



FURNISHED HOLIDAY LETTINGS

Here is a basic overview of what qualifies as Furnished Holiday Lettings (FHL).

Qualifying Accommodation

The property must be situated in the UK or European Economic Area

The property must be furnished. The furniture etc. provided for your visitors must be sufficient for normal occupation.

Whilst the general location of a property is not specified, the nature of the short term lets required under the rules, means that the property will need to be located in an area where there is a market for short term lettings.

The property must be let commercially i.e. you should enter into the venture with an intention to make a profit and it may be advisable to produce a business plan.

Letting conditions

To qualify as a FHL the property must be let under strict conditions.

The conditions are measured over the first twelve months of you starting your FHL, and they are measured for each tax year (6th April to 5th April) thereafter.

For each 12-month period, the property:

- Must be available to let for at least 210 days.
- Must be let commercially for at least 105 days. If you let the property to friends or relatives, at less than the usual rates, those lettings are not counted for this purpose.
- Must normally be let on a short-term basis. If the property is let for more than 31 days to the same person / people, the total period of such longer lettings must not exceed 155 days.

Provided that you can show you had the intention to let the property as a FHL, but you have not managed to let the property for the full 105 days, there are special rules that may apply to still allow your property to qualify for the FHL rules. You will need to make a claim under these circumstances, and the time limit for making a claim is 12 months after the 31st January following the relevant tax year. (For the tax year 2019/20 the time limit is 31st January 2022).

This is a general overview of the basic rules for more information contact Paul Southward.