



## **Furnished Holiday Lettings (FHL) – Final chance to act!**

The repeal of the FHL rules from April 2010 mean that businesses will no longer be able to claim capital allowances for expenditure incurred after this date. Therefore it is vital that businesses seek to maximise their entitlement to capital allowances prior to April 2010 to ensure they can carry forward the maximum level of capital allowances into the future relevant property business.

The level of capital allowances could be between 15% - 30% of the expenditure incurred on the property and can be obtained from expenditure in tax periods that are now closed. In addition, the property does not have to be situated in the UK as all qualifying properties within the European Economic Area (EEA) can benefit from the FHL rules. A FHL property is one that is available to let for 140 days and is actually let for 70 days during the year but cannot be let to the same person for more than 31 days in any 7 month period.

Where capital allowances have not been claimed it is possible to go back to tax returns that are still open and these can be amended to include any new expenditure or alternatively the current tax return can be utilised. In the majority of cases, where such claims can be made it is likely that the business should be able to receive a significant tax refund.

Additional savings could also arise from properties acquired, constructed or refurbished after 1 April 2008 due to the changes in the capital allowances legislation which have effectively widened the scope of eligible expenditure.

Although the ability to claim capital allowances for expenditure after April 2010 is being withdrawn, any unused allowances at the cut-off date will continue to be



available for businesses to use to shelter FHL profits going forward alongside the 10% wear and tear allowance, which further heightens the need to take action now.

### **Here to help**

We are able to carry out a specialist valuation to identify the qualifying expenditure from the overall purchase price of the FHL property as well as a review of subsequent capital expenditure to ensure the maximum level of allowances are identified and can be used to generate the potentially significant tax savings.

We manage the process from start to finish – liaising with the business and their advisors to obtain the necessary information, preparing the necessary reports identifying the eligible expenditure and resolving any potential HMRC enquiries. All of this is carried on in conjunction with the business and their advisors to ensure effective and efficient delivery. A flexible approach to fees with either value-based or fixed fee arrangements on offer which guarantee to be competitive and value for money at all times

### **Why Dunham Consulting?**

Dunham Consulting is able to offer a wealth of experience across all industry sectors backed up with qualifications in both taxation and surveying. Extensive experience in preparing and agreeing claims with HMRC and the Valuation Office Agency ensures that businesses are best placed to take full advantage of any unclaimed relief.

For further advice on how your business could benefit please contact:

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