

Furnished Holiday Lets 'FHL'

New rules applied from 6 April 2011 to the taxation treatment of FHLs – below are set out some of the main conditions relating to FHLs

What is a FHL?

- UK or EEA property let as a business with a view to profit
- Available for letting for at least 140 days in any tax year- from 6 April 2012, 210 days
- Actually let for at least 70 days- from 6 April 2012, 105 days
- Any period of more than 31 consecutive days in the same occupation is not included
- Period of grace will be allowed for up to 2 years if the “actually let” requirement is not met but election is needed.

Income Tax

- Income from FHL treated as trading income
 - UK FHL properties are treated as a separate trade from EEA FHL properties
 - Income from both is treated as earned income
 - qualifies as net relevant earnings for pension purposes
 - any losses in tax year can only be relieved against other income from the same UK or EEA FHL business
 - Capital Allowances are available in certain circumstances.

Capital Gains Tax

- FHL properties can qualify for Entrepreneur Relief with CGT at 10%
- Otherwise gains on FHL property will be liable to CGT at either 18% and/or 28%
- Roll over relief may be available if new asset is a qualifying asset.

Inheritance Tax

- FHL property may qualify for 100% Business Property Relief

If you wish to consider the above, please contact either Phil Williams or Colin Spillane by email or phone

Although we have highlighted some points that we feel may be of help to you, this leaflet is not a substitute for obtaining specific advice. No responsibility for loss occasioned by any person acting or refraining from acting as a result of the material contained herein can be accepted by the firm. Any tax rates and allowances used are for 2011/12; tax law and rates may change.



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