



Rent a Room Scheme

The Rent a Room scheme is an optional scheme where you can earn tax-free income from renting furnished accommodation in your only or main home.

You won't pay tax on rent up to £4,250 a year if you have a lodger in your own home under the Rent a Room scheme.



Do you have to be a homeowner?

You do not need to own your home to take advantage of the Rent a Room scheme.

- If you are renting, you should check whether your lease allows you to take in a lodger.
- If you have a mortgage on your property, you should check whether the terms and conditions of your mortgage lender and insurer allow for taking in a lodger.

What to do if you want to use the scheme.

- If you receive under £4,250 a year, you don't need to do anything.
- If you receive over £4,250 a year, you need to complete a Self Assessment tax return and claim the allowance.

What to do if you do not want to use the scheme.

- Complete a tax return and declare the relevant lettings income and expenditure on the property pages.



Will your gross receipts be over £4,250?

If your gross receipts (rent plus money for bills) are more than £4,250 you can choose between paying tax on:

- A: your actual profit (gross rent minus actual expenses and capital allowances), or
- B: gross receipts minus £4,250 with no deduction for expenses or capital allowances.

Method A applies automatically unless you tell HMRC within 22 months after the end of the tax year end that you want to use method B.

You can switch methods from year to year so you can choose the method where you pay the least tax.

*You won't pay tax on rent up to
£4,250 a year if you have a
lodger in your own home under
the Rent a Room scheme*

Staying safe when taking a lodger.

Always ensure that you know who you are allowing to live in your home. If possible, get references about the person and carry out a credit check.



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