



Allowable Expenses of a Letting Business

Allowable expenses of a letting business including buy to let properties

The following expenses are considered to be of a revenue nature. These costs can be claimed as a deduction against the rental income from let property for tax purposes. It is not an exhaustive list and there will be grey areas where the revenue:capital divide will apply and where opportunities exist to agree a favourable position with HM Revenue & Customs.



Revenue Costs include:

- Service charges.
- Insurance – buildings insurance and if let furnished, contents insurance also.
- Gardeners and grounds maintenance.
- Mortgage interest (but not the capital element of the repayment).
- Costs of obtaining the loan on which loan interest relief is claimed.
- Cleaners.
- Certain legal fees e.g. granting leases and action against defaulting tenants.
- Managing Agents costs.
- Rent collection costs.
- Rubbish removal costs.
- Maintenance of common parts in a multi-occupied block.
- Repairs of a revenue nature (watch wholesale replacements).
- Advertising costs of finding new tenants (but not permanent signs).
- Costs of inventory and tenancy agreements.
- Bailiffs and tenant eviction costs.
- 10% Wear and Tear allowance for furnished lettings (calculated 10% of rents less rates) OR Replacements Basis.
- Bank overdraft and interest charges if a separate “rental” account is maintained.
- Council tax if paid by the landlord e.g. during a void period where there is no tenant.
- Bad debts e.g. unpaid rent
- Ground rent or rent that the landlord pays on the let premises.
- Certain costs of traveling between the let properties e.g. to collect the rent.



Further Information

For further advice and assistance speak to any of Monahans Tax Team or email:

marketing@monahans.co.uk. You can also visit the Revenue’s website at www.hmrc.co.uk