

Letting conditions for Furnished Holiday Lets

Many property owners opt to rent their property as a Furnished Holiday Letting (FHL). There are several benefits to FHLs including Capital Gains Tax relief and capital allowances for furniture and fixtures.

To access these benefits, there are several conditions that must be met for a property to qualify as a Furnished Holiday Let.



To qualify as a Furnished Holiday Let, the property must be **in the UK or EEA, fully furnished and commercially let.**

The 3 occupancy conditions

In addition to the qualification criteria, the property must pass all 3 occupancy conditions.

These conditions apply to the first 12 months of letting for new lets, or to the tax year (6 April - 5 April) for continuing lets.

1. The pattern of occupation condition

If the total of long-term lets (31+ days) exceeds 155 days in the year, then this condition is not met and the property will not qualify as an FHL.

The reasoning for the limit is to reduce the possibility of property owners accepting long-term lets and passing them off as holiday lets to access the tax benefits.

2. The availability condition

The property must be available for at least 210 days in the year to qualify as an FHL. This excludes any days that you or your family stayed at the property.

This rule was introduced to ensure that the property is genuinely available as a commercial let with the goal of earning a profit.

3. The letting condition

The final condition is that the property must be let as furnished holiday accommodation to the public for at least 105 days in the year. This does not include long-term lets of 31 days or more or days that you stayed at the property.



However, if your holiday let failed to attract 105 days of paying guests, there are 2 options to help you reach the threshold:

- **The averaging election:** if you have more than one property.
- **Period of grace election:** if your property reaches the threshold in some years but not in others.

The averaging election

If you have more than one holiday let, and one or more of these properties is not meeting the letting condition, you can use the average occupancy of all FHLs you let.

This is particularly useful if you have a high level of occupancy in one property but are struggling to achieve the occupancy level in a new property.

Period of grace election

If you genuinely intended to meet the letting condition but were unable to, you may be able to make a period of grace election that allows the property to qualify as an FHL as long as the other 2 conditions were met.

To make an election, you must have met the letting condition in the previous year or provide proof that you genuinely attempted to reach the threshold.