01 / START WITH THE RIGHT RULES

Airbnb is a booking platform, not a tax category.

The old Furnished Holiday Lettings regime is no longer the starting point.

What changed?

The special **Furnished Holiday Lettings (FHL)** tax regime ended from 6 April 2025 for individuals and from 1 April 2025 for companies, subject to the applicable accounting-period rules. The normal property rules are now the starting point.

Meeting the old availability and letting-day tests does not revive those tax advantages. Business-rates tests are separate and still need checking.

Choose the right ownership route

Who receives the income?	Starting point
You personally / joint owners	Property income on the owners' personal tax returns.
A limited company	Rental profit and assets belong to the company. Personal withdrawals are separate.
A guesthouse with substantial services	May be trading rather than ordinary letting. Ask us to review the actual operation.

Renting out a furnished room in your own home may qualify for Rent a Room. It is not a general exemption for a separate holiday investment property.

Four things not to assume

"I can deduct all the mortgage payments." Capital repayments are not a rental expense. Individual residential finance costs normally use a basic-rate tax reduction rather than a profit deduction.

"All furnishings get an immediate tax write-off." First furnishing and replacement items have different rules. Former FHL capital-allowance pools need a transition check.

"Holiday rent is residential rent, so VAT-exempt." Holiday accommodation normally follows different VAT rules from a long-term residential letting.

"The platform pays my tax for me." A platform payout or report does not replace your own record-keeping and tax obligations.

KEEP THE OLD RECORDS

Former FHL losses and capital-allowance balances may still matter. Send the last FHL accounts and tax workings, not just this year's booking totals.

Pensions and selling: ordinary holiday rental profit no longer counts as pension-relevant earnings merely because it once qualified as FHL. The old access to trading CGT reliefs also ended, subject to transitional rules. Ask before contributing or selling.

CHECK THE RULES End of the special holiday-let regime · Holiday lets and finance costs · Former holiday-let capital allowances · Former holiday-let losses · Rent a Room

02 / INCOME, EXPENSES AND CASH

Record the booking income, not just the bank payout.

Then separate operating costs, finance costs and personal use.

A platform payout example

Your accommodation income is **£1,000**. The platform acts as agent and retains a **£150 host fee**, then sends you £850. Record £1,000 income and £150 expense, not £850 income with another £150 deduction.

A separate fee the platform charges the guest for its own service is not automatically your income. Keep the full booking and fee breakdown.

Common costs

Cost	Usual starting point
Cleaning, laundry, host fees, utilities and insurance	Business share can be deductible.
Repairs to keep the property in its existing condition	Usually a running cost; improvements differ.
Initial furniture or a new extension	Not an ordinary rental running-cost deduction.
Replacement domestic items	Relief may apply, with conditions and any improvement element excluded.
Owner / family holidays	Private costs and use need excluding or apportioning.

Example: personally owned holiday accommodation

Annual calculation	Amount
Rental income	£24,000
Allowable operating expenses	(£6,000)
Taxable property profit	**£18,000**
Income Tax at 40%	£7,200
20% tax reduction on £6,000 finance costs	(£1,200)
Income Tax after that reduction	**£6,000**

WHAT IS LEFT IN CASH?

£24,000 rent − £6,000 operating costs − £6,000 interest − £6,000 tax = **£6,000**.

Any mortgage capital repayments reduce that cash further, but not the taxable rental profit.

Assumptions: non-VAT-registered individual, full qualifying £1,200 finance-cost reduction available, all profit taxed at 40%, no private use, allowances, losses or other adjustments. Company-owned property is different.

CHECK THE RULES Rental expenses and reporting · Holiday lets and finance costs · Former holiday-let capital allowances

03 / VAT, REPORTING AND LOCAL RULES

Short stays can bring VAT into the picture.

Do not use long-term residential-rent VAT assumptions for holiday accommodation.

VAT: check turnover, not profit

Holiday accommodation is normally **standard-rated at 20%** once VAT registration applies. For UK-established businesses, the registration threshold is **£90,000 taxable turnover**, with rolling 12-month and forward 30-day tests.

For a sole trader, combine taxable activities carried on by the same person. Separate listings or properties do not each receive a fresh threshold. Exempt long-term residential rents are different.

A £120 NIGHT AFTER VAT REGISTRATION

If the guest's agreed total stays £120, it contains **£20 VAT**, leaving £100 before host fees and other costs. A £120 plus VAT price would be £144 to the guest.

Overseas platform, software or advertising fees can need reverse-charge VAT and can affect registration even though they are purchases. Send the actual invoice and supplier details.

Personal tax and MTD

Keep tax-year income and expense records and arrange Self Assessment where required. A 2026/27 online return is normally due by **31 January 2028**. Payments on account may also apply.

For individuals, MTD for Income Tax uses combined gross self-employment and property income, not rental profit or company turnover:

Relevant tax-year income exceeds...	Normal start
£50,000 in 2024/25	6 April 2026
£30,000 in 2025/26	6 April 2027
£20,000 in 2026/27	6 April 2028

Exemptions and special cases exist. See our MTD guide for quarterly records and updates.

Council tax or business rates?

England's self-catering test includes availability for 140 nights and actual commercial letting for 70 nights in the previous 12 months, plus future availability conditions. Scotland, Wales and Northern Ireland have different rules. Passing a rates test does not restore the old FHL tax reliefs.

Before advertising: check local planning and licensing, mortgage/lease permission, insurance and fire-safety duties. These depend on the property and location, and are separate from the tax treatment.

CHECK THE RULES VAT on holiday accommodation · VAT registration tests · Overseas services and VAT · When MTD for Income Tax applies · Business rates for holiday lets

04 / RECORDS AND EVERYDAY QUESTIONS

Give us the full picture behind each payout.

Use the booking record and annual checklist together.

Booking / dates	Accommodation income[1]	Refunds	Host fees	Net payout[2]	Private use / notes
DEMO: booking H01	£1,000	£0	£150	£850	Platform is agent; no VAT registration.

1. Include your cleaning charges and other amounts due to you. Record VAT separately where applicable. 2. This simple example has no other adjustments; reconcile deposits, withheld balances and timing differences to the platform statement.

Questions owners ask

Can I use Rent a Room? It can cover qualifying furnished accommodation in your main home: normally £7,500 gross a year, halved if another person receives income from the same home. It replaces the relevant expense calculation, not an extra deduction on top.

Can I pay rental income into my partner's account? The bank destination alone does not transfer ownership or decide who is taxable. Joint ownership and spouse/civil-partner rules need checking.

Can I claim my own holidays? No. Record private nights, family stays, discounts and shared costs so the business portion can be assessed.

Annual pack to send SBX

Income: statements from every platform, direct bookings, refunds and bank accounts. Include overseas properties if relevant to your UK return.

Costs: full invoices, finance statements separating interest and capital, and details of furnishings, replacements and improvements.

History: ownership shares, private-use calendar, previous FHL workings, VAT details and relevant local rates/licensing documents.

KEEP PERSONAL AND COMPANY MONEY SEPARATE

For a company-owned property, the company's rental income is not automatically your personal spending money. Use the salary, dividend or loan route that actually applies.

Contact our office or your account manager. info@sbxaccountants.com | 020 7046 1730

Keep completed forms in your own private records. Send them through your agreed SBX channel, not the shared resource library.

CHECK THE RULES Rent a Room · Rental expenses and reporting · End of the special holiday-let regime · VAT on holiday accommodation