

# Home Away from Home

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## Tax consequences of owning more than one residential property.

If you are fortunate enough to own more than one residential property, there are tax consequences that you may need to bear in mind.

### Principal Private Residence (PPR) Relief

The profit on selling a property that is an individual or married couple's main residence is normally exempt from Capital Gains Tax. This relief is usually only available for one property at any one time.

After acquiring a second property and sometimes on other specific occasions there is generally a two year gap during which an election can be made as to which is the main residence. Even if you are unsure which to elect for it maybe more beneficial to make an election as once it is in place it can then be varied later.

It is not always just a case of signing a piece of paper, as you may also need to show that you have lived in the property as your main residence for a period of time.

### General Relief's

There are a number of situations when PPR relief is available even when a property is not being occupied as your main residence, including:

1. The first one, or sometimes two years of ownership if you are refurbishing the property;
2. When working abroad for any period;
3. When working in the UK in job related accommodation or too far away to commute, for up to four years;
4. The final 36 months of ownership;
5. Up to three years of absence for any reason.

Some of these reliefs require certain conditions to be met before they can be claimed

### Rented Properties

Partial relief is also available for periods when a property that is or has been your main residence is being rented out.

The rental income will need to be reported on your tax return. If it is rented on a commercial basis and certain criteria are met the property may qualify as a Furnished Holiday Letting which has several tax advantages.

### Property Abroad

If a second property is abroad then you may well be subject to the tax laws of the country where the property is situated and these can be complex.

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## Contact details:

For more information or to discuss any specific queries please get in touch with Sarah Axe or your usual contact in the first instance.

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