

i Contacts

Please phone:

- the number printed on page TR 1 of your tax return
- the SA Helpline on **0845 9000 444**
- the SA Orderline on **0845 9000 404** for helpsheets or go to **www.hmrc.gov.uk**

Complete the *UK property* pages if, in the year to 5 April 2011, you received:

- rental income and other receipts from UK land and/or property
- income from letting furnished holiday accommodation in the UK or European Economic Area (EEA)
- premiums arising from leases of UK land
- an inducement to take an interest in any property for letting (a reverse premium).

But use the *Self-employment* pages for any income from:

- canals, inland navigations and docks
- mines and quarries, including sandpits, gravel pits and brickfields
- rights of markets and fairs, tolls, bridges and ferries
- farming, market gardening or other commercial occupation of land
- hotels and guest houses
- letting furnished accommodation in your home that amounts to a trade, for example, if you run a guest house or offer bed and breakfast, rather than just taking in a lodger
- way leaves if the land to which the way leave relates is used in your trade.

Use other pages of your tax return for any income from:

- way leaves if the land to which the way leave relates is used neither in your trade nor in your property rental business (box 16 on page TR 3)
- post-cessation receipts (that is rental income received after the property rental business has ceased, which has not previously been taxed)(box 14 on *Additional information* page Ai 1)
- Real Estate Investment Trust (REIT) and Property Authorised Investment Fund (PAIF) dividends and distributions (box 16 on page TR 3).

If you are not sure whether you should be completing the *UK property* pages or the *Self-employment* pages, please contact us.

Use the *Foreign* pages for income from land or property overseas, except for EEA furnished holiday letting income. If you wish to claim Foreign Tax Credit Relief for any foreign tax paid on your EEA furnished holiday lettings, you should complete the section headed 'Foreign tax paid on employment, self-employment and other income' on page F 6 of the *Foreign* pages.

If you receive property income as part of your income from a partnership, use the *Partnership (full)* pages.

You may need to complete the *Capital gains summary* pages if you have sold or disposed of a property from which you had received property rental income.

Accounts

If you prepare accounts for your property income and they were drawn up to 5 April 2011, transfer the figures to the appropriate boxes on the *UK property* pages. If they were drawn up to any other date, you will have to apportion the figures in the sets of accounts that between them cover the year 6 April 2010 to 5 April 2011.

If you have been told that you are within the Managing Deliberate Defaulters (MDD) programme you should complete all applicable boxes on pages UKP 1 and UKP 2 apportioning the figures as necessary. If you have been told that you are the subject of the additional reporting requirements

you must also prepare accounts. Send a copy of the detailed profit and loss account, balance sheet and computations for the year to 5 April 2011 with your tax return, identifying and explaining the nature and amount of any figures contained in those accounts that cannot be vouched by physical or electronic records made at the time that the underlying transactions took place, or written confirmation that no such figures are included.

UK property details

Box 3 *If you have any income from property let jointly*

If you own and let property jointly with one or more other people, include only your share of the income and your share of the expenses. But if you receive notice of your share of the income (or loss) only after expenses, just enter the income in box 5 or box 18, or the loss in box 9 or box 27 as appropriate. Please enter the name and address of the person who prepares the property records in the 'Any other information' box, box 19, on your tax return.

If you and your spouse live together, any income from property held in joint names is usually treated as if it belonged to the two of you in equal shares (even if you own it in unequal shares) so you will each be taxed on half of the income. However, if you are entitled to the income in proportion to your share, you may make an election on form 17 to be taxed on the actual basis. Please contact us if you want to make an election. Civil partners who registered a civil partnership on or after 5 December 2005 are treated the same as married couples.

Box 4 *If you are claiming Rent a Room relief and your rents are £4,250 or less*

If you let a furnished room or rooms in your own home (excluding a room used exclusively as an office) and your total income was less than the Rent a Room exemption, £4,250 (or £2,125 if let jointly), put 'X' in the box. 'Total income' means the rents for the year to 5 April 2011 plus any income from services you provided. If that is your only letting income that is all you have to do on the *UK property* pages.

But, if your total income from this sort of letting was more than £4,250 you can choose between:

- paying tax just on the excess over £4,250 (or £2,125 if let jointly) – without taking off any expenses. If so, include your total income in box 18 and the exempt amount (£4,250, or £2,125 if let jointly) in box 35, or
- calculating your profit from letting in the usual way – that is, total income (included in box 18) minus allowable expenses (boxes 22 to 27), leaving box 35 blank. You may want to do this if, for instance, you have made a loss.

The Rent a Room scheme is described in more detail in Helpsheet 223 *Rent a Room for traders*.

Furnished holiday lettings in the UK or EEA

There are special rules for properties that are let as furnished holiday accommodation. These rules allow you to set off any loss arising from your furnished holiday lettings against all your other taxable income, and not just against other income from property. You have to work out the profit or loss from furnished holiday lettings separately to see if you can take advantage of these special rules.

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A furnished holiday letting is a property in the UK or EEA that is:

- available for holiday letting on a commercial basis for 140 days or more during the year
- actually let commercially as holiday accommodation for 70 days or more during the year, and
- one where any periods of longer-term occupation do not exceed 155 days in the year.

A period of longer-term occupation is a continuous period of more than 31 days in the same occupation; it is not let as holiday accommodation. If you have more than one unit of holiday letting accommodation, the 70 day letting condition may be satisfied by averaging the number of days several properties taken together are actually let commercially as holiday accommodation, provided the other two conditions are satisfied for each property.

The year for deciding if you have furnished holiday letting income, is:

- the tax year, 6 April 2010 to 5 April 2011, or
- if you started letting during the year, the 12 months from the date of the first letting, or
- if you stopped during the year, the 12 months up to and including the date of the last letting.

Box 5 *Income – the amount of rent and any income for services provided to tenants*

Enter the total income from all furnished holiday lettings in the UK or EEA – that is, the rents for the year to 5 April 2011 and any income from services you provided.

Boxes 6 to 12

Generally, you can claim any costs incurred in earning your furnished holiday letting business profits. If your total property income in the year, including furnished holiday letting income, before expenses is less than £70,000, you do not have to list expenses separately. Instead, put the total expenses relating to your furnished holiday lettings in box 9. Although you cannot claim any capital costs – such as expenses relating to the purchase of, or improvements, additions and alterations to, land, property, equipment, furnishings or furniture – you may be able to claim capital allowances or a renewals deduction (see below and page UKPN 5). If you include an expense under one heading when another may be equally appropriate try to be consistent from one year to the next.

Box 6 *Rent paid, repairs, insurance and costs of services provided*

Repairs

Include in box 6 expenses that prevent the property from deteriorating such as exterior and interior painting, damp treatment, stone cleaning, roof repairs, furniture repairs and repairs to any kind of machinery supplied with the property.

Renewals

If you are not claiming capital allowances, you can claim the costs of replacing furniture, furnishings and machinery supplied with your property. You can also include the costs of renewing small items such as cutlery, but if you do, you cannot claim the original costs. If you received any money for the items being replaced you should take that amount off the replacement costs. Do not claim for any element of improvement compared with the original item.

Property expenses

Include in box 6:

- any rents you pay under a lease of a property that you let as a furnished holiday letting
- business rates
- Council Tax
- water rates
- ground rents
- insurance for both the property and its contents
- costs of services you provide such as gardening, porterage, cleaning, communal hot water, etc.

Insurance against loss of rents is also an allowable cost but if you claim under your insurance policy any money you receive should be included as income in box 5. You cannot claim a wear and tear allowance in calculating the profits of your holiday lettings business. You may claim either capital allowances or a renewals deduction in respect of your capital costs.

Box 7 Loan interest and other financial costs

Include:

- the costs of obtaining a loan or an alternative finance arrangement to buy a property that you let
- any interest on such a loan or alternative finance payments.

Box 8 Legal, management and other professional fees

Management fees paid to an agent to cover rent collection, advertising and similar administrative expenses can be deducted.

The normal legal and professional fees for renewing a lease (if the lease is for less than 50 years) can be deducted. You can also deduct the professional fees incurred in evicting an unsatisfactory tenant, with a view to re-letting, or in appealing against a compulsory purchase order.

You cannot deduct:

- expenses incurred in connection with the first letting or subletting of a property for more than a year. These include legal expenses such as the cost of drawing up a lease, agents' and surveyors' fees and commission
- any costs of agreeing and paying a premium on renewal of a lease
- fees for planning permission or registration of title on property purchase.

Box 9 Other allowable property expenses

Include in box 9 any other expenses of the holiday property rental business not included in boxes 6 to 8, such as stationery, phone, business travelling and other miscellaneous costs.

Where you are subletting the property and you (or an earlier tenant) paid a premium to your landlord when the lease was granted, you may be able to claim for part of the premium paid if the payment is taxable on your landlord as income. If you are not sure how to work out the amount you can include in box 9, please ask us or your tax adviser.

Box 10 Private use adjustment – if expenses include any amounts for non-business purposes

Personal expenses are not allowable as a deduction so if you have included in boxes 6 to 9 any amounts that were not wholly for the business, enter the private (non-business) proportion in box 10. For example, if you let a property for only eight months in a year and you use it yourself for the

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other four months, you could put the full annual cost of insuring the property in box 6. If you do, you should include the four months' non-business cost in box 10. If you need any help with working out the business and private use, please contact us.

Box 11 *Balancing charges*

If during the year you dispose of (that is, sell or give away) or stop using an item in your business for which you claimed capital allowances, there may be an adjustment called a balancing charge. Helpsheet 252 *Capital allowances and balancing charges* gives details about how to work out this charge.

Box 12 *Capital allowances*

You can claim tax allowances, called capital allowances, for the cost of purchasing and improvements to vehicles and equipment such as vans, cars, tools, computers, furniture and fixtures (even if the items were purchased under hire purchase) that you use in your holiday lettings business. The costs of such items, or the depreciation on them, are not allowable as an expense in working out your taxable profits. However, you cannot claim capital allowances for plant and machinery (such as furniture and fixtures) for use in a dwelling house if you have a property business, unless it qualifies as a furnished holiday letting business.

You can find more information about capital allowances in the notes for boxes 29 to 32 starting on page UKPN 9, and in Helpsheet 252 *Capital allowances and balancing charges*. Add up any amounts claimed as capital allowances and enter the total of these in box 12.

Box 13 *Profit for the year*

To work out the profit or loss, follow the instructions on the *UK property* pages or use the Working Sheet below.

Working Sheet for furnished holiday lettings profit or loss

Income <i>box 5</i>	A	£
Private use adjustment <i>box 10</i>	B	£
Balancing charges <i>box 11</i>	C	£
Total <i>boxes A to C</i>	D	£
Minus		
Expenses <i>box 6</i>	E	£
Loan interest, etc. <i>box 7</i>	F	£
Legal, management, etc. <i>box 8</i>	G	£
Other <i>box 9</i>	H	£
Capital allowances <i>box 12</i>	I	£
Total <i>boxes E to I</i>	J	£
Profit or loss <i>box D minus box J</i>	K	£

If box K is a profit, copy box K to box 13. If box K is a loss, copy box K to box 14.

Furnished holiday lettings losses

Box 14 *Loss for the year*

To work out the profit or loss, follow the instructions on the *UK property* pages or use the Working Sheet on page UKPN 5.

Loss used against other income and gains

You can use any UK or EEA furnished holiday lettings loss to reduce the amount of tax you pay on other income or gains, including any other income from property. This is because we treat any loss on furnished holiday lettings as if it was a trade loss. Helpsheet 227 *Losses* explains the different ways that trade losses can be set against other income – exactly the same rules apply to your furnished holiday lettings losses.

Box 15 *Loss set off against other income from property*

You can set any part of a loss in box 14, that has not been set against other income, against your other income from property.

Box 16 *Loss set off against 2010–11 total income*

Enter in box 16 the amount of the loss you want to set against other income of this year. If you want to set furnished holiday lettings losses against capital gains, enter the amount of the loss in box 14 of the *Capital gains summary* page.

Box 17 *Loss carried back to earlier years*

If you want relief for the loss to be calculated by reference to an earlier year or years, enter in box 17 the amount of the loss to be used in this way. You must claim the whole of the loss in box 14. Only if the loss is not used up by the first claim can you make a further claim. And you can only claim relief once for each pound of loss.

Property income

If you own UK land or property which produces rents or other receipts we treat you as operating a property rental business (whether you have one or several properties).

Box 18 *Total rents and other income from property*

Enter in box 18 the total income from your property rental business including any UK furnished holiday lettings profit from box 13. Income includes receipts in cash or in kind. It is taxable when it is earned even if you receive it later (so any 2010–11 rental income paid after 5 April 2011 should be included). Do not include rents for the year to 5 April 2012 that have been paid in advance (during the year to 5 April 2011).

Include rental income from:

- a tenancy
- leasing or licensing agreements over your land or property
- furnished, unfurnished, commercial and domestic accommodation
- any land.

Receipts other than rent are also taxable, for example:

- rent charges and ground rents
- income from the grant of sporting rights
- income from letting others tip waste on your land
- receipts from a film crew who pay to film on your land
- income for the use of a caravan or houseboat at a fixed location

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- way leaves if the land to which the way leave relates is used in your property rental business
- local authority grants towards the cost of repairs
- income from land and property in Enterprise Zone Trusts.

If you let your property furnished, any sums the tenant pays you for the use of furniture should be included here. Exclude premiums for the grant of a lease and reverse premiums (these go in boxes 20 and 21). If tax (to be entered in box 19) has been taken off any of your rental income, make sure the figure in box 18 is the amount before tax was deducted.

Box 19 Tax taken off any income in box 18

This box should only be completed if you are a non-resident landlord.

Box 20 Premiums for the grant of a lease

If your property rental business income includes premiums paid for the grant of a lease and other lump sum payments, etc. given in connection with the right to possession of a property, these payments are taxable on a special basis.

Broadly, for leases over 50 years we treat the entire premium as a capital receipt and therefore not part of your business income.

For leases up to 50 years we treat the premium as partly capital and partly income; only the income is included in box 20.

If you have assigned a lease without requiring payment there may still be a premium charge. Please contact us if you are not sure if this affects you.

Working Sheet for premiums for the grant of a lease

Premium	A	£
Number of complete periods of 12 months in the lease, ignoring the first 12 months	B	
50 minus box B	C	
Box C divided by 50	D	
Box A multiplied by box D <i>copy box E to box 20</i>	E	£

Box 21 Reverse premiums and inducements

Enter in box 21 any payment (or other benefit) you received as an inducement to take an interest in any property (other than your main home) for letting. (This is a 'reverse premium'.)

Property expenses

If your total property income in the year, including furnished holiday lettings income, before expenses is less than £70,000, you do not have to list expenses separately. Instead, put total expenses (minus any furnished holiday lettings expenses) in box 27.

Generally, you can claim the running costs of your business as a deduction but you cannot claim as property expenses any capital costs. These are expenses relating to the purchase or sale of, or improvements, additions and alterations to, land, property, equipment, furnishings or furniture. But you may be able to claim a renewals deduction – see the notes for box 23.

Box 22 Rents, rates, insurance, ground rents etc.

Include:

- rent you pay under a lease of a property that you let
- business rates
- Council Tax
- water rates
- ground rents
- property and contents insurance.

Insurance against loss of rents is also an allowable cost but if you claim under your insurance policy any money you receive should be included as income in box 18.

Box 23 Property repairs, maintenance and renewals***Repairs***

Include in box 23 expenses that prevent the property from deteriorating such as:

- exterior and interior painting
- damp treatment
- stone cleaning
- roof repairs
- furniture repairs
- repairs to any kind of machinery supplied with the property.

Renewals

If you are not claiming capital allowances or the wear and tear allowance, you can claim the costs of replacing furniture, furnishings and machinery supplied with your property. You can also include the costs of renewing small items such as cutlery, but if you do, you cannot claim the original costs. If you received any money for the items being replaced you should take that amount off the replacement costs. Do not claim for any element of improvement compared with the original item.

Box 24 Loan interest and other financial costs

Include:

- the costs of obtaining a loan or an alternative finance arrangement to buy a property that you let
- any interest on such a loan or alternative finance payments.

Box 25 Legal, management and other professional fees

Management fees paid to an agent to cover rent collection, advertising and similar administrative expenses can be deducted.

The normal legal and professional fees for renewing a lease can be deducted if the lease is for less than 50 years. You can also deduct the professional fees incurred in evicting an unsatisfactory tenant, with a view to re-letting, or in appealing against a compulsory purchase order.

You cannot deduct:

- expenses incurred in connection with the first letting or subletting of a property for more than a year. These include legal expenses such as the cost of drawing up a lease, agents' and surveyors' fees and commission
- any costs of agreeing and paying a premium on renewal of a lease
- fees for planning permission or registration of title on property purchase.

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Box 26 Costs of services provided, including wages

If you also provide services to your tenants, such as gardening, portering, cleaning or something like communal hot water, you can claim for the associated costs if you can demonstrate that they were for the let property. If you receive any income for the services you provide you should include this as property income.

Box 27 Other allowable property expenses

Include in box 27 any other expenses of the property rental business not included in boxes 22 to 26, such as stationery, phone, business travelling and other miscellaneous costs.

Where you are subletting the property and you (or an earlier tenant) paid a premium to your landlord when the lease was granted, you may be able to claim for part of the premium paid if the payment is taxable on your landlord as income. If you are not sure how to work out the amount you can include in box 27, please ask us or your tax adviser.

Calculating your taxable profit or loss

Box 28 Private use adjustment

Personal expenses are not allowable as a deduction so if you have included in boxes 22 to 27 any amounts that were not wholly for the property rental business, enter the private proportion in box 28. For example, if you let a property for only eight months in a year and you use it yourself for the other four months, you could put the full annual cost of insuring the property in box 22. If you do, you should include the four months' cost in box 28. If you need any help with working out the business and private use, please contact us or your tax adviser.

Boxes 29 to 32 Capital allowances

You cannot deduct the cost of buying, altering, building, installing or improving 'fixed' assets such as property, equipment or machinery. Nor can you claim depreciation or losses when such assets are disposed of. Instead, you can claim tax allowances, called capital allowances, for the cost of purchasing and improvements to vehicles and equipment such as vans, cars, tools, computers and business furniture (even if the items were purchased under hire purchase) that you use in your property rental business. But you **cannot** claim capital allowances for plant or machinery (such as furniture and fixtures) for use in a dwelling house if you have a property business, unless it qualifies as a furnished holiday letting business. There are several different types of capital allowances – see the notes for boxes 30 to 32.

The notes below only apply if you have a 'standard' 12-month accounting period and summarise the allowances available. If your accounting period is shorter or longer than a year, or began before 6 April 2010, or if you want to know more about capital allowances, please refer to Helpsheets 252 *Capital allowances and balancing charges* (which includes worked examples), or contact us or your tax adviser.

Business and private use

Where you use an item of equipment for both business and private purposes, the allowances you claim should be reduced by the amount of your private use. To do this, calculate the capital allowances due for each item which has any private use separately using a 'single asset pool' and reduce the allowances you claim by the private use proportion (see Example 1 on page UKPN 10).

Box 29 *Balancing charges*

If, during the year you dispose of (that is, sell or give away) or stop using an item in your business for which you claimed capital allowances, there may be an adjustment called a balancing charge. Helpsheet 252 *Capital allowances and balancing charges* gives details about how to work out this charge.

If you had a property that qualified for Business Premises Renovation Allowance (see the note for box 31) and within a period of seven years from the date the property was used or made available for letting:

- the premises are sold, or
- a long lease is granted for a capital sum, or
- the premises cease to be used for business activities, or
- the premises are demolished or destroyed, or
- the person who incurred the renovation costs dies, and
- the proceeds from that disposal event exceed any balance of unrelieved expenditure

a balancing charge will arise. The amount of that charge will be the proceeds less any residue of that unrelieved expenditure (or just the proceeds if that residue is nil). You should also include the total amount of any BPRA balancing charge in box 29.

Box 30 *Annual Investment Allowance*

You can claim a capital allowance called an Annual Investment Allowance (AIA) if you bought equipment (but not cars) during the year up to an annual amount of £100,000. Add the cost of the equipment together and, if the total cost is £100,000 or less, you can claim 100% of that whole amount as your AIA. If the total cost is more than £100,000 then you can claim up to £100,000 of the total as your AIA.

Where you use an item of equipment for both business and private purposes, the AIA claimed has to be reduced by the private use proportion.

Example 1

Gordon buys some tools for £5,000 and a van costing £10,000. The tools are used only for the business. The van is used 60% for business and 40% for private motoring. As the total cost is less than £100,000, Gordon can claim the full amount as AIA.

However, because the van is used for private purposes, Gordon must restrict the amount of AIA that he claims on the van to reflect his private use. This means that the AIA he can claim for the van is £6,000 (£10,000 less 40% private use). His total AIA claim is £11,000 (£5,000 for the tools plus £6,000 for the van).

Enter the total amount of AIA claimed in box 30.

Box 31 *Business Premises Renovation Allowance (BPRA)*

The BPRA scheme took effect from 11 April 2007. From that date, for a period of five years, if you carry out conversion, renovation or repairs to business premises in Assisted Areas which have been unused for at least a year before the work starts and which brings them back into business use, you are entitled to claim a 100% allowance against the capital costs incurred, subject to certain rules.

Further information about BPRA and the conditions you must satisfy to claim the allowance are given in the Capital Allowances Manual (CA45000 onwards) at www.hmrc.gov.uk/manuals/camanual/index.htm

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BPRA cannot be claimed:

- if the renovation expenditure has been incurred on any residential property, or
- on the costs of acquiring the land or building, extending the building, or developing land next to the business premises.

Box 32 All other capital allowances

You may also be entitled to other types of capital allowances depending on the cost, type of asset, and qualifying conditions, such as:

- 20% 'writing down' allowance
- 10% writing down allowance
- 'small pools allowance'
- 100% capital allowances
- restricted annual allowance for cars costing more than £12,000 bought before 6 April 2009
- agricultural or industrial buildings allowance – due on any agricultural buildings, industrial buildings and certain other buildings.

Enter the total of any of these capital allowances in box 32.

The notes below and Helpsheets 252 *Capital allowances and balancing charges* give more information on these allowances.

20% writing down allowance

Where you have spent more than £100,000 in a year on equipment, or (on or after 6 April 2010) you have purchased a car with CO₂ emissions of 160g/km or less, add all the expenditure together to make a 'main pool' of costs. Deduct any Annual Investment Allowance (AIA) up to £100,000 (excluding any expenditure on cars). If you have a main pool from the previous year, add the value of that pool to the amount in the main pool you have left after deducting AIA. Deduct the value of any disposals you have made during the year.

You can then claim a writing down allowance of 20% of the remaining pool value (unless the expenditure is 'special rate' expenditure – see the note for 10% writing down allowance below). For cars bought before 6 April 2009, see page UKPN 12.

10% writing down allowance

Some items will only be eligible for writing down allowances at 10% and these items go into a separate 'special rate' pool. The most common items are cars purchased on or after 6 April 2009, with CO₂ emissions of over 160g/km, and certain integral features of a building or structure, such as electrical systems.

Small pools allowance

If the balance of either the main pool or the special rate pool after claiming AIA, together with any balance carried forward from any previous year, less any amount you got from disposing of equipment you no longer use (for example, by selling it) is £1,000 or less, you may claim that whole amount as a small pools allowance instead of the 20% writing down allowance.

100% allowances

You may also be entitled to a 100% first year allowance if you have bought certain energy-saving technologies used in the property rental business. They are available for the purchase of:

- designated energy-saving and water-efficient technologies
- new unused cars with low CO₂ emissions of less than 110g/km

- equipment for refuelling vehicles with natural gas, biogas or hydrogen fuel
- from 6 April 2010 new unused zero-emission goods vehicles.

For more information see www.eca.gov.uk

You may also be able to claim 100% allowances for converting empty or underused space above shops and other commercial premises to flats for renting.

Cars

Restricted annual allowance for cars costing more than £12,000 bought before 6 April 2009

If you bought a car costing more than £12,000 before 6 April 2009, you cannot claim more than £3,000 writing down allowance in any one year for it. The 20% writing down allowance has to be restricted to a maximum of £3,000, which is further reduced if there is any private use of the car (see below). Put each car costing more than £12,000 in a separate 'car pool' and do a separate calculation for each one. You should continue to do this for as long as you own the car, or until 6 April 2014.

Example 2

In January 2009 Joe bought a car for more than £12,000. The car was used 60% for business and 40% for private motoring. Cars do not qualify for AIA. The car cannot go into the main pool because it was bought before 6 April 2009 and cost more than £12,000 so it goes into its own 'single asset pool'. Because the car cost more than £12,000 Joe can only claim capital allowances up to £3,000 (not 20% of its value because that would be more than £3,000). At the start of 2010-11 the value brought forward in the single asset (car) pool is £16,000.

2010-11	Car pool	Allowance
Cost of car	£16,000	
Annual allowance		
(£16,000 x 20% (£3,200) restricted to £3,000)	£3,000	£1,800 (60%)
Value carried forward	£13,000	

Because Joe used the car 40% for private purposes, the £3,000 is restricted to the 60% business use proportion, or £1,800.

Cars bought on or after 6 April 2009

For cars bought on or after 6 April 2009 the allowances you can claim depend on the car's carbon dioxide (CO₂) emissions. Cars with CO₂ emissions:

- over 160g/km should be put into the special rate pool and will be eligible for writing down allowances at 10%
- of 160g/km or less should go into the main pool and will be eligible for writing down allowances at 20%
- of 110g/km or less qualify for a 100% first year allowance.

Private use

If you have a car which you use for business and for private use, the cost or value of it has to go into a separate single asset pool. Calculate the appropriate allowances due (but not AIA) depending on when the car was bought, the cost and (if the car was bought after 5 April 2009) the CO₂ emissions. You must then reduce the allowances to the business use proportion.

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You can find more information about capital allowances for cars and worked examples in Helpsheet 252 *Capital allowances and balancing charges*.

Box 33 Landlord's Energy Saving Allowance

You can claim for installing:

- loft, floor, cavity wall or solid wall insulation
- draughtproofing and insulation for hot water systems

in residential let property (excluding a property on which you are claiming the Rent a Room exempt amount or a property that is used for furnished holiday letting). The maximum amount allowed for total expenditure on these items is £1,500 for each let property. If you own the let property with others, and the total expenditure on the let property exceeds £1,500, only claim for your proportionate share of £1,500.

Box 34 10% wear and tear allowance

If you let any furnished residential accommodation (other than as a 'furnished holiday letting') you cannot claim capital allowances on any machines, furniture or furnishings supplied, nor on any fixtures that are part of the dwelling house. Instead, you may claim a renewals deduction in respect of the renewal of all such items in box 23 – Renewals. Or, you may claim the 10% wear and tear allowance in box 34. But you cannot claim both.

The wear and tear allowance is equal to 10% of the net rents after deducting charges or services that a tenant would usually bear but which are, in fact, borne by you (such as Council Tax).

Box 35 Rent a Room exempt amount

If you have included any Rent a Room income in box 18, enter in box 35 the Rent a Room exempt amount you are claiming (either £4,250 or £2,125, if the property is let jointly). See the notes on page UKPN 2.

Box 36 Adjusted profit for the year

To work out the adjusted profit, use the Working Sheet on page UKPN 14.

Box 37 Loss brought forward used against this year's profits

Enter in box 37 any loss brought forward from the year ending 5 April 2010, that you want to reduce your profits. This would have been entered in box 41 of your 2009–10 *UK property* pages. Exclude any amount brought forward that you are now setting against total income for 2010–11. Enter this in box 40 provided you satisfy the conditions for set off.

Box 38 Taxable profit for the year

If you have a profit in box 36, you should deduct any losses brought forward from earlier years (box 37) to get your taxable profit for the year. If box 37 is greater than box 36 leave box 38 blank. Include the balance of this loss, after subtracting the profits, in box 41.

Box 39 Adjusted loss for the year

To work out the adjusted loss, use the Working Sheet on page UKPN 14.

Working Sheet for box 36 or box 39

Total rents *box 18*

A £

Premiums for the grant of a lease *box 20*

B £

Reverse premiums and inducements *box 21*

C £

Private use adjustment *box 28*

D £

Balancing charges *box 29*

E £

Total *boxes A to E*

F £

Minus

Furnished holiday lettings losses *box 15*

G £

Expenses *boxes 22 to 27*

H £

Capital allowances *box 30 + box 32*

I £

Business Premises Renovation Allowance *box 31*

J £

Landlord's Energy Saving Allowance *box 33*

K £

10% wear and tear allowance *box 34*

L £

Rent a Room exemption *box 35*

M £

Total *boxes G to M*

N £

Adjusted profit or loss *box F minus box N*

O £

If box O is a profit, copy box O to box 36. If box O is a loss, copy box O to box 39.

Box 40 *Loss set off against 2010-11 total income*

You can only set off the loss in box 39 against total income if:

- the loss is due to certain agricultural expenses and your property rental business includes land used for agricultural purposes (see Helpsheet 251 *Agricultural land*), or
- the loss arises as a result of claims to capital allowances (and your capital allowances in boxes 30 to 32 exceed your balancing charges in box 29).

The loss that may be set off is limited to the lowest of:

- boxes 30 to 32 minus box 29, or
- the loss in box 39, or
- the amount of your other income.

Enter in box 40 the amount you want to set off together with the amount of any similar loss brought forward from last year (see the notes to box 37).

Box 41 *Loss to carry forward to following year, including unused losses brought forward*

Enter in box 41 any remaining losses not set off in any other way. If you entered a profit in boxes 36 and 38 there are no losses to carry forward.

If you entered a profit in box 36 and left box 38 blank, enter in box 41 the balance of the loss brought forward (box 37 minus box 36).

If you entered a loss in box 39, deduct any part of this loss set off against total income in box 40 and add the result to the losses brought forward in box 37. Enter the total in box 41.