

Rent a room scheme

September 2014
Factsheet

Earn up to £4,250 from your spare room

There are many great reasons to take in a lodger.

You could earn £4,250 a year tax free from your spare room.

Taking in a lodger helps:

- to reduce the number of homeless people
- people live close to family & friends
- people access employment and training opportunities

Find out more at:
www.harrow.gov.uk/spareroom2let

Further information

Gov.uk - Rent a Room

[HMRC - Helpsheet](#)

[DCLG - A Guide for Resident Landlords](#)

[Spareroom - Rent a Room](#)

Did you know that you could earn up to £4,250 tax free from your spare room?

The rent a room scheme

If you let a furnished room in your own home, you should be able to benefit from the government's 'Rent a Room Scheme'.

You can earn up to £4,250 a year tax free from taking in a lodger. The tax exemption is automatic – so you don't have to complete a tax return (unless you do for other reasons).

If you earn over £4,250, you must complete a tax return and decide whether or not you want to opt into the scheme.

Tax on residential lettings

A disadvantage of the scheme is that you cannot claim any expenses relating to the letting. However, if you choose to opt out of the scheme then you will be able to deduct certain expenses and tax allowances.

If you opt out, you will be taxed on the 'net profit' of taking in a lodger. You can work this out by:

- Adding together your rental income
- Subtracting your allowable expenses from your income

Allowable expenses

You are allowed to deduct certain expenses and tax allowances if you opt out of the scheme. These include:

- Maintenance & repairs
- Utility bills
- Council Tax
- Services, such as laundry

Record keeping

You must keep records of your income and expenses for six years if you rent a room in your property. Although you cannot claim expenses from the 'Rent a Room scheme', it is still important to keep records.

Interested in taking in a lodger?

Please contact Harrow Council's Housing Advice Team:

@ spareroom2let@harrow.gov.uk
☎ 020 8424 1093

