

The non-resident landlord scheme: Could you be liable?

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What is a non-resident landlord?

A non-resident landlord ('NRL') is a landlord who has UK rental income and whose usual place of abode is outside the UK. This includes individuals, companies and other corporate entities, and trustees. In the case of a partnership or a limited liability partnership, each partner or member is treated as a separate landlord in respect of their share of the rental income.

For information as to how HMRC will determine whether a person's usual place of abode is outside the UK, please see paragraphs 2.3 to 2.6 of HMRC's guidance notes for letting agents and tenants which can be found [here](#).

Which tenants have to operate the NRL scheme?

A tenant must operate the NRL scheme if it pays rent of over £100 per week directly to any of the following:

- a NRL
- a person outside the UK
- a person who is not a letting agent in the UK

HMRC may sometimes instruct a tenant to operate the NRL scheme even where the rent paid is less than £100 a week. It will notify the tenant if this is the case.

Please note that where a tenant pays rent to a letting agent in the UK, the tenant does not have to operate the NRL scheme.

The tenant's obligations

A tenant who is required to operate the NRL scheme must:

- notify HMRC's personal tax international ('PTI') team
- send quarterly payments to HMRC's accounts office
- where required to account for tax, provide the NRL with a certificate each year
- complete an annual information form if appropriate
- keep sufficient records to show compliance

Tenants have the right to deduct any tax they are required to pay from their rent or any other monies owing to the NRL. They also have the right to recover any tax they may be obliged to pay under the NRL scheme from the NRL retrospectively where they failed to make the relevant deductions.

Notification

If you are required to operate the NRL scheme, you must write to the PTI notifying them of the following:

- your name and address
- the name and address of the NRL

The PTI will issue the required information to allow you to complete returns and make payments at the appropriate time.

What to do if you have failed to operate the NRL scheme

If you are a tenant and think that you should have been operating the NRL scheme at any relevant time since April 1996 but have failed to do so, you must contact HMRC's voluntary disclosure helpline.

If you make a full and voluntary disclosure of all unpaid liabilities, you can usually expect a lower penalty than HMRC would otherwise seek if they raised an enquiry or compliance check without the disclosure.

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