

STAA Response to HMRC consultation of the introduction of a 'shared occupancy clause' in the Rent a Room Scheme

The UK Short Term Accommodation Association (STAA) is a trade association representing companies operating in the short-term rental sector. Our members are: Airbnb, Airsorted, Copofi, HomeAway, Inlet, Lavanda, Onefinestay, Sonder, Spothost, StayBeyond, The Air Agents and UndertheDoormat. The following constitutes our association's response to the consultation opened by Her Majesty's Revenue and Customs on the introduction of a shared occupancy clause into Rent a Room Relief, following a consultation on that relief.

The STAA is in support of the spirit of the Government's proposal to introduce a 'shared occupancy clause' into Rent a Room Relief. We believe that the intention of the rule change is to ensure that professional and semi-professional landlords renting out entire properties at which they are never or very seldom resident do not benefit from a tax break that is designed to incentivise the letting of a spare room (and therefore to maximise the utilisation of existing housing stock).

This is an understandable intention in principle and one which the STAA supports. In the past we have worked with HMRC to discuss ways in which the industry can ensure that those using short-term rental platforms and management services are paying the appropriate amount of tax, and have responded to HMRC's consultation on that very issue with a number of recommendations.

However, the STAA has some concerns about the wording of the draft legislation (Clause 14 of the Draft Finance Bill 2018 to 19) and wishes to ensure that the practical aspects of the 'shared occupancy clause' do not disqualify legitimate home-sharing behaviour from eligibility for Rent a Room relief.

In particular, we are very concerned that the requirement that the 'physical use' of a property as a residence 'overlaps in time' with its use as sleeping accommodation. A requirement for the resident of a property to be physically present during the rental period could disqualify some legitimate forms of home sharing activity from eligibility for the relief. For instance, some homeowners may wish to rent out their home on a short-term rental platform whilst they are on holiday, or on a work secondment. In other instances, individuals or families who live in multiple places due to the nature of their work might wish to rent out their empty properties during the periods at which they are not there.

In the document entitled 'Rent a room relief: summary of responses' the Treasury has outlined that the shared occupancy test will not create 'ongoing costs to individuals, households and families, or businesses'. We would, however, contest this point. Firstly, we have found no evidence that Rent a Room Relief is being misused. In addition, the practicalities of administering the test would add unnecessary complexity to claiming the relief, especially for non-professionals. As the Treasury has stated, many hosts across the UK are sparing their space 'to generate small amounts of additional income'. The increased administrative burden and, in turn, operating costs for non-professionals would have serious ramifications for homesharing. This would ultimately deter non-professionals from engaging in the activity altogether and, in turn, would create a negative impact on the short-term accommodation sector. This is an unintended consequence of the introduction of this test and one we do not believe the Treasury has effectively addressed in their assessment.

In both of the above instances, we believe that the rental activity is in keeping with the spirit of the Rent a Room scheme, which is to maximise the potential of the available housing stock. Homes which would otherwise lie empty are being used for the purposes of accommodation, whether that



be for tourists, workers on short-term contracts or any other purpose. We believe that this kind of behaviour is fundamentally different to the rental of properties by professional landlords who seldom or never actually reside at those properties.

If you have any questions about this submission please do not hesitate to contact us at enquiries@ukstaa.org.

Kind regards,

STAA Secretariat