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Rental Income

Question:

I have been in my surgery for 20 years now and receive notional rent premises reimbursement. I would like to rent out a room. If I do this, how can I avoid a reduction in my notional rent? If the rent is less than 10per cent of the total gross income of the practice, will I avoid it?

Answer:

You ask if, under the Directions, you can let under 10% of the accommodation and thus avoid any affect on your Notional Rent reimbursement. Unfortunately, this is not the case and the abatements noted in the 2004 Premises Costs Directions relate to income from private patients and commercial contracts. Where part of your premises are used for such services and the income exceeds 10% of the total income, there is a table in paragraph 49 of the Directions which tells the PCT how much they should reduce the amount of any payment to you. This does not apply to any rent received from the separate subletting or renting of part of your premises, and paragraph 48 notes that the PCT must set off the amount you receive against the Notional Rent they pay to you. Whilst you are thus not able to rent out part of your accommodation without affecting the Notional Rent, you are at liberty to charge a service cost to cover such elements as decoration, repair, utilities etc and this should have no affect on your Notional Rent.