell HMRC which of your properties should be treated as your main home for tax purposes

A property that has always been your main home is free of CGT on sale or disposal. Any other property that you used as your main home for a period will be exempt from CGT for the time you lived there, and for any period for which you elected for it to be your main home. If a property has been your nominated main home at any time, the gain for the last nine months of ownership is exempt from CGT, even if you do not live there during that final period. You might not be able to nominate a property that is situated overseas.

Let out your drive or garage for tax-free cash

The property income allowance allows you to receive up to £1,000 income tax free from property that doesn't qualify for rent-a-room relief (see above). This could be from letting out spare space in your garage – or even your drive – for commuter parking. If the gross income before deduction of expenses is no more than £1,000 you don't have to report the income on your tax return. If the rent received is more than £1,000, you can deduct the higher of £1,000 or the actual expenses incurred, paying tax on the net amount.

Check how many days in the tax year your holiday accommodation is actually let



To qualify for a range of tax reliefs, each of your commercially let furnished holiday properties needs to be let for at least 105 days during the tax year and be available for short-term letting for at least 210 days. If you don't meet the minimum period of occupancy condition for 2023/24, a period of grace election will deem the test to be met if you met the threshold either in 2022/23 or in 2021/22. Where you let more than one UK

holiday property, you can average the number of days of actual letting across all your UK properties.

Tip

Furnished holiday accommodation can be registered as a business, so it qualifies for small business rates relief if the property is let on a commercial basis for short-term lets for at least 70 days in the year.

We hope that these tips have been useful. If you have any queries, please get in touch.

Our next tax planning tips guide will cover **Retirement planning – preparing for the future.**