



richardson groves

Tax News

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A brief update regarding Holiday Furnished Lettings following the Emergency Budget this week.

The proposed new rules by the last Government have been withdrawn by the coalition Government but they have not been scrapped altogether and changes are still expected.

The Government have now gone into a "consultation period" about plans to change the tax treatment of Holiday Furnished Lettings (HFL) from April 2011.

They are going to specifically look at:-

- Ensuring the rules apply to UK and EEA properties.
- Increase the number of days the property has to be available and let (it is believed this may double from 20 weeks available to let/10 weeks so let to 40 weeks available to let/20 weeks so let) and
- Change the way in which loss relief is given.

The real income tax benefit from the HFL system was the way in which loss relief was given. If this is withdrawn and/or restricted to set off against other rental income only, a major benefit will have gone. The real capital tax benefit from the HFL system is the fact that it qualifies for Entrepreneurs' Relief. Again, if this is withdrawn, a major benefit of ownership has gone.

We have been promised full details by the autumn with a view to inclusion in the 2011 Finance Bill, please contact Christine Tuckerman for more information.

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DISCLAIMER - PLEASE NOTE: The ideas shared with you in this news are intended to inform rather than advise. Taxpayers circumstances do vary and if you feel that tax strategies we have outlined may be beneficial it is important that you contact us before implementation. If you do or do not take action as a result of reading this information, before receiving our written endorsement, we will accept no responsibility for any financial loss incurred.

