FHL Tax, Admin & Insurance...

We have compiled the guide below to give a simple but comprehensive overview of tax, admin and insurance responsibilities as an FHL (short for Furnished Holiday Let), but please liaise with HMRC, or your accountant/insurance broker for more detail/advice.

What is an FHL and what does it mean?

Regarded by the Government / HMRC as a different business model to long term let properties; to be considered as an FHL you must:

- Provide detailed information on tax and expenses.
- Have set up your holiday home with the objective of making a profit.
- Be available for bookings at least 210 days of the year.
- Have paying bookings for over 105 days a year.
- Not book for more than 155 days a year for bookings that are longer than 28 days.

For full details, please refer to HMRC's full guide at: **www.hmrc.co.uk/fhl**

Tax Implications of an FHL

Tax on Profits/Losses - you need to inform HMRC that you now receive income from your FHL, and add this business to your self assessment form. In summary:

- Profit counts towards your net earnings.
- Losses can be offset against future profit.

Expenditure/Expenses - Talk to your accountant to discuss what you can claim as expenses against your income.

VAT - If your gross revenue exceeds the current VAT limit you will need to register for VAT.

Business rates - become due under FHL rules, but due to the relief available to small businesses in England, these can often be cheaper than council tax. Contact your local council to find out more.

Capital Gains Tax - If your NFE holiday home is not your main residence and you decide to sell, you will be charged CGT at the current rate.



Professional Advice - there are many intricacies and details that are worth looking into when setting up your holiday home. It is worth investing right from the start in professional advice, to help you on your way and to maximise the income and return you get from your property.

Insurance - you must insure your property both for building & contents insurance and public liability, for which we suggest a minimum £2M cover. You are welcome to use an insurance provider of your choosing, but here are a few helpful starting points:

- **NFU Mutual** provide a range of comprehensive property insurance cover.
- **Ellis Insurance** is a local insurance broker that we support should you prefer a local supplier, please ask for more details.
- **Pikl** is a bolt-on insurance to your regular home insurance, useful if you are renting out your own home and not a standalone rental property.

NB - If you have a mortgage on your home please ensure you inform your lender that that you are letting it out for holiday rental.

