

Homeowners Could Face Severe Fines If They Don't Declare Their Holiday Home Letting Income

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Thousands of people in the UK are renting out their homes as holiday lets and could face large fines or even jail if they don't declare the income.

"They are blatantly advertising their homes on a variety of websites around the country and internationally," said Nimesh Shah, a senior manager at London Chartered Accountants Blick Rothenberg LLP, "but they need to declare the income because Her Majesty's Revenue and Customs are now using a variety of techniques to interrogate these websites and check up on lost income."

He added: "A variety of flats and houses in the UK are being advertised on websites, and whilst the address is not shown, and not given to an applicant until a contract has been signed, locations of properties are not that difficult to work out."

If householders who are letting out their homes do not declare the income, it is tax evasion and HMRC could come down on them heavily.

Nimesh said that many of the people renting their properties would have full time jobs and therefore would be paying their tax at source through the PAYE system.

He added: "What they need to understand is that if they are employed and currently not filling in a self assessment tax return, they need to do so from now on."

Nimesh said that the cost of someone's holiday whilst away from their home was not an allowable expense and added: "If you rent out your home on an ad hoc basis during the summer and it is damaged, you cannot claim the cost to repair any damages against the tax that you will be required to pay on the income."

He added: "HMRC are determined to bring the deficit down and are using all the tools in their armory to crack down on tax evasion. The revenue recently ran a campaign on property looking at undeclared rental income and profit on sales of properties and this could be seen as an extension of this campaign."

"Letting your home out in the summer might be a great idea and may in fact pay for a nice holiday abroad but you have to declare the tax when you get back," he ended.

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For further information, please contact:

Nimesh Shah
Senior Manager
T: 0207 544 8746
E: nimesh.shah@blickrothenberg.com

David Barzilay
T: 0207 544 8980 / 07860 322333
E: david@barzilay.co.uk

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Company Contact:

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[Rocket Pop PR](#)

E. rocketpoppr@outlook.com

Additional Contact(s):

Jean Matthews
Samantha Jones

Beehive Mill
Jersey Street
Manchester
M4 6AY

[View Online](#)

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