

Contractor doctor: can I claim expenses for buying a second home closer to my client?

Dear Contractor Doctor,

I am a contractor working away from my home, which is my main place of residence. I work away from home during the week and return back at the weekends.

I previously rented a property to be closer to the client but, a year after starting the contract, I then decided to purchase a property as this would enable me to be closer to the current client and other potential clients in the area.

When I rented a property, I claimed the rent as an expense. Can you confirm if I can claim the interest on my mortgage as an expense, as well as my moving expenses, such as conveyancing fees and removal costs?

Thanks

Thomas Hunter

Contractor Doctor says:

It is unlikely that you would be able to make a strong case to HMRC that you are entitled to claim any expenses on the purchase of a second domestic property, even if it is to be closer to your client.

However, as David Colom, of [DJ Colom Accountancy](#) explains, if you are purchasing what is effectively a business property then you would be able to claim. "If you have bought what is effectively an office so that you can work closer to your clients, then all costs are deductible," says Colom.

"The property must be furnished like an office, although if it happens to have living accommodation that only the contractor uses, not their family, this is not an issue."

But, as Colom continues: "If the property is solely a domestic property, effectively a second home, then there is no tax relief allowable on the capital expenses or on the costs of purchase."

If part of the second domestic property is to be used for work purposes, then the same rules regarding [home working expenses](#) and allowances would apply as they do to a primary residence.

HMRC [updated these rules earlier this year](#) to include a pro rata allowance for costs like [mortgage interest](#), [fixed costs](#), [council tax](#) and [repairs and maintenance](#).

Good luck with your contracting!

Contractor Doctor

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David Colom
Principal
D J Colom & Co Chartered Accountants

David Colom qualified as a Chartered Accountant in the City of London in 1981 and is the founder and principal of D J Colom & Co Chartered Accountants established in 1989.

Started specialising in serving IT contractors in 1993 and is now one of the longest standing suppliers of accountancy services to computer contractors. [Read Full Profile...](#)

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David Colom - DJ Colom Accountancy

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