



Landlord Newsletter 8/24



Steven Sim – Associate

Welcome to our Landlord Newsletter covering industry updates and insight.

Government confirms Furnished Holiday Let (FHL) abolition

The government has now issued the draft legislation to abolish the special tax treatment of furnished holiday lettings (FHLs) with effect from 6 April 2025 for individuals (1 April 2025 for corporation tax).

This change will remove the tax advantages that current FHL landlords have received over other property businesses in 4 key areas by:

- applying the finance cost restriction rules so that loan interest will be restricted to the basic rate of Income Tax;

- removing capital allowances rules for new expenditure and allowing relief when domestic items are replaced;
- withdrawing access to reliefs from taxes on chargeable gains for trading business assets; and
- no longer including this income within relevant UK earnings when calculating maximum pension relief.

After repeal, former furnished holiday let properties will form part of the person's UK or overseas property business and be subject to the same rules as residential property businesses.



FHL tax advantages removed

Where an existing FHL business has an ongoing capital allowances pool of expenditure, they can continue to claim writing-down allowances on that pool —



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any new expenditure incurred on or after the operative date (1 or 6 April 2025) must be considered under the property business rules.

Losses generated from a person's FHL business will be permitted to be carried forward and be available for set off against future years' profits of either the UK or overseas property business as appropriate.



Homes in Scotland becoming less affordable

BBC analysis shows that the gap between the average Scottish house price and average annual pay has increased tremendously over the past 20 years.

In 2023/24, the average house price was 5.2 times the average annual pay, up from 3.8 times in 2003/04.

The study fuels concerns that more people will never be able to join the housing ladder, potentially harming the housing market in the long-term.



For more information see [How Scotland's homes keep getting less affordable - BBC News](#)

If you would like to speak to us and find out how we can help you with any property-related issues, please contact Steven Sim on 0131 226 2233 or email ssim@thomsoncooper.com.

The newsletter is part of our online [Property and Landlord Hub](#) which also features factsheets and property-related articles.