

# Property Tax

## Rent-a-Room Scheme

### What is it?

The rent-a-room scheme allows individuals who let a room in their only or main home to receive all or part of their income tax free. This applies to tenants who lease their home as well as tenanted owners, but they must live in the property at the same time as the tenant to qualify for the relief. The scheme also applies to those who run a property business from their only or main home, such as a B&B or Guesthouse.

### Rent-a-Room Limit

Taxpayers can receive tax free rental income up to £7,500 each year. This limit applies per property, not per tenant, and is halved where more than one person receives income from the same property - such as a property under joint ownership.

### What Happens If Rental Income Exceeds the Limit?

You will only pay tax on the income in excess of £7,500. The alternative to rent-a-room relief is to be taxed under the normal rules, i.e. on gross rents less allowable expenses. This may prove beneficial if expenses exceed the rent-a-room limit, as taxable profits would be lower. Alternatively, if expenses exceed income you may wish to claim the loss rather than rent-a-room relief. Taxpayers may choose year by year whether they would prefer to claim the relief or be taxed under the normal rules.

If you have any queries or require any advice please contact our Residential Property Taxperts on 01382 312100 for specific advice on how this could affect you.



**Want more information?** Talk to the **EQ Taxperts** today.