



## Capital Allowances

Furnished Holiday Lets (FHLs)

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With staycations increasing following the lockdowns - capital allowances are very important for clients seeking tax relief against income generated from their FHLs.

The qualifying criteria doesn't distinguish between apartments or cottages or indeed location be that seaside or inland.

### The key criteria for an FHL to qualify for tax relief is:

- The FHL must be available for rent for 210 days within the year and actually let for a minimum of 105 of those days (with no more than 31 days of letting to the same person)
- The location of the FHL can be anywhere in the UK or the member states of the European Union (including Iceland, Liechtenstein and Norway), but not the Isle of Man or the Channel Islands.

In our experience the majority of FHLs that we have been able to secure clients a capital allowances claim on fall into 2 categories:

- **Former residential properties**

As there is no previous commercial activity the due diligence to ensure entitlement to make a CA claim is simple the new owner has first entitlement.

- **New build apartments**

Developers holding these properties as trading stock have no entitlement to claim CAs so again the first purchaser has first entitlement to all of the qualifying items (but do check the wording in any purchase contract to confirm the position).

To find out more information visit [elect.tax](https://www.elect.tax) or [click here](#) to book a free, no obligation consultation.

### So what items within an FHL qualify for tax relief?

Within a typical FHL heating & ventilation systems, small power & lighting systems, kitchens, sanitaryware right down to the ironmongery on the doors.

HMRC require a just and reasonable apportionment of those qualifying items based upon the actual purchase price of the property, the cost of the qualifying items, the rebuild cost of the property as well as a consideration for the land value.

As a RICS regulated company Elect is perfectly placed to provide you with a survey, apportioned valuation and report to secure the maximum tax relief available within your FHL.

