Cranleys
CHARTERED ACCOUNTANTS

CRANLEYS' CLEVER CHECKLISTS · No. 20 · GAINS, PROPERTY AND ESTATES

Furnished Holiday Lettings Checklist After Abolition

Tick it, print it, pin it up. Every box you cannot tick is a conversation worth having.



By Colin Davison FCA, Managing Partner, Cranleys Chartered Accountants. In practice since 1998. Reviewed 15 November 2026 against the 2026/27 rules.

THE QUICK ANSWER

The furnished holiday lettings regime was abolished from 6 April 2025. Holiday lets are now taxed as ordinary property income, with mortgage interest as a 20% credit, no separate capital allowances, and no special capital gains reliefs. Losses are carried forward against the same property business.

THE KEY FIGURES

2026/27 figure	Amount
FHL regime	abolished from 6 April 2025
Finance cost credit	20% (24% from April 2027)
Property income rates from April 2027	24%, 44%, 49%
BADR and rollover on FHL gains	no longer available

The checklist, box by box

	The check	What to do	Keep as evidence
☐	**Is the abolition applied from April 2025?**	No FHL allowances and no special CGT reliefs for disposals after that date.	Return computations
☐	**Is mortgage interest handled as a credit?**	Finance costs are no longer fully deductible. A 20% credit applies.	Lender statements
☐	**Are losses used correctly?**	Former FHL losses now carry forward against property income of the same business only.	Loss schedule
☐	**Is plant treated correctly?**	Replacement domestic items relief replaces separate plant allowances for new purchases.	Asset list, invoices
☐	**Is business property relief assumed?**	Holiday lets are usually investment. BPR needs substantial services. See Pawson v HMRC.	Services and staffing records
☐	**Are VAT and business rates reviewed?**	Check VAT registration if turnover passes £90,000 and whether business rates or council tax applies.	Rates bills, turnover log

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MY PRO TIP

assume nothing from the old FHL regime still applies.

A worked example

An owner has holiday let profit of £20,000 before finance costs of £5,000. Under the old rules profit was £15,000 and tax at 40% was £6,000. Now tax on £20,000 at 40% is £8,000, less a 20% credit of £1,000, so £7,000. The extra cost is £1,000 a year at higher rate.

The trap to avoid

Assuming business asset disposal relief still applies on selling a holiday let. It does not for disposals from 6 April 2025.

The case that matters

Pawson v HMRC [2013] UKUT 50: the holiday lettings were mainly investment, so business property relief was refused.

Test your accountant

One question that tells you if you have the right adviser:

How are my holiday lets taxed now, and should I keep them personally or move them?

What has changed recently

- Property income rates rise from April 2027. See the landlord checklist.
- The old furnished holiday lettings reliefs for capital gains have gone.
- Revisit the inheritance tax position. See the business property relief checklist.

Questions I get asked

Are furnished holiday lets still tax advantaged?

No. The regime was abolished from 6 April 2025 and holiday lets are taxed like other rental property.

Can I still get business asset disposal relief on a holiday let?

Not for disposals from 6 April 2025.

Is mortgage interest on holiday lets deductible?

It is a 20% tax credit now, not a full deduction.

Do holiday lets qualify for business property relief?

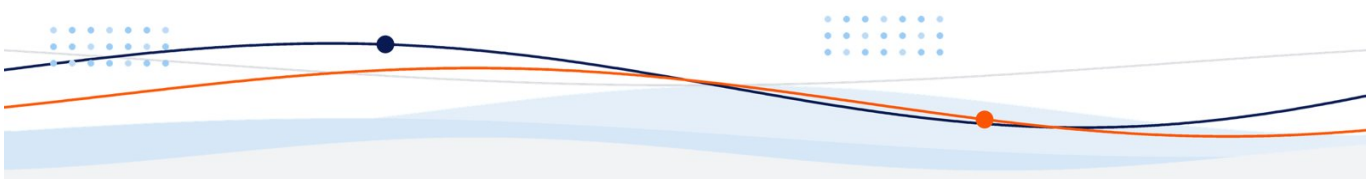
Rarely. Courts treat most as investment unless substantial services are provided.

The 9 CAD Keys link: Alignment

Alignment means asking whether a holiday let still fits your goals after the rules changed. Lifestyle and tax need to point the same way.

Colin's 9 CAD Keys. CORE: Clarity, Capability, Consistency. ADVANCED: Analysis & Positioning, Alignment, Acceleration. DYNAMIC: Differentiation, Dexterity, Development. Score each key 1 to 5 in the free Business Value Assessment Scorecard, total out of 45. *Freedom is built. One CAD Key at a time.*

Tick these next



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Tax checklist 19
Property and Landlords Tax Checklist 2026/27

Tax checklist 09
Business Property Relief (BPR) Checklist 2026/27

Tax checklist 05
Capital Gains Tax Checklist 2026/27

Go deeper: my books

For this topic, start with **Property Tax Secrets**, part of The Cranleys Business and Tax Secrets Series: Property Tax Secrets, Inheritance Tax Secrets, Business Tax Secrets, Starting Up Secrets, Business Growth Secrets and Business Exit Secrets. The books are launching soon. Join the launch list at cranleys.online/books and I will tell you the moment each one is released.

YOUR NEXT STEP

Ring me. Free draft plan, no hard sell.

I will build you a free draft tax plan or business plan on my 9 CAD Keys: a scorecard, a 12-month cashflow forecast, a 90-day action plan and a review with me. **1** Get in touch. **2** Short intro call. **3** Your free draft plan in plain English. You decide what happens next.

Check, adjust, enjoy the view.

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