

Landlord's Energy Saving Allowance (LESA)

A tax break for Landlords

What is LESA? The Landlord's Energy Saving Allowance (LESA) is a tax allowance which lets landlords claim on their income or corporation tax return against the cost of buying and installing certain energy saving items. Tax relief is for a maximum of £1,500 per property.

What measures are eligible?

You can claim if you've installed the following items:

- draught proofing
- loft insulation
- floor insulation
- cavity wall insulation
- solid wall insulation
- insulation for hot water systems

How much can I save?

Here's an example of how it works. If you've installed insulation at a cost of £1,500:

Annual taxable income	-	£20,000
- LESA (cost of insulation)	-	-£1,500
Total taxable profit	-	£18,500

Income Tax:

Saving at 22% tax = **£330**

Saving at 40% tax = **£600**

Corporation tax:

Saving at 21% small company rate (2008) = **£315**

How do I claim?

It's simple to do. If you are claiming against your personal income tax as an individual landlord you should include the costs of these items in box 5.36C of the Land and Property supplementary pages of your tax return. Guidance on LESA can be found in the supplementary notes for the Land and Property pages of your main self-assessment return. Visit www.hmrc.gov.uk and search for "LESA" for more details.

If you are claiming as a commercial business or limited company, you can deduct appropriate expenditure as part of your profit or loss calculation (submitted with your Corporation Tax return).

All installation work needs to be completed by the end of March in order to claim it against LESA in the next tax year.

As a company, you can also claim against energy saving plant and equipment on your corporation or income tax. Enhanced Capital Allowances can be claimed for boilers and machinery; further information can be obtained from the Carbon Trust at www.carbontrust.co.uk/energy/takingaction/eca.htm.

What are the advantages of installing these measures?

- Your tenants will have warmer, more comfortable homes that are cheaper to heat. For you, empty periods, complaints and repairs should decrease as a result.
- There will be reduced risk of damp, condensation and mould growth in your properties.
- You'll improve your Energy Performance Certificate rating.
- You'll be helping prevent climate change. Energy use in our homes leads to much of the carbon emissions that are causing global warming. Become a green landlord by installing good insulation and lowering your properties' overall energy use.

Where can I get more information?

To find out more about LESA, talk to your accountant or tax advisor, or visit www.hmrc.gov.uk.

The Energy Saving Trust can provide you with a personalised Home Energy Check report on each of your properties for free. Complete the simple questionnaire and you will be provided with advice on how you can make your property more energy efficient and so more attractive to tenants. The questionnaire is available at: www.energysavingtrust.org.uk/proxy/view/full/165/homeenergycheck

For more information or advice, please call the Energy Saving Trust on 0800 512 012.