Broadcast

FACTSHEET: FHL – RENTAL PROPERTIES

SPECIAL ISSUE

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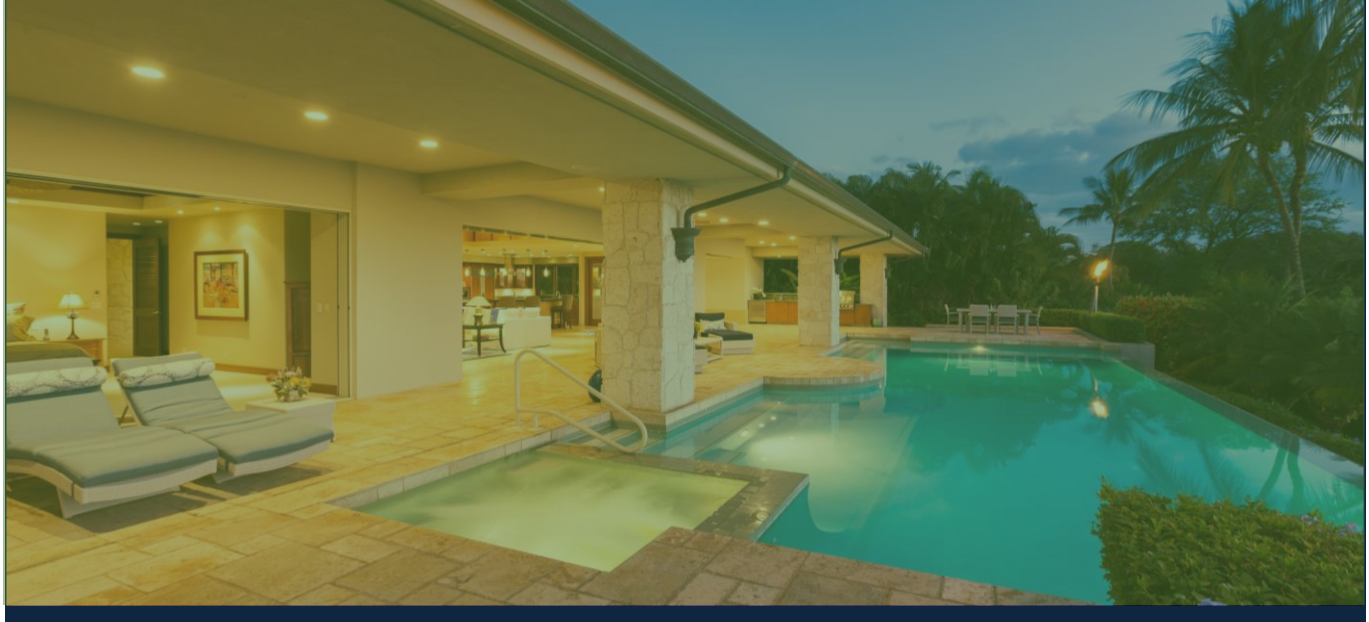

Furnished holiday lets (FHLs) may have certain tax advantages compared to other types of rental properties. For example, FHLs can be treated as a trade rather than an investment, which can provide certain tax reliefs and benefits. Some of the potential advantages of FHLs include the ability to claim capital allowances on furniture and equipment, access to certain business-related reliefs, and the availability of favourable tax treatment for capital gains.

However, it's essential to ensure that the property genuinely qualifies as a furnished holiday let under the specific criteria set by the tax authorities. The property must be available for commercial holiday letting for a significant portion of the year and meet certain occupancy and availability conditions.

Regarding Inheritance Tax (IHT), owning a furnished holiday let property may potentially qualify for Business Property Relief (BPR). BPR can provide 100% relief from inheritance tax on certain business assets, including qualifying FHLs, which can help reduce the tax liability on the property when passed on to heirs. The availability of BPR would depend on the specific circumstances and meeting the qualifying criteria.

In terms of mortgages, it's essential to understand that the IHT liability is generally based on the value of the property rather than the mortgage amount. The existence of a mortgage on a furnished holiday let property does not, by itself, create a specific IHT deduction. The value of the property, net of any outstanding mortgage debt, would typically be subject to inheritance tax calculations, thus saving IHT if BPR is not available.

We can help

If you have any questions in relation to furnished holiday lets or any of the issues raised in this Broadcast, please call us on **01753 888 211** or email **info@nhllp.com**