



SUMMER BUDGET 2015: WEAR AND TEAR ALLOWANCE TO BE REPLACED WITH A NEW RELIEF

At present when a residential property is let out on a furnished basis, rather than claiming on an actual spend basis, taxpayers can elect to deduct the Wear and Tear Allowance from their taxable rental income, to cover the expense of replacing furnishings. This Wear and Tear allowance is calculated as 10% of the relevant rental income. No Wear and Tear Allowance is available for unfurnished rental residential properties.

From April 2016, the Wear and Tear Allowance will be replaced with a new relief that will be available to all residential landlords, whether the property is let furnished or unfurnished. This relief will be based on the actual cost of replacing the furnishings supplied. Capital allowances will continue to apply to qualifying holiday lets.

Reforming this relief seems sensible and hopefully will remove the tax anomaly for landlords between renting a property on a furnished and unfurnished basis. It is also hoped that by linking the relief to actual spend, rather than a notional deduction, it will encourage landlords to replace furnishings on a more regular basis.

Other rent-related flyers you might like to see:

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