Property Landlords
The Non-Residents Landlord Scheme

UK BASIS OF TAXATION

HMRC will levy tax on income derived from property situated in the UK, regardless of the residency status of the owner of the property.

OVERSEAS LANDLORD

The general rule is that rents must be paid to an overseas landlord with 20% tax withheld, either by the tenant or the lettings agency.

This withheld tax is then paid over to HMRC on a quarterly basis by the tenant or agency.

HMRC give the landlord a certificate at the end of the tax year saying how much tax has been deducted.

However, if the overseas landlord registers under the so called 'Non – Residents Landlord Scheme' (NRLS) then the landlord can receive the rental income gross.

This does not however excuse the landlord from paying the tax due on the rental profits derived from the UK property, merely it makes it more flexible for the landlord to make the tax payments.

REPORTING OBLIGATIONS

If the overseas landlord is accepted into the NRLS by HMRC (which is done by submitting a form, which we can assist with), then HMRC will inform the letting agent or tenant not to deduct tax from the landlord's rent.

The landlord will make good the tax due on an annual basis via a self-assessment income tax return.

Not only does this provide a timing advantage but the overseas landlord can claim relief for expenses connected with the property letting business.

Examples of property expenses include decorating, repairs and in some cases, structural work (this is a complex area in terms of what can and can't be claimed and you should discuss this with us).

Note however that HMRC won't approve your application if your taxes aren't up to date, e.g. you've been late with your returns or payments.

Hentons can assist overseas landlords with the preparation and submission of their self-assessment tax returns to include reporting on the UK property rental business.

Contact

For more information please contact - *Simon Gray on 0113 234 000, or simon@hentons.com*

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