



HM Treasury

# Rent a room relief: summary of responses

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July 2018



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ISBN 978-1-912225-92-7  
PU2181

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# Executive summary

The government published a call for evidence on rent a room relief at Autumn Budget 2017 in response to changes in the private rented sector (PRS) over the last 25 years.

Rent a room relief allows individuals to earn up to £7,500 tax free from letting out furnished accommodation in their main or only residence. The original intention of the relief was to increase the quantity and variety of low-cost rented housing, giving more choice to tenants and making it easier for people to move around the country for work.

Since rent a room relief was first introduced in 1992, the PRS has more than doubled in size and the emergence of online platforms has made it easier than ever for those with spare accommodation to access a global network of potential occupants.

Against that backdrop, the government sought evidence against three objectives, which were to: find out more about the use of the relief; establish whether the relief is working as the government intends; and to help inform any potential reform of the relief.

We are grateful to all those who responded to the call for evidence, whether they replied in writing and/or engaged with officials in person.

Key conclusions from the call for evidence are that:

- **The government will retain rent a room relief at its current level of £7,500.** Responses to the call for evidence indicated that in most cases, individuals would not be prepared to let out their spare rooms if the relief was not available. Given that, there was a consensus amongst respondents that rent a room relief provides an effective incentive for people to make their spare rooms available for rent. £7,500 exceeds by over £1,000 the average annual cost of renting a room in the UK.<sup>1</sup> The limit was increased from £4,250 in April 2016, and the government will keep this under review
- **There is no evidence to suggest that tenancy length or tenancy type is an appropriate proxy for achieving the government's objectives for rent a room relief.** Most respondents suggested that individuals make decisions about what kind of tenancy to offer for a wide variety of reasons; the behaviour of those with spare rooms is highly specific to both their personal circumstances and the market they are operating in. Lodgers also

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<sup>1</sup> [www.homesandproperty.co.uk/property-news/renting/how-the-cost-of-renting-a-room-varies-across-the-uk-a112471.html](http://www.homesandproperty.co.uk/property-news/renting/how-the-cost-of-renting-a-room-varies-across-the-uk-a112471.html)

value flexibility and benefit from a choice of different types of tenancies. There is no obvious rationale for the design of rent a room relief to favour one form of activity over another.

- **There is an opportunity to clarify the purpose of rent a room relief and ensure it is better targeted to achieve its original objective of incentivising the use of spare rooms.** There was consensus amongst those who responded to the consultation that the purpose of rent a room relief is to support those with spare rooms to take in lodgers. The letting of whole properties was widely recognised as a different type of activity that should fall outside the scope of rent a room relief. However, the rules around what type of activity qualifies for rent a room relief are not currently clear on this point.
- **In response, the government plans to introduce a new shared occupancy test in rent a room relief.** The new test will require the taxpayer to be living in the residence and physically present for at least some part of the letting period, for the income to qualify. This will ensure rent a room relief meets its original purpose of incentivising people to let spare rooms rather than whole properties, and will also clarify how rent a room relief interacts with the wider tax regime for property income. **The government invites comments and submissions on the proposal for a new shared occupancy clause, before its introduction in Finance Bill 2018-19. The deadline for submissions is 31 August 2018.**

# Chapter 1

## Introduction

### Background to the call for evidence

- 1.1 Rent a room relief provides income tax relief for those letting out furnished accommodation in their main or only residence. It was first introduced in 1992 to incentivise individuals to make spare capacity in their homes available for rent. The government intended this to increase the quantity and variety of low-cost rented accommodation, giving more choice to tenants and making it easier for people to move around the country for work.
- 1.2 Rent a room relief allows individuals to earn up to £7,500 of tax-free income from letting out furnished accommodation in their main or only residence. This income might otherwise be taxable. Those earning up to £7,500 of income that qualifies for rent a room relief, who are not already required to submit a self-assessment tax return, do not have to notify HM Revenue & Customs (HMRC) of this income or that they are benefitting from the relief.
- 1.3 Individuals earning more than £7,500 of income qualifying for rent a room relief must complete a tax return. When calculating their taxable profits, they can either do so in the usual way (by deducting allowable expenses from total rental income) or by simply deducting the £7,500 allowance from rental income.
- 1.4 The housing market has changed significantly in the last 25 years. There has been an overall growth in the number of people living in the private rented sector, more than doubling from 10% of total households in 1992, to 21% in 2016. The emergence and growth of peer to peer online marketplaces and digital platforms has also had a significant impact on the market, making it easier to advertise rooms and putting those with spare accommodation in touch with a national and global network of potential occupants.
- 1.5 The government supports the sharing economy, and since April 2017, has introduced a new £1,000 tax free allowance for individuals, to make it easier for them to earn a small amount of income from renting out or sharing their property. This relief cannot be claimed in conjunction with rent a room relief.
- 1.6 The government is also committed to supporting a vibrant private rented sector, including encouraging longer-term tenancies and ensuring greater certainty for renters. Given this objective and the pace and scale of change in the sector, the government wanted to explore whether the design of rent a room relief provides the right incentives for the rental market.



- 1.7 At Autumn Budget 2017, the government announced a call for evidence into rent a room relief.
- 1.8 The objectives of the call for evidence were to:
- **Find out more about the use of the relief:** The call for evidence invited responses to help the government understand more about who uses the relief, what kinds of activity they are carrying out, why they might choose to let spare accommodation in their main or only residence.
  - **Establish whether the relief is working as the government intends:** The original purpose of rent a room relief was to contribute to an increase in the supply and variety of low-cost residential accommodation. The government wanted to hear views on whether this was an appropriate use of tax relief given the changes in the private rented sector and its wider commitment to improve access to housing.
  - **Help inform any potential reform of the relief:** The call for evidence was also intended to seek a range of views on the effectiveness of the relief, what its role should be in the modern housing market, and whether there was consensus around potential reform.
- 1.9 The call for evidence was published on 1 December 2017 and responses were sought by 23 February 2018.

# Chapter 2

## Summary of responses

2.1 The government received 178 written responses to the call for evidence from individual users of the relief, tax and accountancy groups, trade bodies, accommodation sharing platforms, and charities. During the call for evidence, officials from HM Treasury and HMRC hosted roundtable discussions with stakeholders. Some contributors had surveyed their client bases and shared details of the survey information gathered. Officials also discussed the issues with devolved administrations, several regional authorities, and overseas tax authorities.

2.2 The key points from the responses to the call for evidence were:

- **There was a consensus amongst respondents that rent a room relief remains an effective incentive for people to make their spare rooms available for rent.** Responses indicated that in most cases, individuals would not be prepared to let out their spare rooms if the relief was not available.
- **Respondents were positive about the relief being simple and easy to understand for users.** Stakeholders were widely of the view that rent a room relief is simple for taxpayers to use: removing any need to complete a tax return. There was concern that complicating the relief – such as making it difficult for taxpayers to understand if they are eligible – could lead to non-compliance, people coming into self-assessment when they would not otherwise be required to, or those with spare accommodation choosing not to rent it out.
- **The behaviour of those with spare rooms is highly specific to both their personal circumstances and the market they are operating in.** Some landlords do choose to exclusively offer either residential or ‘guest’ accommodation, or specifically focus on providing short or long term lets. But many landlords will either have to be more flexible responding to demand in their local area, or they may choose to offer different types of lets at different times.
- **Few respondents were in favour of restricting the relief in some way to ‘residential’ or longer term (31 consecutive days) lets only.** Definitions based on either the type or length of tenancy are seen as a poor proxy for the type of behaviour that rent a room relief is designed to incentivise. A majority of those who expressed a view on these options felt that rules of this type would be too complicated for users to understand, too difficult for HMRC to enforce, and/or would take away the relief from arrangements which met the government’s objectives.

- **Respondents saw an opportunity for some limited reform by clarifying whether income from the letting of entire properties qualified.** Evidence provided through the call for evidence has highlighted that under the current design of rent a room relief, those letting out whole properties as well as spare rooms can currently benefit. A number of respondents were of the view that the relief shouldn't be available where an entire property was being let. Some articulated a distinction between letting out spare rooms – and generating some spare income – and letting out whole properties, which is seen as more akin to commercial activity, or a business.

2.3 A summary of the responses in relation to the specific questions in the call for evidence can be found below.

## Current use of the relief

2.4 The call for evidence asked the following questions to help the government understand more about the current use of rent a room relief, including the overall use of the relief, and the drivers and motivations of homeowners to offer rooms to let.

- 1 Do you have evidence that could help the government understand more about the number of individuals benefitting from rent a room relief, and the type of activity that they are carrying out?
- 2 Do you have any evidence that suggests that there are increasing numbers of people letting out rooms in their main home? If so, do you have any evidence that suggests this relates specifically to holiday or guest accommodation rather than residential? Has there been a move towards one or the other over time?

2.5 Evidence received by the government provided no definitive picture of the overall use of rent a room relief. The growth of online platforms such as Airbnb, SpareRoom.com and others has made it considerably easier for those with spare accommodation to reach a wider audience. Figures from those organisations suggest that almost 170,000 people are using their platforms to let out spare rooms, in locations across the UK, and that the number of hosts has increased in recent years. This is consistent with HMRC statistics that show an increase in the number of rent a room relief users based on self-assessment data.<sup>1</sup>

2.6 However, the government does not have a definitive estimate of how many of those 'hosts' would have been carrying out similar activities before the emergence of such platforms, nor of the current use of rent a room relief beyond this population. Attempting to identify a specific amount of relief going towards lettings either of residential or 'guest' accommodation has also been difficult, particularly as some landlords will typically offer both types over time.

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<sup>1</sup> HMRC data shows that the number of individuals benefitting from Rent a Room relief and needing to complete a self-assessment tax return has risen by 38% from 2007-08 to 2014-15.

- 3 Is the use of the relief generally by individuals letting out rooms for residential purposes, or as holiday/guest accommodation, or for a different purpose?
  - 4 To what extent do those using the relief choose whether to advertise to lodgers for certain purposes (e.g. residential versus holiday/guest accommodation), or are those using the relief responding to demand in the market? If it is a choice, what drives that decision?
  - 5 To what extent is the length of tenancy for lodgers a consideration for those using the relief, when advertising a room for rent?
  - 6 Do you have any evidence that there are regional differences in whether rooms are being rented out for different purposes or tenancy lengths?
- 2.7 The government's intention in asking this set of questions was to understand more about the type and length of tenancy being offered, and the drivers and motivations for homeowners to offer rooms for let. The evidence received showed that there is a diverse and complex picture, and that the behaviour of those with spare rooms is highly specific to both their personal circumstances and the market they are operating in.
- 2.8 For instance, some homeowners choose to exclusively offer one or the other of residential or 'guest' accommodation. But the reasons for doing so are not necessarily straightforward. Landlords will respond to their living situation – such as whether they live with family, friends, a partner or by themselves – and the extent to which their income from renting out a room forms their main income, or is a supplementary income source. Landlords will also make decisions based on market conditions. A spare room in a cottage in a holiday area might be perfect for a series of shorter term lets, for instance, whereas an en suite room in an urban setting might be more suited to a longer term let.
- 2.9 Others offer or expect to offer both holiday and residential accommodation, and for different time periods. This may be due to a change in their circumstances, where they no longer place as great a value on having the room available at short notice. Or it may be that they are unsure, or will simply wait and see how well a particular arrangement works for them. Tenants can also value flexibility, and demand for properties will vary in different areas and at different times – for instance, properties near a hospital may experience demand for short term lets from visiting professional consultants.
- 2.10 Many respondents indicated that personal circumstances and market conditions were the most significant factors affecting their decision about what type of properties to offer, and that they would be unlikely to necessarily change their behaviour based on the design of rent a room relief.

## **Is the relief working as the government intends?**

- 2.11 The call for evidence asked the following questions to help the government better understand whether the relief is working as intended: 'to act as an incentive to increase the quantity and variety of low-cost accommodation, giving more choice to tenants and making it easier for people to move around the country for work.'

- 1 To what extent do you think the existence of rent a room relief provides an incentive for those using the relief to let out rooms in their home / take on a lodger? If rent a room relief did not exist, and only the £1,000 property allowance were available to use against this income, would current users of the relief still take in a lodger?
- 2 How significant is the role of rent a room relief in supporting the government's wider objective to have a diverse supply of housing options? What impact, if any, do you feel the relief is having on the supply of housing? Are there any other economic or social benefits from the relief?

2.12 Respondents to the call for evidence universally thought that rent a room relief provides an incentive to let out spare rooms, and that they would be less inclined to do so if they had to pay tax on this income. 69% of individuals who responded suggested that if rent a room relief weren't available they would stop renting out their spare accommodation. Respondents also widely responded to say that a major benefit of rent a room relief is the simplicity of using it, and that the additional requirements of moving into self-assessment if the relief was abolished would be a considerable disincentive for many to start letting out rooms.<sup>2</sup>

2.13 Given this incentive effect, many respondents argued that rent a room relief plays an important role in supporting wider housing supply by creating an incentive to bring unused rooms into use, and that this is particularly important given the scale of under-occupancy of rooms across the UK.<sup>3</sup> There were also a number of respondents who felt that shorter term lets were particularly important to support labour mobility. One individual who attended the 'host' roundtable said: 'Spare rooms are increasingly being used by mobile workers who often only need a place to stay for just a night or two.'

- 3 Do you think that all types of letting activity, regardless of the purpose or length, should be able to benefit equally from Rent a Room relief?

2.14 There was broad consensus amongst respondents that the relief should be available regardless of the letting type. Some concern was raised in relation to shorter term 'holiday' type lets. However, many were of the view that short term lets were also being used for other purposes, such as work, training or study. Holiday lets were also seen as preferable to rooms going 'unused'. Another attendee of one of the 'host' roundtables suggested: 'It doesn't matter what type of lodger we're looking for or where we're looking, as long as we're putting the room to use. Ultimately we'll take on a lodger on terms that best suit us as homeowners.'

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<sup>2</sup> Airbnb: 'Hosts find claiming the relief a simple process. Four fifths (80 percent) agreed that Rent-a-Room Relief is easy to claim on their tax return. As the vast majority of spare room hosts earn below the £7,500 threshold, many responded that they would not wish to change how the relief was administered.'

<sup>3</sup> Statistics referenced by SpareRoom.co.uk in their response stated that there were 19 million unused rooms in owner-occupied properties in England alone.

- 2.15 Most felt that trying to exclude lets based on the length or the 'type' would add too much complexity and might cause individuals to take the rooms off the market. There was also a view that such restrictions would be unenforceable.
- 2.16 A number of respondents were of the view that the relief should only be available where people were sharing their homes, and not where they were making an entire property available for let.<sup>4</sup> It was suggested this created an unfair advantage: most people who currently rent out an entire property are taxed as a business and don't qualify for rent a room relief.

## Evidence/options for reform

- 2.17 The call for evidence asked the following questions to help the government to understand what evidence there is to reform the relief, and what options there are to reform it.
- 1 Do you have experience or knowledge of a system for taxing Rent a Room income that is simpler, fairer or more effective than that in the UK?
  - 2 One example the government is aware of is in Ireland and France, where there is a 'residential' test applied to the equivalent tax relief. Do you think the UK should look to restrict access to Rent a Room relief only to those homeowners letting out their rooms for residential purposes? What would be the pros and cons of such an approach?
- 2.18 Some respondents favoured a system for rent a room relief which excludes accommodation that is provided through 'guest' booking sites. However, the government's position is that the medium used to advertise spare rooms for let should not be a factor in whether a particular activity qualifies for rent a room.
- 2.19 Others cited the approach in the United States of America, where lets of less than 14 days are not taxable. However, no respondents endorsed this approach and strict day limits were considered to create unhelpful boundaries and reduce flexibility.
- 2.20 All respondents who referenced the French system, which requires the occupant to register the property as their main residence for the taxpayer to qualify, expressed the view that it imposed too much of a burden on both the taxpayer and the lodger.
- 3 Do you think that there should be differences in eligibility for rent a room relief according to type of letting activity, purpose or length? Do you think homeowners should only be eligible to claim rent a room relief where they are offering a room for let on a longer-term basis (e.g. 31 days or more)? What would be the pros and cons of such an approach?

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<sup>4</sup> ICAEW: 'In our opinion the relief should be available for letting activity where the landlord's property is shared and not where the entire property is used by the renter regardless of the length of the rental agreement.' London Society of Accountants: 'We feel that the relief should be available for letting activity where the landlord's property is shared, but not where the entire property is used by the renter.' ATT: 'Respondents were given a number of options of letting different parts of the home. 98% of respondents felt that the relief should apply to spare rooms.'

- 2.21 Most felt that this option was too complex and unenforceable. There would need to be numerous exemptions, including Monday to Friday only lets, which support labour mobility and are a vital part of the government's objectives for rent a room. There was also some consensus around the idea that even though 31 consecutive days was a useful proxy for the distinction between short and long term, like any number it was arbitrary and would create some unintended behaviours around whatever limit is set.
- 2.22 Many respondents felt that lets of less than 31 consecutive days which did meet the objectives for rent a room relief would be unfairly excluded: such as those moving around the country for work, using accommodation while undergoing hospital treatment, or using short term accommodation whilst they are between more 'permanent' arrangements. One individual made the point at the 'host' roundtable: 'If I have a junior doctor come and stay in my spare room for two weeks whilst they're doing a particular course at the local hospital, am I not meeting the government's objectives for rent a room relief? I think that I am, but under the 31 consecutive day rule this income wouldn't be eligible.'
- 4 Do you have any further ideas or evidence about how the UK might reform rent a room relief?
- 2.23 Most respondents felt the relief is working as intended, is creating the right incentives, is simple, and is easy to understand for users.
- 2.24 Some suggested a higher annual limit but the majority of respondents felt the annual limit of £7,500 is sufficiently generous.<sup>5</sup>
- 2.25 However, respondents highlighted that as it is currently designed, rent a room benefits both those who let out spare rooms and those letting out whole properties. Many felt that the letting out of whole properties is not necessarily in line with the original purpose of the relief, and that doing so is closer in intention to a property business, which are considered to be out of scope of the relief.

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<sup>5</sup> CIOT: 'We first asked our members whether they thought that the current threshold for RAR relief of £7,500, introduced in April 2016, was appropriate. Over 70% of respondents thought it was.'

# Chapter 3

## Government response

- 3.1 As set out in the 'Summary of response', evidence provided to the government indicates that: rent a room relief is providing an effective incentive for people with spare rooms to make them available for rent; that there is a case for the government to clarify whether entire properties should be eligible for the relief; that any reform should be simple and easy to understand for users; and that there are considerable challenges to introducing a restriction around the type or length of tenancy.
- 3.2 Given these issues, the government has considered but ruled out the following reform options.

### Restricting the relief to 'residential' lettings only

- 3.3 This option would introduce into the tax rules a distinction between lettings that are residential versus guest lettings. Doing so would clarify that rent a room relief is intended to support activities such as people moving around the country to work or study, rather than leisure or tourism.
- 3.4 There was limited support for restricting the relief to 'residential', as opposed to 'guest' lets. Stakeholders from the tax community highlighted that it would be complicated to define a 'residential' let in practice. Even if it were possible to establish a definition, it would be very difficult to implement as it would also require the taxpayer to understand the nature of their tenants stay, which may not always be easy to do. For instance, some landlords would consider it intrusive to establish what exactly their tenants are doing in the area, and what they are using the accommodation for – and it could also require some form of apportionment if, for instance, a guest was combining both work and leisure.
- 3.5 The government accepts these arguments, and acknowledges that any such test would be inconsistent with the desire to keep the relief, and any reforms to it, simple and easy to understand for the user.

### Restricting the relief to lets of 31 consecutive days or greater

- 3.6 A second option outlined in the call for evidence was to introduce a test based on the length of time a tenant is in residence, so that a landlord could only claim relief where the tenancy was for 31 consecutive days or greater. The argument for doing so would be that tenancy length could be seen as a proxy for the type of activity that a lodger is undertaking (it would be unusual to take a holiday for more than a few weeks), and so offer a way to



return the relief to its original purpose. The government is also concerned more widely with encouraging the use of longer term lettings in the PRS.<sup>1</sup>

- 3.7 However, we found no evidence that the length of a letting is an appropriate proxy for the government to achieve its objectives for rent a room relief. For instance, letting arrangements such as Monday to Friday only lets, or accommodation provided for attendees of a three-week language course or summer school, would also fall below the 31 consecutive day count – despite reflecting the spirit of the government’s objectives for the relief. Many respondents also discussed the need for flexibility for both parties, for instance where a self-employed person is taking on a short-term contract.
- 3.8 The government accepts the argument that a test within rent a room relief based on length of tenancy would create unnecessary complexity within the rules, and would not meet the original objectives of the relief.

## A shared occupancy clause

- 3.9 There is an opportunity to clarify the purpose of rent a room relief and ensure it is better targeted to achieve its original objectives. Specifically, evidence suggests that there are landlords benefitting from the relief even where they are letting out whole properties. The government agrees with the view articulated by some stakeholders that such activity is inconsistent with the original purpose of rent a room relief.
- 3.10 Those letting out whole properties are typically doing so for different reasons, in different circumstances, and are operating in a different market to those letting out spare rooms in their main homes. Generally, those letting out spare rooms are doing so in order to generate small amounts of additional income, and do not see the activity as their main source of income. Those letting out whole properties will typically receive higher levels of income, let those properties out for a longer period of time, and may often operate more like commercial landlords. In those circumstances, the government considers it more appropriate to treat such activity under the normal rules for taxing property income.
- 3.11 To achieve this objective, **the government intends to introduce a new ‘shared occupancy clause’ for rent a room relief**, which will require the individual to be resident in the property and physically present for at least some part of the letting period. Doing so will return the relief to its original purpose of incentivising the letting of spare rooms (which otherwise go unused).
- 3.12 The government has considered whether doing so will introduce disproportionate complexity into the rules, but believes that such a test should be simple to administer as it creates a straightforward binary distinction, rather than introducing questions of judgement.

Alongside this call for evidence, the government has published draft legislation setting out how we intend the new test to operate in practice, and will be consulting on the details of this legislation in advance of introducing the legislation into Finance Bill 18-19 later this year. We

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<sup>1</sup> The Ministry for Housing, Communities and Local Government (MHCLG), will shortly publish a call for evidence on overcoming the barriers to longer term tenancies in the private rented sector. We would encourage those who are interested to respond to this.

welcome views on this and invite responses up until the deadline of 31 August 2018.

## **Interaction of rent a room relief with other property tax reliefs**

- 3.13 The purpose of introducing a new shared occupancy test into rent a room relief is to return the relief to its original purpose. But it also clarifies the role of rent a room relief in the wider property tax regime, including the interaction with the new £1,000 trading and property allowances.
- 3.14 In practice, the future regime for property income will work as follows:
- Where a landlord is letting out a room in their main or only residence, and they are present in the property for some or part of the time, they will be eligible for rent a room relief on the first £7,500 of income from that letting.
  - Where a landlord is letting out a whole property, even if it is usually their main residence, they will now be unable to claim rent a room relief. However, they will continue to be eligible for the new Trading and Property Allowances, which allows up to £1,000 of property income to be earned tax-free. On any income above £1,000, landlords can choose to either deduct the amount of the allowance, or deduct the revenue expenses incurred in letting out the property, such as the cost of replacing carpets or the cost of meeting gas or electricity bills.
- 3.15 This clarifies that whereas rent a room relief is designed specifically for those letting out rooms, the new £1,000 property allowance is designed to be used against any form of property income, subject to the rules around that relief set out in HM Revenue & Customs guidance.
- 3.16 The government invites views and comments on the proposed introduction of the new 'shared occupancy clause', or on the details of the draft legislation published today, in advance of introducing legislation in Finance Bill 2018-19 later this year.
- 3.17 The current definition of residence for the purpose of rent a room relief is 'a building or part of a building occupied or intended to be occupied as a separate residence, a caravan, or a houseboat'. The government also invites evidence and views on whether this definition is effective for the purposes of defining "shared occupancy", including the treatment of annexes within the curtilage of a dwelling.

# Chapter 4

## Conclusions

- 4.1 The objectives of rent a room relief are to increase the supply and variety of low cost accommodation and to support labour mobility. These objectives can be met in a variety of ways. Workers use short term accommodation to move around the country, as do individuals moving to an area to take up training. Equally the choice for those with spare accommodation, between a permanent lodger/s and more short term lets is rarely binary. It is driven by people's circumstances. A spare room in the Lake District will be very desirable for short term lets, but there may be little demand for it on a longer-term basis. Equally an elderly widower in the South East who has a spare room might value the permanence, companionship and extra security of a long-term lodger and there is more likely to be significant demand for such an arrangement. Although the distinction is not always as clear an individual's circumstances often place them in a very particular segment of the market. The tax treatment is unlikely in most cases to drive people from one type of letting towards another.
- 4.2 It is evident that all types of lettings support economic activity and can support the government's objectives for rent a room relief. The tax system should support those who have spare accommodation to make it available and shouldn't seek to discriminate based on the medium they use to find lodgers or the type of letting arrangement they seek. However, it is the government's view that the purpose of rent a room relief has always been to support spare rooms, rather than whole properties, which should properly fall under the normal rules for taxing property income. A new shared occupancy clause will return the relief to its original purpose, and clarify its role in the wider property tax regime.

# Chapter 5

## Next steps

- 5.1 The government will include legislation for the shared occupancy clause in the Finance Bill 2018 to 2019 and the change will take effect from 6 April 2019.
- 5.2 Draft legislation is published alongside this document, and will be consulted on over summer 2018. This legislation can be found in clause 14 of the draft Finance Bill 2018 to 2019 published on 6 July 2018.

### How to respond

- 5.3 The deadline for responses to the draft legislation is August 31 2018. If you would like to send a representation by email, please contact [rentaroomrelief@HMTreasury.gsi.gov.uk](mailto:rentaroomrelief@HMTreasury.gsi.gov.uk). Representations by email are preferable but hard copies can be sent to:

Personal Tax Team  
HM Treasury  
1 Horse Guards Road  
London  
SW1A 2HQ

- 5.4 Paper copies of this document or copies in Welsh and alternative formats (large print, audio and Braille) may be obtained free of charge from the above address. This document can also be accessed from GOV.UK. All responses will be acknowledged, but it will not be possible to give substantive replies to individual representations.
- 5.5 When responding please say if you are a business, consultancy, individual or representative body. Please provide demographics of your organisation: in the case of representative bodies, please provide information on the number and nature of people you represent.
- 5.6 This consultation will inform the exact drafting of the final legislation. The government will introduce this as part of the Finance Bill 2018-19 once it has considered the responses received.

### Confidentiality

- 5.7 Information provided in response to this consultation, including personal information, may be published or disclosed in accordance with the access to information regimes. These are primarily the Freedom of Information Act 2000 (FOIA), the Data Protection Act 1988 (DPA) and the Environmental Information Regulations 2004.

- 5.8 If you want the information that you provide to be treated as confidential, please be aware that, under the FOIA, there is a statutory Code of Practice with which public authorities must comply and which deals with, amongst other things, obligations of confidence. In view of this it would be helpful if you could explain to us why you regard the information you have provided as confidential. If we receive a request for disclosure of the information we will take full account of your explanation, but we cannot give an assurance that confidentiality can be maintained in all circumstances. An automatic confidentiality disclaimer generated by your IT system will not, of itself, be regarded as binding on HM Treasury.
- 5.9 HM Treasury will process your personal data in accordance with the DPA and in the majority of circumstances this will mean that your personal data will not be disclosed to third parties.

# Annex A

## List of organisations who responded to the call for evidence

Airbnb

Association of Accounting Technicians

Association of Taxation Technicians

Chartered Institute of Taxation

Generation Rent

Institute of Chartered Accountants in England and Wales

Intergenerational Foundation

London Society of Chartered Accountants

Low Incomes Tax Reform Group

SpareRoom.co.uk

UKHospitality

167 individuals also submitted written responses to the call for evidence.



### **HM Treasury contacts**

This document can be downloaded from  
[www.gov.uk](http://www.gov.uk)

If you require this information in an alternative  
format or have general enquiries about  
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