

What are allowable property expenses

Allowable expenses are business costs that can be deducted from trading income when calculating the business' profits for tax purposes.

It's important to note that some expenditure does not qualify for relief and some can only be claimed against the gain when you sell the property.

Below, we'll outline the main allowable expenses for property landlords.

- ❑ **Advertising expenses:** Expenditure related to advertising the property for new tenants. This includes placing an advert in the newspaper or on a rental website.
- ❑ **Bad and doubtful debts:** A rental debt that is clearly irrecoverable or the amount estimated to be irrecoverable. This can only be claimed if you've taken all steps necessary to recover the debt.
- ❑ **Cashback on loans:** Depending on the terms of the cash-back scheme. For instance, if the scheme provides for a discount on the interest, the relief is limited to the net amount paid.
- ❑ **Cost of providing services:** In addition to renting a property, landlords may provide additional services. The costs related to providing these services can be deducted as long as the receipts they earn from them are included as part of their business income.
- ❑ **Costs due to common ownership:** If there are separate parts of a building that are not let out but are used by multiple commercial tenants, the landlord can deduct expenses related to the upkeep of those spaces.
- ❑ **Expenses before renting:** Some expenses can be claimed before the letting commences as "pre-trading expenditure" if the expenditure is solely related to the business and would have been allowed if it were incurred on the (letting) start date.
- ❑ **Expenses for own home:** Expenditure on a landlord's own home cannot normally be deducted. However, if a landlord genuinely runs their property business from their home, they can claim extra costs such as lighting, heating and rent based on the portion used for the business.
- ❑ **Fees for loan finance and similar:** Costs incurred from obtaining a loan can be deducted, although there are restrictions that apply to dwelling-related loans.
- ❑ **Insurance premiums and recoveries:** Insurance premiums may be deductible if they relate to your property business and are for either damage to the fabric of the property, damage to the contents of the property or loss of rent.
- ❑ **Legal and professional costs:** Legal fees are deductible if they are incurred for the purpose of the business. However, the fees cannot be claimed if they are considered capital expenditure or related to the purchase of a property. These are deductible from the capital gain on sale of the property.

- ❑ **Rates and council tax:** If the rental agreement states that the landlord is responsible for rates, the expenditure can normally be deducted. This includes business rates and water rates.
- ❑ **Rent collection:** Rent collection costs can be deducted provided it relates exclusively to commercial property rented out.
- ❑ **Rent paid out:** If rent is paid out wholly and exclusively for the purpose of the business, it may be deducted. For example, if the landlord occupies one part of the property and lets out the rest, the portion of rent related to the let-out part can be claimed.
- ❑ **Salaries and wages for employees:** Wages and salaries for employees that help manage the property or land can be deducted, including normal pension contributions.
- ❑ **Travelling expenses:** Unincorporated landlords can choose to use a fixed rate mileage deduction, which is currently 45p/mile for the first 10,000 miles. There are several other ways to claim for travel expenditure, that you can find on gov.uk in the property income manual under section 2220.

This document has been prepared for information purposes and does not constitute advice. All information deemed correct as at 17 October 2025