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25 Tax tips for landlords.

1) Remember to record and claim your business mileage for all trips, as these can add up to a significant amount over the year. Current rates are 45p/mile on the first 10,000 miles and then 25p/mile thereafter.

2) Even if you have not made a profit on your rental, you still need to declare the income and expenses on your annual tax return.

3) Sales of properties other than your main residence are subject to capital gains tax and need to be declared on your tax returns.

4) Remember that any capital losses on property sales can be carried forward to use against future capital profits.

5) In 2011/12, the first £10,600 of any capital gains arising (after allowable expenses of purchase and sale) are tax free.

6) Any income losses from individual properties are set against other property income in the same year.

7) Property management expenses and advertising are both allowable expenses, qualifying for tax relief – so they are even better value.

8) Make sure that you keep receipts/documentation for your rental income and expenses, as well as for property purchases and sales to ensure that you are claiming all your allowances.

9) If you already have a lodger or are thinking about letting furnished rooms in your home, you can receive up to £4,250 a year tax-free (£2,125 if letting jointly). This is known as the Rent a Room scheme.

10) If you let furnished property, you can also deduct either a 'wear and tear' allowance (based on a percentage of your rent) or a 'renewals' allowance – (the cost of replacing old items with a new equivalent. You also need to deduct any money you get from selling the old item)

11) You'll have to keep records of your property letting business for six years after the tax year they're for, in case HMRC ask to see these.

12) Remember the tax return deadlines to avoid unnecessary penalties: 31st October if submitting a paper return and 31st January if submitting electronically.

13) Payments on account for the following year are estimated assuming your income will remain the same. If the income has gone down you can apply to reduce these in line with the expected income for the year.

14) Remember to claim for any self employed losses in the year they are incurred. For example, if you have a profit from property but a loss from self employment this can be set against it, to reduce your tax liability.

15) If you are both self employed and employed then any self employment losses can be set against your employment income, and could generate a refund from any tax already paid on employment.

16) Make sure that you avoid the new HMRC penalties for non declaration of income that could double your tax liability.

17) Keep up to date with changes in HMRC regulations, or use a specialist who can do this for you and ensure that you are making the best advantage of these.

18) For capital gains tax purposes, if you've spent money improving the value of your property you may be able to deduct these costs, as long as the improvement is still reflected in the value of the asset when you dispose of it.

19) Keep a note of any stamp duty paid on the purchase of property – this is an allowable expense for capital gains tax computation purposes, and often overlooked.

20) For the self employed and landlords, accountancy fees also qualify for tax relief - making them even better value.

21) Shop around when choosing an accountant to find one that suits your needs.

22) How much does it really cost you to do your own tax return? Time taken x your hourly rate (+ hassle + worry.)

23) Free tax return & accounts? In many cases the accountants fees are less than the HMRC penalties & charges for doing nothing.

24) Watch out for payments on account, they can add 50% to the first tax bill you were expecting after you start.

25) Would you like extra time to pay your tax? The HMRC business support service may be available.

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