



# New Tax Regime for Short-Term Lets

## Everything you need to know for your 2025/2026 tax return

**The first tax year under the new rules ended on 5<sup>th</sup> April 2026.** As you prepare to file your 2025/2026 tax return, you will notice that it looks different to tax returns completed in previous years. This is because Self-Assessment (SA100) tax returns will no longer have a Furnished Holiday Let (FHL) section.

Historically, the UK property section of a tax return was split into 2 sections. The first page was for qualifying short-term lets (FHLs) and the second page for long term lets (residential or commercial).

The 2025/26 tax return, and all future tax returns, will now only have 1 section called 'UK Property'. Income and expenses from ALL property letting in the UK must be entered here. This means that short-term letting income and expenses will be combined with long term income and expenses, and tax paid on the net profit of all lets!

Owners will have until 31<sup>st</sup> January 2027 to submit their 2025/26 tax return to HMRC online.

### What happens to FHL Losses or Capital Allowances pools?

Any unused losses or capital allowances will still be available to offset against rental profits. This will now include income from long term lets. Previously, losses or capital allowances from an FHL could only be offset against FHL profits.

### Do I still need to meet the FHL letting days criteria?

No. From 6<sup>th</sup> April 2025, the lettings days criteria for FHLs is no longer applicable. All lets are now treated the same, so there is no requirement or benefit to meeting the letting days criteria.

**Please note -**

The letting days criteria for business rating are still applicable.

### What expenses can I claim under the new rules?

The majority of the expenses that you claimed under the FHL tax regime will still be deductible post April 2025. The key differences are:

**No capital allowances** for new furniture & equipment or embedded fixtures within a building.

**Finance costs** (e.g. mortgage interest) are no longer deductible when calculating your taxable profits. Instead, a 20% tax reducer is applied. For example, if you have £10,000 of mortgage interest, you will reduce your tax liability by £2,000 (£10,000 x 20%).

With the exception of the above, qualifying expenses you incur are tax deductible. You can download Zeal's guide to tax deductible expenses [HERE](#).

### Do I have any unclaimed tax relief?

If you purchased, built or refurbished a building for short-term letting before April 2025, you could be sitting on unclaimed capital allowances tax relief.

70% of short-term let owners are yet to claim their entitlement and are missing out on £10,000+ in tax savings.

It's not too late to claim, but with the deadline fast approaching, time is of the essence! Get in touch to arrange a free review and uncover if you have any unclaimed tax relief available to you.

### Can I still allocate all the profits to me?

If you are a joint owner of a property and are not married to the other owner, you can still allocate the profits as per the agreement between the owners.

If you are joint owners and married, then you must allocate 50% of the profits or losses to the joint owner. You may wish to consider a Declaration of Trust (DoT), to change the beneficial ownership to the lowest earning spouse.

### What about Making Tax Digital (MTD)?

MTD applies for tax year 2026/2027. You will submit your tax return as normal for 2025/2026.

[Click to arrange a free Capital Allowances review](#)

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