

General Principles

- Both individuals and companies are liable to tax on the excess of rental income over allowable expenditure
- All commercially let UK properties treated as one business (apart from Furnished Holiday Lets)
- If premium received consider specific implications
- Profits have to be computed under normal accountancy rules
- Consider claims for expenses:-
 - repairs required prior to letting, if the purchase price was reduced accordingly, not likely to be allowable against income
 - repairs if they amount to improvements are not likely to be allowable against income
 - maximise availability of loan interest by reorganising borrowings
 - claim 10% wear & tear allowance on furnished lets
 - include all costs incurred in managing the property

Individuals

- Rent a room relief available if room in your own home is let out
- Rental losses for year can only be carried forward and used against future rental profits (subject to special rules if losses arise out of Capital Allowances claimed)

Companies

- If company has other profits, rental losses can be set against those profits for the year of loss or carried forward and used against total profits of future years providing property letting continues.

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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