



PROPERTY UPDATE: LANDLORDS BE AWARE - 13/14 AND BEYOND

Unfurnished Properties:

A reminder that from April 2013, the tax concession which allowed landlords of unfurnished properties to claim for the replacement of white goods (e.g. cookers, fridges etc.) or replace carpets or curtains in an unfurnished property has been withdrawn.

No claim can be made for stand-alone white goods, and neither do they qualify for relief under s68, (ITTOIA 2005) which applies to "renewals of loose tools" of the trade, for items of a relatively low value (e.g. hammers, waste paper bins, door mats etc.).

If the white goods are integral to the property (e.g. a cooker in a fitted kitchen) then replacement could be claimed as a repair (to a fitting) but there is no tax relief for replacing them on a stand-alone basis.

Repairs Generally Claimable:

- exterior and interior painting;
- damp treatment
- stone cleaning;
- roof repairs
- furniture repairs;
- repairs to any kind of machinery supplied with the property

Where you have to make repairs to floor coverings because they have been partly damaged (as opposed to replacing them because they are simply worn out) then this is likely to be allowable.

Furnished properties:

The 10% wear and tear allowance is only applicable to a letting of furnished properties and excludes furnished holiday lettings or the rent a room scheme. It covers what HMRC refers to as a "dwelling house" (which means someone's permanent place of residence, not a place where someone may holiday). For that reason, a rented caravan or houseboat may also qualify. However, it will not be available to tenants who sublet as only the first landlord in the chain is eligible to claim the allowance.

Secondly, the wear and tear allowance only applies to furnished properties.

So what is a 'furnished' property? It is described as "one that is capable of normal occupation without the tenant having to provide their own beds, chairs, tables, sofas and other furnishings, cooker, etc." A non exhaustive list of items covered by the wear and tear allowance includes movable furniture or furnishings (such as beds or suites); televisions; fridges and freezers; carpets and floor coverings; curtains; linen; crockery or cutlery; other furniture.

Therefore, partly or unfurnished properties do not qualify for the wear and tear allowance. A property is not furnished if there is only the provision of nominal furnishings, for instance a fitted kitchen, curtains and carpets.

It is also worth noting that fixtures that are an integral part of the building are not covered - basically any item that cannot normally be removed from the property i.e. baths; washbasins; toilets; immersion heaters; etc.

However, the cost of replacing such fixtures would normally be treated as an allowable expense as a repair to the building.

Capital Allowances:

If you have commercial or furnished holiday let property then you may be able to claim capital allowances on various items of capital equipment.

These allowances may also be available for items in the communal areas of residential properties (e.g. HMOs) – i.e. items found in communal areas outside the front door of flats etc.