

A landlord's guide to the *Non-resident Landlords Scheme*

Are you receiving rent from the UK?

If your usual place of abode is *outside* the UK, your letting agent or tenant normally has to deduct tax. *That's the law!*

But you can apply to have your rent paid to you *gross* and then pay any UK tax later.

Here's how

The Inland Revenue operate the **Non-resident Landlords Scheme**. The Scheme allows persons whose 'usual place of abode is outside the UK' (which includes anyone who leaves the UK for more than 6 months) to have their rent paid to them gross - that is, without tax deducted. **But this does not mean that the rent becomes exempt from UK tax.** The rent is still chargeable to UK tax, and the Inland Revenue may send you a Self Assessment return to work out whether you have any tax to pay (see *note 7 over*).

How to apply

You can apply for approval to receive rent **gross** by filling in a simple form (see *note 6 over*) and sending it to the Inland Revenue. Joint property owners - for example, a husband and wife - must each complete a separate form. The Inland Revenue aim to approve most applications within 14 days.

More information

You can get more information from the notes overleaf and from the Inland Revenue publications *IR 140 'Non-resident Landlords, their agents and tenants'* and *IR 150 'Taxation of rents – a guide to property income'* which are available from any tax office. Or you can contact us at:

**Inland Revenue, Centre for Non-Residents
NRL Processing Unit, St John's House (Unit 362), Merton Road,
BOOTLE, Merseyside, England, L69 9BB**

Phone (within UK) 0151 472 6208/9 (outside UK) +44 151 472 6208/9
Fax (within UK) 0151 472 6067 (outside UK) +44 151 472 6067

NOTES FOR NON-RESIDENT LANDLORDS

Please read all the notes

1. You are a **non-resident landlord** if you have UK rent and your usual place of abode is outside the UK (*see note 2 below*). Rent from UK buildings and land is chargeable to UK tax even if you are a non-resident landlord.
2. You have a **usual place of abode outside the UK** if you are usually resident abroad *or* if you leave the UK for over 6 months (even though your local tax office may continue to treat you as resident in the UK following your departure).
3. People who pay UK rent to non-resident landlords (*see note 1 above*) are obliged by law to deduct tax at the Basic Rate from the gross rent, less deductible expenses. The people it mainly affects are **letting agents**. It can also affect **tenants** if there is no letting agent *and* the rent is over £100 a week. Tenants who pay rents of up to £100 a week direct to you do not normally have to deduct tax, but it is still chargeable to tax in your hands (*see note 7 below*).
4. You can, if you wish, apply to the Inland Revenue to have your rent paid to you **gross** – that is, with no tax deducted. But this does *not* mean that the rent is exempt income and so the Inland Revenue may begin to send you a Self Assessment tax return every year. You must be willing to complete this tax return. Your letting agents and/or tenants can pay your rent gross *only* if they have the Inland Revenue's authority. The Inland Revenue will not usually give their authority unless you apply for it (*see notes 5 and 6 below*).
5. You can apply to have your rent paid gross on the basis that either your UK tax affairs are up to date, or you have never had any UK tax obligations, or you don't expect to be liable to UK tax for the year in which you make your application.
6. You can apply for approval to receive your rent gross using a form **NRL1** if you are an individual, an **NRL2** if you are a company or an **NRL3** if you are a trustee. You can get copies of the forms from the Centre for Non-Residents (details overleaf). You can also find examples in Appendix 1 to the *Guidance Notes for Letting Agents and Tenants* that your letting agent should have. Use photocopies if you wish. **Joint owners - for example, a husband and wife - must each complete a separate form.** Joint applications are not allowed.
7. If you apply to receive your rent gross, the Inland Revenue may start sending you an annual Self Assessment tax return. You must complete this and send it back, even if you consider you have no tax liability. **The Inland Revenue's approval for rent to be paid to you gross does not mean that the rent is exempt from tax in your hands.** You must include *all* your UK rental income on the Self Assessment return, even rent that you received untaxed because it was paid to you direct by your tenant and wasn't more than £100 a week (*see note 3 above*). If you do not receive a Self Assessment tax return but think you may have liability, please ask the Inland Revenue to send you one.
8. The Inland Revenue may withdraw approval for you to receive rent gross if you do not comply with your UK tax obligations.

Need more information?

Contact the Centre for Non-Residents at the address overleaf.