



Income Tax (Trading and Other Income) Act 2005

2005 CHAPTER 5

PART 3

PROPERTY INCOME

CHAPTER 6

COMMERCIAL LETTING OF FURNISHED HOLIDAY ACCOMMODATION

Introduction

322 Introduction

- (1) This Chapter explains for the purposes of this Part what is meant by the commercial letting of furnished holiday accommodation (see sections 323 to 326).
- (2) It matters whether a UK property business consists of or includes the commercial letting of furnished holiday accommodation for the purposes of—
 - [^{F1}(za) section 272B(4) (exception from restriction on deductibility of finance costs),]
 - [^{F2}(zaa) section 307B (cash basis: capital expenditure),]
 - [^{F3}(zb) section 311A (replacement domestic items relief: see subsection (7)),]
 - (a) section 312 (deduction for expenditure on energy-saving items: see section 313(3)),
 - (b) ^{F4}
 - (c) ^{F4}
 - (d) certain provisions of TCGA 1992 (see section 241 of that Act),
 - (e) CAA 2001 (see, for example, sections 248 and 249 of that Act),
 - [^{F5}(f) section 189(2)(ba) of FA 2004 (meaning of “relevant UK earnings” for pension purposes),

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- (g) Part 4 of ITA 2007 (loss relief: see section 127 of that Act),
 [F6(ga) section 399A(9) of ITA 2007 (exception from restriction on deductibility of interest on loans to invest in partnerships),” , and]
 (h) section 836(3) of ITA 2007 (jointly held property: see exception D).]
- [F7(2A) It matters whether an overseas property business consists of or includes the commercial letting of furnished holiday accommodation in one or more EEA states for the purposes of—
- [section 272B(4) (exception from restriction on deductibility of finance costs),]
 F8(za)
- [section 307B (cash basis: capital expenditure),]
 F9(zaa)
- [section 311A (replacement domestic items relief: see subsection (7)),]
 F10(zb)
- (a) section 312 (deduction for expenditure on energy-saving items: see section 313(3)),
 (b) certain provisions of TCGA 1992 (see section 241A of that Act),
 (c) CAA 2001 (see, for example, sections 250 and 250A of that Act),
 (d) section 189(2)(bb) of FA 2004 (meaning of “relevant UK earnings” for pension purposes),
 (e) Part 4 of ITA 2007 (loss relief: see section 127ZA of that Act),
 [section 399A(9) of ITA 2007 (exception from restriction on deductibility of interest on loans to invest in partnerships),]and
 F11(ea)
- (f) section 836(3) of ITA 2007 (jointly held property: see exception DA).]
- (3) This Chapter also supplements [F12 the provisions mentioned in subsection (2)] by providing in certain circumstances for the profits of the furnished holiday lettings part of a UK property business to be calculated separately (see sections 327 and 328).
- [F13(4) This Chapter also supplements the provisions mentioned in subsection (2A) by providing in certain circumstances for the profits of the EEA furnished holiday lettings part of an overseas property business to be calculated separately (see sections 328A and 328B).]

Textual Amendments

- F1** S. 322(2)(za) inserted (18.11.2015) by [Finance \(No. 2\) Act 2015 \(c. 33\)](#), [s. 24\(6\)\(a\)](#)
- F2** S. 322(2)(zaa) inserted (16.11.2017) (with effect in accordance with Sch. 2 para. 64 of the amending Act) by [Finance \(No. 2\) Act 2017 \(c. 32\)](#), [Sch. 2 para. 26](#)
- F3** S. 322(2)(zb) inserted (with effect in accordance with s. 73(8)(9) of the amending Act) by [Finance Act 2016 \(c. 24\)](#), [s. 73\(5\)](#)
- F4** S. 322(2)(b)(c) repealed (6.4.2007 with effect as stated in [s. 1034\(1\)](#) of the amending Act) by [Income Tax Act 2007 \(c. 3\)](#), [ss. 1027, 1031, 1034](#), [Sch. 1 para. 508\(a\)](#), [Sch. 3 Pt. 1](#) (with transitional provisions and savings in [Sch. 2](#))
- F5** S. 322(2)(f)-(h) substituted for s. 322(2)(f) and preceding word (6.4.2007 with effect as stated in [s. 1034\(1\)](#) of the amending Act) by [Income Tax Act 2007 \(c. 3\)](#), [ss. 1027, 1034](#), [Sch. 1 para. 508\(b\)](#) (with transitional provisions and savings in [Sch. 2](#))
- F6** S. 322(2)(ga) inserted (18.11.2015) by [Finance \(No. 2\) Act 2015 \(c. 33\)](#), [s. 24\(6\)\(b\)](#)
- F7** S. 322(2A) inserted (with effect in accordance with Sch. 14 para. 4 of the amending Act) by [Finance Act 2011 \(c. 11\)](#), [Sch. 14 para. 2\(2\)\(a\)](#)
- F8** S. 322(2A)(za) inserted (18.11.2015) by [Finance \(No. 2\) Act 2015 \(c. 33\)](#), [s. 24\(6\)\(a\)](#)

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- F9** S. 322(2A)(zaa) inserted (16.11.2017) (with effect in accordance with Sch. 2 para. 64 of the amending Act) by Finance (No. 2) Act 2017 (c. 32), **Sch. 2 para. 26**
- F10** S. 322(2A)(zb) inserted (with effect in accordance with s. 73(8)(9) of the amending Act) by Finance Act 2016 (c. 24), **s. 73(5)**
- F11** S. 322(2A)(ea) inserted (18.11.2015) by Finance (No. 2) Act 2015 (c. 33), **s. 24(6)(c)**
- F12** Words in s. 322(3) substituted (with effect in accordance with Sch. 14 para. 4 of the amending Act) by Finance Act 2011 (c. 11), **Sch. 14 para. 2(2)(b)**
- F13** S. 322(4) inserted (with effect in accordance with Sch. 14 para. 4 of the amending Act) by Finance Act 2011 (c. 11), **Sch. 14 para. 2(2)(c)**

Changes to legislation:

There are currently no known outstanding effects for the Income Tax (Trading and Other Income) Act 2005, Section 322.