

# Housing

HELPLINE - 0300 1233088

## Housing Related Taxes you need to know

If an employer provides an employee with job related accommodation, there is no benefit in kind arising to the employee on the use of that accommodation – s99 Income tax (earnings and Pension Act 2003)

Job related accommodation is accommodation which is “necessary” for the proper performance of the job. Where an employee can demonstrate that the occupation of the property is essential for the performance of their duties. Typically these are employees who are normally required by their employers to live on site in order to do their job. This would cover employees such as caretakers on call outside normal hours.

Job related accommodation also covers situations where accommodation is provided for the “better performance” of the employees duties and it is customary for employers to provide living accommodation to such employees. This covers employees such as vicars or managers of a public house and believe this definition would extend to include farm workers and gamekeepers.

Finally, if accommodation is provided by the employer because there is a threat to the employee’s physical security this will also constitute job related accommodation for example the Prime Minister’s Downing Street property. Employers relying upon this exemption would be wise to draft employment contracts with great care to ensure that it is the employee’s duties that necessitate the occupation of particular accommodation.

### **Non Job Related**

The taxation of non job related accommodation is not covered here.

#### Household Expenses

General rule, if the employer pays any household bills on behalf of the employee e.g. gas, electric, telephone, council tax, etc this gives rise to a spate

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benefit in kind. However, there is a special rule relating to expenses paid on behalf of employees in job related accommodation.

The special rules says that where such expenses are paid on behalf of employees in job related accommodation, the amount on which the employee will be taxed in respect of this benefit cannot exceed 10% of their earnings from that employment for the year – s315(3) & (4) Income Tax (Earnings and Pension ) Act 2003.

### **Capital Gains Tax**

#### **Principal Private Residence Relief**

This relief is given to an Individual when he makes a capital gain on the sale of his only or main residence and is shortened to PPR Relief.

PPR Relief exempts all or part of a gain which arises on a property which an individual has used as their home and is restricted to the period of time when it is occupied as their home and includes the final 18 months of ownership in all cases.

Within the PPR Relief legislation there is specific provision made for individuals who live in job related accommodation. This will not prevent relief from being available, but if the lease of the house extends to a period after the job related accommodation has ended this may be taken as an indication that there was no intention to occupy at the end of the period of job related accommodation.

#### **Example:**

W is a gamekeeper who has lived in a cottage provided by his employer since 1996, he is entitled to live there as long as he is an employee. The cottage is job related accommodation within the terms of the legislation i.e. service occupancy.

In July 2017, W acquired a house on the coast intending to occupy the property as his only or main residence on his retirement in 2019. In June 2011 his circumstances change and he decided he no longer wished to retire to the coast, he retained the property for a while but sold it in June 2015.

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W is entitled to relief for the 48 months (July 2007 to 2011) that he owned it with the intention to occupy it as his only or main residence. W is also entitled to relief for the final 18 months of ownership from January 2014 to June 2015. So 66 months of the total period (96 month) of ownership to qualify for relief.

### **Some helpful websites**

- **HMRC**

<https://www.gov.uk/government/publications/private-residence-relief-hs283-self-assessment-helpsheet/hs283-private-residence-relief-2017>

Private Residence Relief (Self Assessment helpsheet HS283)

- Shelter

[england.shelter.org.uk](http://england.shelter.org.uk)

[scotland.shelter.org.uk](http://scotland.shelter.org.uk)

Housing advice, support and legal services. Urgent helpline 0808 8004444

- Citizens Advice

[citizensadvice.org.uk](http://citizensadvice.org.uk)

Sections "Finding a home to rent" and "Applying for social housing" are helpful. They have local centres.

- [rightmove.co.uk](http://rightmove.co.uk)

For properties to buy and rent

- [zoopla.co.uk](http://zoopla.co.uk)

For properties to buy and rent and estate agents in your area

- Gamekeepers Welfare Trust

[thegamekeeperswelfaretrust.com](http://thegamekeeperswelfaretrust.com)

Look under the section on housing or call the helpline on 03001233088

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