



Holiday Home Association News

Edition 174 December 2020 (part 2)

In the Bleak Midwinter...

The latest changes to coronavirus restrictions mean that with the exception of the Isles of Scilly all holiday accommodation is now closed until further notice in England. All of England except those lucky islands is now in Tier 3 or Tier 4.

The exceptions remain in place for both tiers so holiday home owners can continue to provide accommodation for a list of reasons, of which the most common one will be for work purposes including charity work. These have been covered in previous editions of HHA News. To summarise the most relevant ones:

- Persons unable to return to their main residence; or uses the accommodation as their main residence
- Person who needs accommodation for the purposes of a house move;
- to attend a funeral etc
- For medical treatment

In News 174:

- The rest of the December news!
 - Tourism recovery plan
 - VAT and the sharing economy
 - Grants updates
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- In connection with childcare arrangements
 - Respite accommodation for carers
 - People required to self-isolate
 - accommodation to visit a person who is dying,]
 - to provide accommodation for any person who is staying in that accommodation in order to provide care or assistance to a vulnerable person or a person who has a disability who is staying in the same accommodation,

Most commentators expect these restrictions to continue until sometime in the spring by which time the prevalence of the virus is expected to have reduced due to the vaccination programme.

Happy New Year!

Self-Employed Income Support Scheme Update

Some in the industry qualify as self-employed and are therefore able to claim under this scheme. However, the majority of owners will not be eligible here as income from property isn't counted. Businesses providing services such as cleaning etc will be eligible if run by a sole trader and not a company.

Changes to the scheme mean that you now have to declare that your income has reduced significantly as a result of covid. Previously any loss of income conferred eligibility. There has to be an intention to continue in business when possible and the reduction in sales has to lead to a reduction in profits as well.

Tourism Recovery Plan

Whilst talk of recovery might seem fanciful in the present circumstances the Department for Culture, Media, and Sport is working on a plan.

The Tourism Alliance has been asked for evidence regarding:

The current VAT reduction. Has it been any help during times when accommodation was open? To a large extent this may be seen as an impossible question given the fact that few businesses have been able to charge customers at all with or without VAT!

They would also like to know what help from the government will be needed to help the industry get back on its feet once restrictions are eased or ended. In the meantime, what are the issues around government support?

Do send your views to the Chief Exec so that we can feed these in via the Tourism Alliance. (required by 4th January, please)

VAT and the Sharing Economy – Treasury Call for Evidence

The government thinks that the growth of the so-called "Sharing economy", where people swap resources or offer their space facilities for hire by others who need them, is undermining the tax base for VAT.

The accommodation sector is one of the biggest parts of the sharing economy with people letting out holiday homes on a non-professional basis via online systems or personal contacts. A large number of smaller businesses or semi-businesses are below the VAT threshold.

The point is being made in the call-for-evidence document that online platforms are agents for often small-scale sellers of services such as accommodation and although they are huge businesses no VAT is being paid on the sales because they are all legally sales by the small-scale vendors. This could be seen as unfair.

The question is asked, therefore, whether accommodation booked through the giant websites should be taxed as if supplied by the website rather than the owner.

Whilst there is VAT on commission fees for online platforms based in the UK, if the platform is based abroad there may be no tax applied by the UK to the transaction.

One suspects that the real concern of HM Treasury is less about fair competition than loss of VAT revenue but nonetheless the growth of the sharing economy does pose issues for fair competition and tax raising and the accommodation sector is one of the most affected.

<https://www.gov.uk/government/publications/vat-and-the-sharing-economy-call-for-evidence>

Do let HHA have any views so that we can respond to the consultation. We have until 3rd March.

The LRSG (Closed) – guidance updated.

In the new alphabet of umpteen acronyms this stands for Local Restrictions Support Grant (Closed) because in theory Tiers 3 and 4 are local restrictions – presumably local to this corner of the world, as they cover almost the whole of England.

The good news is that businesses obliged to be closed – which now means all holiday homes that are not hosting people for work or some other exemption – can claim this monthly grant. To be eligible, the property has to be registered for business rates, but most already are.

We are now in the winter season and many holiday homes would normally be available but empty in January, however there seems to be no stipulation regarding this and as long as the holiday home business would have accepted a booking had there been one, there would not seem to be any reason not to claim. HHA is not aware of any national bar on

claiming for properties that routinely close over the winter although local authorities may reject claims on that basis.

The grants available are based on the rateable value of the property:

Rateable value	Grant per 14 days
Under £15,000	£667
£15K to £51K	£1000
Over £51K	£1500

The grant is organised by your local council so all businesses need to apply online on their local authority websites.

Agencies are not eligible for the LRSG because they are not required to close. However, they are obviously severely impacted and should consider an application to their local authority under the Additional restrictions Support Grant scheme. This is intended to enable local councils to help businesses who have been severely affected by the reduced demand for their services although not mandated to close. The criteria are locally decided so agencies should contact their local authority.

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If you have a problem over the New Year period, we may or may not be able to help, but there is no office closure at the HHA.