



Finance Act 2016

2016 CHAPTER 24

PART 1

INCOME TAX

Trading and other income

24 Fixed-rate deductions for use of home for business purposes

- (1) In Part 2 of ITTOIA 2005 (trading income), Chapter 5A (trade profits: deductions allowable at a fixed rate) is amended as follows.
- (2) Section 94H (use of home for business purposes) is amended as follows.
- (3) In subsection (1), for the words from “in respect of” to the end substitute “in respect of—
 - (a) the use of the person's home for the purposes of the trade, or
 - (b) where the person is a firm, the use of a partner's home for those purposes.”
- (4) In subsection (4), for the words from “work done” to the end substitute “qualifying work”.
- (5) After subsection (4) insert—

“(4A) Qualifying work” means—

 - (a) work done by the person, or any employee of the person, in the person's home wholly and exclusively for the purposes of the trade, or
 - (b) where the person is a firm, work done by a partner, or any employee of the firm, in the partner's home wholly and exclusively for those purposes.

(4B) Where more than one person does qualifying work in the same home at the same time, any hour spent wholly and exclusively on that work is to be taken into account only once for the purposes of subsection (4).”

Changes to legislation: Finance Act 2016, Section 24 is up to date with all changes known to be in force on or before 31 May 2023. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details) [View outstanding changes](#)

(6) In subsection (5), after “person” insert “, or, where the person is a firm, a partner of the firm,”.

(7) After subsection (5) insert—

“(5A) Where a firm makes a deduction for a period under this section in respect of the use of a partner's home for the purposes of a trade, the only deduction which the firm may make for the period in respect of the use of any other partner's home for those purposes is a deduction under this section.”

(8) Section 94I (premises used both as a home and as business premises) is amended as follows.

(9) In subsection (1)(b), for “used by the person as a home,” substitute “used as a home by—

(i) the person carrying on the trade, or

(ii) where that person is a firm, a partner of the firm,”.

(10) After subsection (6) insert—

“(6A) Where a person makes a deduction for a period under this section in respect of expenses incurred in relation to premises falling within subsection (1)(b), the only deduction which the person may make for the period in respect of expenses incurred in relation to any other premises falling within subsection (1)(b) is a deduction under this section.”

(11) The amendments made by this section have effect for the tax year 2016-17 and subsequent tax years.

Changes to legislation:

Finance Act 2016, Section 24 is up to date with all changes known to be in force on or before 31 May 2023. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations.

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Changes and effects yet to be applied to the whole Act associated Parts and Chapters:

Whole provisions yet to be inserted into this Act (including any effects on those provisions):

- Sch. 19 para. 12(5)(b) inserted by [2017 c. 32 Sch. 14 para. 49\(2\)\(c\)](#)
- Sch. 19 para. 12(5)(a) word inserted by [2017 c. 32 Sch. 14 para. 49\(2\)\(b\)](#)
- Sch. 19 para. 51(8)(b) words inserted by [2017 c. 32 Sch. 14 para. 48\(2\)](#)
- Sch. 19 para. 53(1) words inserted by [2017 c. 32 Sch. 14 para. 48\(4\)\(a\)](#)
- Sch. 19 para. 53(1) words inserted by [2017 c. 32 Sch. 14 para. 48\(4\)\(b\)](#)
- Sch. 19 para. 12(5)(a) words renumbered as Sch. 19 para. 12(5)(a) by [2017 c. 32 Sch. 14 para. 49\(2\)\(a\)](#)
- Sch. 19 para. 58(1) words substituted by [2017 c. 32 Sch. 14 para. 48\(5\)](#)
- Sch. 20 para. 1(4)(e) inserted by [2021 c. 26 Sch. 27 para. 47\(2\)](#)
- Sch. 20 para. 3(3)(d) and word inserted by [2021 c. 26 Sch. 27 para. 47\(3\)\(b\)](#)
- Sch. 20 para. 5(5) inserted by [2021 c. 26 Sch. 27 para. 47\(5\)](#)
- Sch. 22 para. 2(4B) inserted by [2021 c. 26 Sch. 27 para. 48\(2\)\(c\)](#)
- Sch. 22 para. 3(4A) inserted by [2021 c. 26 Sch. 27 para. 48\(3\)](#)