

## Furnished Holiday Lettings in the UK & Europe – What can I save?

### The background

Owners of furnished holiday properties in the UK have always been able to claim tax relief - known as capital allowances – on any qualifying expenditure in the property such as the installation of heating, kitchens, bathrooms even swimming pools. The problem is that many owners just don't realise that they can!

The rules were changed in April 2009 to allow owners of holiday property in Europe to claim as well - which means there are even more people that are failing to claim tax savings they are due!

### Can I qualify?

The allowances can be claimed by anyone who has bought, extended or altered a holiday property in the qualifying countries.

The letting of the property must be run on a commercial basis and must meet the following criteria.

- Be let furnished
- Be available for holiday letting to the public on a commercial basis for 140 or more days per year
- Actually be let commercially as a holiday property for 70 days or more per year
- Must not be occupied continuously for more than 31 days for at least seven months of the year.
- It is proposed that from April 2011 properties must be available for 210 days and be let for 105 days in order to qualify.

### I have claimed on fitting it out- anything else I can claim on?

When you buy a holiday property, as well as the fit out costs, you are allowed to claim on parts of the building such as the bathroom fittings, kitchen units, electrical installation, heating etc. The way the rules work is that the claim is based on what you pay for the property, not what it cost to build. In most cases this gives you a much higher claim.

The problem is that many Accountants do not realise that a claim can be made on the purchase costs or if they do, they don't have the information needed to make a claim and so valuable tax allowances are missed.

## 4-thought

### **How much could I save?**

Typically you can claim between 10% and 25% of the purchase price of the property, although the actual calculation required by HM Revenue & Customs is more complex. For example, a holiday Villa in Spain bought for £250,000 could have £50,000 of capital allowances. For a higher rate tax payer this would give a cash refund of £20,000.

The actual tax savings you can claim will depend on when you bought or extended or refurbished the property and when you submit a revised tax return.

### **Are there any time limits?**

There is no restriction on how far back you can go. So if you bought a property ten years ago you can still claim. The only restriction is on the tax year you can claim in – you can go back for up to two years. This means if you decide to claim now, you can claim for the tax year ending April 2009 as well as April 2010 etc.

**OFTEN THIS MEANS YOU CAN GET A CHEQUE BACK FROM HMRC!**

### **Other questions**

- **How much will it cost?** Our fees are based on the tax you will save - **no savings, no fee.**
- **I don't make any profit from my holiday property after costs and mortgage interest. Are the allowances wasted?** No, as long as you have some taxable income - such as another job - you can currently use the allowances against any source of income.
- **What is the first step?** We will give you a free initial assessment of your holiday property to let you know how much you could potentially save - nothing is too small or too big! All we need is some background information on the property such as purchase price, address etc.
- **Do I need to talk to my Accountant?** We recommend that you do. We are Surveyors who specialise in this area and usually Accountants appreciate our assistance.
- **What if I don't have an Accountant?** No problem. Usually, you just need to complete an extra set of forms which we can assist with. In more complex cases you may need to get an Accountant and we can recommend one to you.

**Any queries? Call 01905 619224 or e-mail [clive.searle@ca-4.co.uk](mailto:clive.searle@ca-4.co.uk)**

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