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# Renting out your property (England and Wales)

## 1. Landlord responsibilities

You're a landlord if you rent out your property. As a landlord you must:

- keep your rented properties safe and free from health hazards
- make sure all gas (<https://www.gassaferegister.co.uk/help-and-advice/renting-a-property/information-for-landlords/>) and electrical equipment (<http://www.hse.gov.uk/electricity/maintenance/safety.htm>) is safely installed and maintained
- provide an Energy Performance Certificate (<https://www.gov.uk/buy-sell-your-home/energy-performance-certificates>) for the property
- protect your tenant's deposit (<https://www.gov.uk/deposit-protection-schemes-and-landlords>) in a government-approved scheme
- check your tenant has the right to rent your property (<https://www.gov.uk/check-tenant-right-to-rent-documents>) if it's in England
- give your tenant a copy of the How to rent (<https://www.gov.uk/government/publications/how-to-rent>) checklist when they start renting from you (you can email it to them)

### Coronavirus (COVID-19) and your responsibilities

Your responsibilities as a landlord have not changed because of coronavirus. However, you should follow the government's coronavirus advice (<https://www.gov.uk/coronavirus>) and only visit the property in person for urgent issues (for example for safety issues or if your tenants do not have hot water, heating or toilet facilities).

Read the coronavirus and renting guidance for tenants and landlords

(<https://www.gov.uk/government/publications/covid-19-and-renting-guidance-for-landlords-tenants-and-local-authorities>).

There are different rules if you rent out property in Scotland (<https://www.mygov.scot/renting-your-property-out/your-responsibilities/>) or Northern Ireland (<https://www.nidirect.gov.uk/articles/landlord-and-tenant-obligations>).

### Fire safety

It's your responsibility to:

- fit and test smoke alarms and carbon monoxide alarms (<https://www.gov.uk/government/publications/smoke-and-carbon-monoxide-alarms-explanatory-booklet-for-landlords>)
- follow fire safety regulations for property in a purpose-built block of flats (<https://www.local.gov.uk/fire-safety-purpose-built-flats>) or for houses and property adapted into flats (<https://www.cieh.org/media/1244/guidance-on-fire-safety-provisions-for-certain-types-of-existing-housing.pdf>)

### Health and safety inspections

The Housing Health and Safety Rating System (**HHSRS**) (<https://www.gov.uk/government/publications/housing-health-and-safety-rating-system-guidance-for-landlords-and-property-related-professionals>) is used by your council to make sure that properties in its area are safe for the people who live there. This involves inspecting your property for possible hazards, such as uneven stairs.

If you own a property and rent it out, the council may decide to do an **HHSRS** inspection because:

- your tenants have asked for an inspection
- the council has done a survey of local properties and thinks your property might be hazardous

## **HHSRS hazard ratings**

Inspectors look at 29 health and safety areas and score each hazard they find as category 1 or 2, according to its seriousness.

You must take action on enforcement notices from your council. You also have the right to appeal enforcement notices.

The council can do any of the following if they find a serious hazard:

- issue an improvement notice
- fix the hazard themselves and bill you for the cost
- stop you or anyone else from using part or all of the property

## **Financial responsibilities**

You have to pay:

- Income Tax (<https://www.gov.uk/renting-out-a-property/paying-tax>) on your rental income, minus your day-to-day running expenses
- Class 2 National Insurance if the work you do renting out property counts as running a business (<https://www.gov.uk/renting-out-a-property/paying-tax>)

If you have a mortgage on the property you want to rent out, you must get permission from your mortgage lender.

## **Regulated tenancies**

There are special rules for changing rents and terms for regulated tenancies (<https://www.gov.uk/renting-out-a-property/changing-regulated-tenancy>) (usually private tenancies starting before 15 January 1989).

## **2. Making repairs**

You must keep your property in good condition, and any gas or electrical systems must meet specified safety standards.

Because of coronavirus (COVID-19), you should only enter your property for urgent issues (for example, for safety issues or because your tenants do not have hot water, heating or toilet facilities). This does not affect your legal responsibilities as a landlord. Read the coronavirus and renting guidance for tenants and landlords (<https://www.gov.uk/government/publications/covid-19-and-renting-guidance-for-landlords-tenants-and-local-authorities>).

## When you can enter the property

You have a legal right to enter your property to inspect it or carry out repairs. You must give your tenants at least 24 hours' notice, although immediate access may be possible in emergencies. Your tenants have the right to stay in the property during the repairs.

You're normally responsible for repairs to:

- the structure of your property
- basins, sinks, baths and other sanitary fittings
- heating and hot water systems
- anything you damage through attempting repairs

If your property is seriously damaged by a fire, flood or other similar incident, you do not have to rebuild or renovate it. However, if you do, you cannot charge your tenants for any repairs made.

## Common areas

If you own a block of flats, you're usually be responsible for repairing common areas, like staircases. Councils can ask landlords to fix problems in common areas, or to repair a tenant's flat that's been damaged by another tenant.

## What happens if repairs are not done properly

If you refuse to carry out repairs, tenants can:

- start a claim in the small claims court for repairs under £5,000
- in some circumstances, carry out the repairs themselves and deduct the cost from their rent

If you do not make repairs to remove hazards, your tenants can ask the council to inspect the property under the Housing Health and Safety Rating System (HHSRS) and to take any action that is necessary.

If the council finds serious hazards, it must take enforcement action to make sure the hazard is removed.

## If the property is temporarily unfit to live in

You can ask tenants to move out during major repairs. Before this happens, you should agree in writing:

- how long the works will last
- the tenants' right to return
- details of any alternative accommodation

You cannot repossess a property to do repairs. However, if you're planning substantial works, or want to redevelop the property, you can apply to the courts for an order for your tenants to leave. The courts are more likely to grant this if you provide alternative accommodation.

## Repairs and charging rent

If the repairs are very disruptive, your tenants may be able to claim a reduction on their rent known as a 'rent abatement'. This will depend on how much of the property is unusable.

You may have the right to increase the rent (<https://www.gov.uk/renting-out-a-property/rent-increases>) after carrying out repairs and improvements, depending on the tenancy agreement (<https://www.gov.uk/tenancy-agreements-a-guide-for-landlords/tenancy-types>).

### 3. Rent increases

The tenancy agreement (<https://www.gov.uk/private-renting-tenancy-agreements/overview>) should include how and when you'll review the rent.

There are special rules for increasing regulated tenancy rents (<https://www.gov.uk/renting-out-a-property/changing-regulated-tenancy>).

#### When you can increase rent

For a periodic tenancy (rolling on a week-by-week or month-by-month basis) you can usually only increase the rent once a year.

For a fixed-term tenancy (running for a set period) you can only increase the rent if your tenancy agreement permits this. Otherwise, you can only raise the rent when the fixed term ends.

#### How you can increase the rent

If a fixed-term tenancy agreement says how the rent can be increased, you must stick to this.

For a periodic tenancy, you can:

- agree a rent increase with your tenants and produce a written record of the agreement that you both sign
- use a 'Landlord's notice proposing a new rent' form (<https://www.gov.uk/assured-tenancy-forms>), giving your tenant at least a month's notice

The rent increase must be fair and realistic, that is, in line with reasonable rents on the open market.

#### If your tenants do not agree

If your tenants think the rent increase is unfair, they can ask the First Tier Property Tribunal (<https://www.gov.uk/housing-tribunals/apply-to-the-tribunal>) to decide the right amount.

#### Coronavirus (COVID-19) and rent

Tenant responsibilities have not changed because of coronavirus. Your tenant should continue to pay rent if they can.

If your tenant is unable to pay their rent, you can agree a different way to pay. For example, you can agree to accept a lower rent payment for a set amount of time and they pay off the rent arrears later.

Read the coronavirus and renting guidance for tenants and landlords

(<https://www.gov.uk/government/publications/covid-19-and-renting-guidance-for-landlords-tenants-and-local-authorities>).

You and your tenant can get advice from Shelter ([https://england.shelter.org.uk/housing\\_advice/coronavirus](https://england.shelter.org.uk/housing_advice/coronavirus)), Citizens Advice (<https://www.citizensadvice.org.uk/housing/renting-privately/>) and The Money Advice Service (<https://www.moneyadviceservice.org.uk/en/categories/renting-and-letting>).

## 4. Settling disputes

You can often sort out disputes with your tenants without going to court:

1. Speak to your tenants about your concerns.
2. If this does not work, write a formal letter setting out the problem.
3. Use a mediation service (<https://www.gov.uk/how-to-resolve-neighbour-disputes/use-a-mediation-service>), which is usually cheaper and quicker than going to court.
4. As a last resort, you can take your tenants to court.

### Going to court

If you take legal action, the case may go to a small claims court (<https://www.gov.uk/make-court-claim-for-money/overview>). Small claims cases are those worth less than £10,000 (or £1,000 if the case is about repairs to a property).

The courts provide a free mediation service for small claims cases, which can take place over the phone.

If you want to get your property back because your tenants owe you rent money, you can make a possession claim online (<https://www.possessionclaim.gov.uk/pcol/>).

You must follow specific rules if you want to evict tenants (<https://www.gov.uk/evicting-tenants>).

Because of coronavirus (COVID-19) possession claims in the courts are currently suspended. Read the coronavirus and renting guidance for tenants and landlords (<https://www.gov.uk/government/publications/covid-19-and-renting-guidance-for-landlords-tenants-and-local-authorities>).

### Free advice for disputes

You can get free advice about disputes or housing problems from Citizens Advice (<http://www.citizensadvice.org.uk/index/getadvice/>) or Shelter ([https://england.shelter.org.uk/housing\\_advice](https://england.shelter.org.uk/housing_advice)).

In Wales, you can contact Shelter Cymru (<http://www.sheltercymru.org.uk/contact-us>).

You might be able to get free and confidential legal advice from Civil Legal Advice (CLA) as part of legal aid (<https://www.gov.uk/civil-legal-advice>), if you're in England and Wales.

A solicitor can also help you, but they might charge a fee.

## 5. Houses in Multiple Occupation (HMO)

If you let your property to several tenants who are not members of the same family, it may be a 'House in Multiple Occupation' ([HMO](#)).

Your property is an [HMO](#) if both of the following apply:

- at least 3 tenants live there, forming more than one household

- toilet, bathroom or kitchen facilities are shared

A household consists of either a single person or members of the same family who live together. It includes people who are married or living together and people in same-sex relationships.

If someone in an HMO becomes ill with coronavirus (COVID-19), you do not have to find alternative accommodation for the other tenants. You also cannot make someone leave their home because they have coronavirus. Read the coronavirus and renting guidance for tenants and landlords (<https://www.gov.uk/government/publications/covid-19-and-renting-guidance-for-landlords-tenants-and-local-authorities>).

## Licences

An HMO must have a licence if it is occupied by 5 or more people. A council can also include other types of HMOs for licensing.

Find out if you need an HMO licence (<http://local.direct.gov.uk/LDGRRedirect/index.jsp?LGSL=149&LGIL=8&ServiceName=Find%20out%20about%20council%20rent%20inspections%20of%20shared%20accommodation>) from your council.

## Risk assessment

The council has to carry out a Housing Health and Safety Rating System (HHSRS) risk assessment on your HMO within 5 years of receiving a licence application. If the inspector finds any unacceptable risks during the assessment, you must carry out work to eliminate them.

## Reporting changes

You must tell the council if:

- you plan to make changes to an HMO
- your tenants make changes
- your tenants' circumstances change (for example they have a child)

## 6. Paying tax and National Insurance

When you rent out property you may have to pay tax.

These rules also apply to Scotland and Northern Ireland.

## Running a property business

You have to pay Class 2 National Insurance (<https://www.gov.uk/self-employed-national-insurance-rates>) if your profits are £6,475 a year or more and what you do counts as running a business, for example if all the following apply:

- being a landlord is your main job
- you rent out more than one property
- you're buying new properties to rent out

If your profits are under £6,475, you can make voluntary Class 2 National Insurance

(<https://www.gov.uk/voluntary-national-insurance-contributions/why-pay-voluntary-contributions>) payments, for example to make sure you get the full State Pension.

You do not pay National Insurance if you're not running a business - even if you do work like arranging repairs, advertising for tenants and arranging tenancy agreements.

## Property you personally own

The first £1,000 of your income from property rental is tax-free. This is your 'property allowance'.

Contact [HMRC](https://www.gov.uk/government/organisations/hm-revenue-customs/contact/self-assessment) (<https://www.gov.uk/government/organisations/hm-revenue-customs/contact/self-assessment>) if your income from property rental is between £1,000 and £2,500 a year.

You must report it on a Self Assessment tax return (<https://www.gov.uk/self-assessment-tax-returns>) if it's:

- £2,500 to £9,999 after allowable expenses
- £10,000 or more before allowable expenses

If you do not usually send a tax return, you need to register by 5 October following the tax year you had rental income.

Register now (<https://www.gov.uk/government/publications/self-assessment-register-for-self-assessment-and-get-a-tax-return-sa1>)

## Declaring unpaid tax

You can declare unpaid tax by telling [HMRC](https://www.gov.uk/let-property-campaign) about rental income from previous years (<https://www.gov.uk/let-property-campaign>). If you have to pay a penalty it'll be lower than if [HMRC](https://www.gov.uk/let-property-campaign) find out about the income themselves.

You'll be given a disclosure reference number. You then have 3 months to work out what you owe and pay it.

Do not include the £1,000 tax-free property allowance for any tax years before 2017 to 2018.

## Property owned by a company

Count the rental income the same way as any other business income.

## Costs you can claim to reduce tax

There are different tax rules for:

- residential properties
- furnished holiday lettings
- commercial properties

## Residential properties

You or your company must pay tax on the profit you make from renting out the property, after deductions for 'allowable expenses'.

Allowable expenses are things you need to spend money on in the day-to-day running of the property, like:

- letting agents' fees
- legal fees for lets of a year or less, or for renewing a lease for less than 50 years
- accountants' fees
- buildings and contents insurance
- interest on property loans
- maintenance and repairs to the property (but not improvements)
- utility bills, like gas, water and electricity
- rent, ground rent, service charges
- Council Tax
- services you pay for, like cleaning or gardening
- other direct costs of letting the property, like phone calls, stationery and advertising

Allowable expenses do not include 'capital expenditure' - like buying a property or renovating it beyond repairs for wear and tear.

You may be able to claim tax relief on money spent on replacing a 'domestic item'. This is called 'replacement of domestic items relief'.

Domestic items include:

- beds
- sofas
- curtains
- carpets
- fridges
- crockery and cutlery

You must have only bought the domestic item for use by tenants in a residential property and the item you replaced must no longer be used in that property.

The replacement of domestic items relief is available from:

- the 2016 to 2017 tax year for individuals and partnerships
- 1 April 2016 for companies

### **Furnished residential lettings**

You may be able to claim 'wear and tear allowance' (<https://www.gov.uk/guidance/income-tax-when-you-rent-out-a-property-working-out-your-rental-income#expenses-you-can-claim-if-your-property-is-fully-furnished---until-5-april-2016>):

- for the 2015 to 2016 tax year for individuals and partnerships
- on or before 31 March 2016 for companies

### **Furnished holiday lettings**

For furnished holiday homes, you may be able to claim:

- plant and machinery capital allowances (<https://www.gov.uk/capital-allowances>) on furniture, furnishings and so on in the let property, as well as on equipment used outside the property (like vans and tools)

- Capital Gains Tax (<https://www.gov.uk/capital-gains-tax>) reliefs - Business Asset Rollover Relief, Entrepreneurs' Relief, relief for gifts of business assets and relief for loans to traders

You can only claim these if all the following apply:

- the property is offered to let for at least 210 days a year
- it's let for more than 105 days a year
- no single let is more than 31 days
- you charge the going rate for similar properties in the area ('market value')

If you own the property personally, your profits count as earnings for pension purposes.

You can download helpsheets to help you with your tax return:

- capital allowances (<https://www.gov.uk/government/publications/capital-allowances-and-balancing-charges-hs252-self-assessment-helpsheet>)
- furnished holiday lettings (<https://www.gov.uk/government/publications/furnished-holiday-lettings-hs253-self-assessment-helpsheet>)

## Commercial properties

You can claim plant and machinery capital allowances (<https://www.gov.uk/capital-allowances>) on some items if you rent out a commercial property - like a shop, garage or lock-up.

## Working out your profit

You work out the net profit or loss for all your property lettings (except furnished holiday lettings) as if it's a single business. To do this, you:

- add together all your rental income
- add together all your allowable expenses
- take the expenses away from the income

Work out the profit or loss from furnished holiday lettings separately from any other rental business to make sure you only claim these tax advantages for eligible properties.

## Making a loss

Deduct any losses from your profit and enter the figure on your Self Assessment form.

You can offset your loss against:

- future profits by carrying it forward to a later year
- profits from other properties (if you have them)

You can only offset losses against future profits in the same business.

## 7. Changing a regulated tenancy (fair rent)

There are special rules for changing rents and terms for regulated tenancies (sometimes called 'fair rents') which usually started before 15 January 1989.

## When you can increase rent

You can only increase the rent up to the maximum set by the Valuation Office Agency ([VOA](https://www.gov.uk/check-register-rents)) - check the register of rents (<https://www.gov.uk/check-register-rents>) to find out what it is.

You can ask [VOA](https://www.gov.uk/check-register-rents) to review the rent every 2 years, or earlier if something has affected the value, so that it remains fair. Your rent might increase or decrease.

Download and fill in a fair rent form (<https://www.gov.uk/government/publications/fair-rent-forms>) to get your rent reviewed. Send the completed form to the [VOA](https://www.gov.uk/check-register-rents) Network Support Office by post.

[VOA](https://www.gov.uk/check-register-rents) Network Support Office  
Wycliffe House  
Green Lane  
Durham  
DH1 3UW  
Telephone: 03000 501 501

Email the [VOA](https://www.gov.uk/check-register-rents) Network Support Office if you have any questions about increasing your rent.

**[VOA](https://www.gov.uk/check-register-rents) Network Support Office**  
[NSOhelpdesk@voa.gsi.gov.uk](mailto:NSOhelpdesk@voa.gsi.gov.uk)

### **If the fair rent increases**

You must serve a notice of increase of rent on your tenant. You can charge the new rent from the date it's registered.

Fill in a 'notice of increase' form (available from legal stationers) and send it to your tenant.

You can backdate your notice of rent increase for up to 4 weeks.

### **Cancel a registered rent**

Download and fill in an application form to cancel a registered rent (<https://www.gov.uk/government/publications/fair-rent-forms>) and send it to the address on the form, for example if the tenancy stops being regulated, or you and the tenant agree to cancel it.

It may take up to 6 weeks to cancel a registered rent.