



Long Term **Rental** **Furniture** Explained





Why Use Let Us Furnish For Your Long Term Rental Furniture Requirements?

Quality and extensive choice of products

- You can choose our ready-made packages or create your own package from either of our websites.
- We offer bedroom and lounge furniture, dining sets and beds, along with kitchen equipment, soft furnishings and white goods.

Flexible contract agreements

Our agreements are typically 24 or 36 months, with flexibility at the end of the agreement to:

- Return the goods at no extra cost.
- Exchange the goods for new and start a new agreement.
- Option to purchase at the end of the term for only one further monthly payment.

How much does it cost?

- The monthly costs are dependent on the products you choose, however a typical example would be our 4 bedroom high quality Orion HMO package, priced @£2495.00+ Vat would work out to be £89.00+ Vat per month based on 36 month agreement.
- Please contact us with an inventory of your requirements and we'll prepare a full quotation.
- Payment terms are quarterly in advance. The first quarter will be payable to confirm your order and subsequent monthly payment made by Direct Debit.

Can an individual rent the furniture or is it exclusively for companies?

- We can offer this service to both individuals and companies subject to meeting our requirements.

How quickly can I receive my furniture

- We carry stock of certain ranges for immediate delivery, certain ranges of furniture have a lead time of up to 4 weeks.

Are there fees for delivery or making an application?

- NO, the price you are quoted is for renting the furniture. We don't charge any administration fees or application fees.
- Delivery and assembly of the goods will be included in your quote and if you decide to return the furniture at the end of the agreement, collection is also included free of charge.

What guarantees are supplied with the goods?

- Our ranges of furniture are supplied with between 1 and 5 year warranties, which will be noted on your quote.
- Electrical appliances are subject to the manufacturer's warranty.

What happens if items are damaged during the agreement period?

- The agreement allows for fair wear and tear, therefore if you decide to return the goods at the end of the term we will accept it back in fair and reasonable condition.
- If the damage is due to tenant miss-use and you need to replace the item then that becomes your responsibility to purchase a replacement.
- If a furniture product fails during it's warranty period we will liaise with you to organising a replacement.
- With all electrical appliances it will be your responsibility to register the goods and to contact the manufacturer for any repairs required.

Residential Landlords

Are You Aware Of The Tax Benefits Of Renting Furniture And Appliances?



BY SPECIALIST PROPERTY ACCOUNTANT STEPHEN FAY FCA

Traditionally, residential landlords would claim the 'Wear and Tear Allowance' when renting residential property - however this allowance was abolished as of April 2016 and replaced with a 'furniture replacements' allowance, which is significantly less generous tax relief. This article looks at the changes made to this aspect of renting residential property, current position, and how renting furniture and appliances can result in a full tax deduction for the cost.

What happened to the wear and tear allowance - and why is it a problem?

The 'Wear and Tear Allowance' (WTA) was a generous tax relief available to residential landlords renting fully-furnished residential property (i.e., not Holiday Lets) set at 10% of 'net' rents ('net' meaning gross rent less any utilities paid on the tenant's behalf).

The WTA covered 'non-fixed' items in a furnished residential property, i.e. sofas, beds, tables, chairs, etc.

The WATA was abolished in April 2016, after a Budget announcement in July 2015. Instead residential landlords can now only claim for any replacement of *existing* items covered by the WATA.

This means that residential landlords buying furniture for the first time for a residential property will receive no tax deduction at all for the first-furnishing. For a HMO / multi-let property, especially, this can mean an important loss of tax relief if effectively furniture and appliances have to be paid for from after-tax income.

Residential landlords also can't claim capital allowances on furniture and appliances.

Renting furniture offers a significant tax benefit in many cases ...

The rental of furniture and appliances supplied in a residential property remains fully tax-deductible (for both companies and individuals).

This means that even for a first-furnishing of a property, there is a full tax deduction for the cost of furnishing the property.



As the company supplying furniture for rent to landlords can claim capital allowances on its own stock of furniture, such suppliers are able to build this into their pricing structure, with the benefit being that the landlord can get a sensible price on renting furniture and appliances as well as a full tax deduction.

But won't that be rather expensive - why should I consider this?

Many furniture rental suppliers offer surprisingly affordable rates, which reduce with the length of time that furniture is rented for. There are some key benefits to renting furniture than buying:

- **No capital outlay**

furniture and appliances are often paid for at the end of a property renovation and so can be an unwelcome large capital outlay just at the time of minimum cash flow. Some furniture suppliers even offer credit accounts for repeat / bulk business.

- **Surprisingly cost-effective**

Renting furniture and appliances is much like buying a new car on hire purchase. Like cars, furniture and appliances tend to depreciate in value - why is it OK to rent a car but not a business asset on which there is a full tax deduction for the cost?

- **Convenience and flexibility**

Once furniture is bought, it can be difficult to rectify any buying mistakes (e.g., Furniture isn't to the liking of the target tenant). Renting furniture means that changes can be made cost-effectively, and changes in fashions and tastes can be catered for more easily. And for appliances, the appliance supplier being responsible for repairs is one less headache and cost to deal with.

- **Suits developers and landlords alike**

Staging a property for sale, whether as a development property for re-sale or the sale of an existing rental property, will generally achieve a higher price if prospective buyers can see how a property would be used, by seeing the furniture in place on viewing - take a tip from the big boys like Barrett and Persimmon - staging a property works!



But I can buy second-hand furniture cheaply - how can renting be cheaper?

Obviously, the quality and newness of rented furniture from a reputable company is far better in most cases to second-hand or inferior-but-new furniture. Every landlord has a budget, but tenants these days are often very discerning, and so quality rented furniture can be the difference between a quick first-let or re-let, and a lengthy void that eats into profits. Clearly, the better the property, the better the standard of furniture and appliances needs to be.



Summary ...

From April 2016, residential landlords furnishing a property for the first time will receive no deduction at all for the *initial* furnishing cost. This means either that the cost of that initial furnishing is 20% or 40% (depending on tax bracket) more expensive as a result of this cost being effectively paid from after-tax income.

With the new mortgage interest relief restrictions, many landlords are keen to incur 'revenue' costs (deductible from income) rather than 'capital' costs, and renting furniture and appliances can make overall financial sense, now more than ever. As always, it pays to keep an open mind about how to run a property rental business. Renting business assets can make tax sense, preserve precious investment capital, and allow superior rents to be charged - which must be worthy of consideration.

For useful tools, tax tips and free reports visit:
www.fyldetaxaccountants.co.uk

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OK so this all sounds good what do I do next?

Please get in touch with your enquiry and we will be more than happy to assist you.

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