

# Renting out a room (1)

**If you have a spare room in your home, you may want to increase your income by taking in a lodger. In this factsheet we look at some points you need to consider.**

**‘Renting out a room (2)’ lists the steps to follow if you have decided to go ahead.**



**Specialist support on housing advice**

A Shelter and Citizens Advice service. DCLG funded.



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# Shelter

Registered charity in England and Wales (263710) and in Scotland (SC002327).



## Note

Information contained in this publication is correct at the time of going to press. Please check details before use.

## Permission

If you are tenant or have a mortgage, you may need the permission of your landlord or lender before you can take in a lodger. If you are a tenant, you should check your tenancy agreement; even if it says nothing about renting out a room, it is best to tell your landlord to avoid problems later on. If you are a tenant of social housing, remember that you may be committing a criminal offence if you sublet the whole or part of your property without the written consent of your landlord. If you have a mortgage, check your mortgage agreement; most lenders will allow you to rent out a room, but often you do need their permission.

## Rent is income

Any rent you receive is income which may affect the income tax you pay, or the benefits you receive.

## Income tax

Under the government’s ‘rent-a-room scheme’, you do not have to pay any income tax on the rent you receive if:

- you live in the same property, and
- the room you rent out is furnished, and
- the rent you receive is not more than £4,250 a year.

You will pay income tax on any rent you receive above £4,250 a year.

Alternatively, you can choose not to take advantage of the rent-a-room scheme: you will pay tax on all the rent, but you will be able to claim certain expenses (such as agent’s fees, repairs and utility bills) to reduce your taxable income. You can find more information about the rent-a-room scheme on the [Gov.uk](http://Gov.uk) website.

## Welfare benefits

If you are in receipt of a means-tested benefit such as income support or income-based jobseekers’ allowance, the first £20 per week of the rent received will be disregarded when calculating your income. If you provide some meals to your lodger, only half of any rent

over £20 will be counted as income. If you get universal credit, the entire income from your lodger will be disregarded.

You must inform your local benefit office about the rent you are receiving. If you fail to do this, you will have to pay back any benefits you were not entitled to. You may even be prosecuted for benefit fraud.

## Housing benefit

If you are claiming housing benefit, the first £20 per week of the rent received will be disregarded when calculating your income. If you provide some meals to your lodger only half of any rent over £20 will be counted as income. If no meals are provided, all the rest will be treated as income. You must tell your local housing benefit office about the rent you are receiving.

## Council tax

You will remain responsible for paying the council tax. If you live alone you will no longer be entitled to the single person discount of 25 per cent.

## Insurance

Your insurance premium could be increased if you rent out a room and still might not cover your lodger’s possessions. Check with your insurer.

## Being a landlord

You will have responsibilities as a landlord, including carrying out repairs, ensuring you get a gas safety certificate if you have gas appliances, and giving reasonable notice if you want your lodger to leave. If your lodger does not move out at the end of the notice, you will need to obtain a court order.

## Further advice

You can get further advice from Shelter’s free\* housing advice helpline (0808 800 4444), a local Shelter advice service or Citizens Advice bureau, or by visiting [shelter.org.uk/advice](http://shelter.org.uk/advice) or [adviceguide.org.uk](http://adviceguide.org.uk)

\* Calls are free from UK landlines and main mobile networks.