In 2004 the Government introduced a tax allowance called the **Landlord's Energy Saving Allowance (LESA)**, allowing private landlords to claim back money when they improve the energy efficiency of their rented properties. This is a very simple process with expenditure offset against tax through your annual Tax Return form, up to a maximum of £1,500 per property (specific tax queries can be answered by going to www.hmrc.gov.uk).

Many landlords may be reluctant to invest in energy efficiency, as they see no return for themselves and imagine all the benefits go to the tenants. In fact there are many benefits for landlords, and the LESA is just one of these.

### What is covered by the LESA

When the LESA was introduced with the 2004 Budget it only covered loft and cavity wall insulation. Since then its remit has been extended and currently covers the installation of the following energy efficiency measures including date introduced:

- **Loft Insulation 2004**
- **Cavity Wall Insulation 2004**
- **Solid Wall Insulation 2005**
- **Draught Proofing 2006**
- **Hot Water System Insulation 2006**
- **Floor Insulation 2007**

### Who is eligible for the LESA

All individual landlords who let residential properties and declare the income through Income Tax are eligible to claim this allowance when they install the above measures in their rented homes. Also corporate landlords who let residential properties and declare the income through Corporation Tax can claim the allowance.

### How to claim the LESA

When you pay to have any of the above energy efficiency measures installed in your rented homes, you simply complete box 5.36C on your Tax Return form and this amount will be offset against your tax, up to a maximum of £1,500 per property. This means you can effectively improve the energy efficiency of your property at considerably reduced cost, saving either 22% or 40% depending on your tax bracket.

**Example:**

(Cost of insulation = £1,500)  
- Annual taxable income £20,000  
- LESA (cost of insulation) - £1,500  
- Total taxable profit £18,500  
- Saving at 22% tax £330 *  
- Saving at 40% tax £600 *  

* Remember, this is only for one property. If the same work is carried out in each property, the tax saving is multiplied by the number of properties.
10 ways LESA will benefit landlords

With climate change high on the Government agenda, there is a drive to save energy and reduce carbon emissions. Housing is responsible for over a quarter of all UK CO2 emissions, and a large part of this comes from heat loss. Private landlords are in a strong position to help improve this situation, and the LESA allows you to do so and save money at the same time.

Below are just some of the benefits of renting energy efficient properties:

1. You can insulate your properties and improve your EPC rating, while saving money
2. The value and desirability of your property should be protected or enhanced
3. You will receive a tax rebate on your energy efficiency spending
4. Your tenancies should become longer and more secure
5. Your void periods, complaints and repairs should decrease
6. Your tenants will enjoy warmer, more comfortable lives in your property
7. You will help meet the Government's targets for reduced carbon emissions
8. Your reputation as a landlord should be improved
9. You will be eligible to work towards Wakefield Responsible Landlords Scheme standards

It is important for all landlords to be aware that from 2009 the Energy Performance Certificate (EPC) has become compulsory for all new tenancies. The EPC rates the relative energy efficiency of the property on an A (Good) to G (Poor) scale, and prospective tenants must be given a copy of this certificate prior to signing any tenancy agreement.

What is not covered

The LESA does not cover holiday lets or resident landlords, and it may not be possible to install some energy efficiency measures, e.g. insulation in a single flat in the middle of a block. If you fall into any of these categories, there are several other sources of funding and advice available for you to improve the energy efficiency of your properties, as follows:

Energy Savers

Improve the warmth and comfort of your property with free home insulation through a Wakefield Council grant.

Warm Front

Access a package of heating and insulation measures for your property if your tenant is in receipt of certain benefits and has a child aged under 16 or is aged over 60.

Enhanced Capital Allowance

If you are registered as a business you may be able to claim tax back through the Enhanced Capital Allowance (ECA) when you install energy efficient appliances in common areas (for example, a communal heating system in a stairwell). The ECA covers a wider range of measures than the LESA.

For more information on any of the schemes listed above, or for advice on installing energy efficiency measures in your properties contact the:

Wakefield Council Home Energy Team
Tel: 08449 020222
Email: eat@wakefield.gov.uk
Web: www.wakefield.gov.uk/energy