

CHANGES TO FURNISHED HOLIDAY LETTINGS FROM 6 APRIL 2025

As announced in the Spring Budget, the beneficial tax treatment of furnished holiday lettings (FHLs) will be abolished from 6 April 2025, when the business will start being taxed in the same way as other residential property businesses.

Owners of properties that currently qualify as FHL might wish to consider increasing their expenditure on equipment such as furniture and televisions whilst the 100% annual investment allowance (AIA) continues to be available. The current capital gains tax reliefs, particularly business asset disposal relief (BADR) will also cease from 6 April 2025, so owners might consider selling their holiday letting property whilst the 10% CGT rate continues to apply to the disposal.

Note that where several FHL properties are owned they would all need to be disposed of before 6 April 2025 for BADR to apply. BADR would generally not apply where a single asset is disposed of out of a larger business.