

# Taxation Guide

## UK Resident Landlords

UK Resident Landlords are responsible for guaranteeing that all income from a letting property is declared to Her Majesty's Revenue & Customs (HMRC) and the tax is paid correct. We therefore recommend that all landlords seek the advice of an accountant regarding their tax affairs. This ensures that they keep within the law and to do not pay more tax than is necessary.

Letting agents are required, by law, to make an annual disclosure to HMRC regarding all properties that they rent for UK Resident Landlords. The mandatory details include; landlord name and address, tenanted property address and property gross annual rent received.

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## Non - Resident Landlords

Non-Resident Landlords are defined as persons who have a UK rental income and a 'place of abode' outside the UK. Which is considered to be an individual who is absent from the UK for 6 months or more.

Under the Taxation of Land (Non-Residents) Regulations 1995, an agent who receives rent on behalf of a Non-Resident Landlord or a tenant paying rent directly to a Non-Resident Landlord must retain tax on the rent and pay this tax to HMRC. Your agent or tenant is obliged to deduct basic rate tax from all rental income received or paid (net of allowable deductions) and to pay this to HMRC on a quarterly basis. You will be issued with an annual certificate (NRL6) confirming the payments made to HMRC and then it will be your responsibility to liaise with HMRC to ensure that the correct amount of tax on the rental income is paid and all deductible expenses.

This legislation places the responsibility for collecting and paying this tax squarely with your agent or tenant; therefore in the absence of any further authority from HMRC this tax will be deducted.

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## Receiving you rent gross - With no tax deducted

There is provision under the regulations for Non-Resident Landlords to apply to HMRC to receive rental income gross (without tax deducted) and this is strongly recommended.

For help and advice about the NRL Scheme you can visit: <https://www.gov.uk/tax-uk-income-live-abroad/rent#11> or call at 03000 516 644 (from UK) or +44 3000 516 044 (from abroad).

Application to join the NRL scheme must be made online by downloading the following forms from: <https://www.gov.uk/tax-uk-income-live-abroad/rent#11>.

Please note if you are already registered and moved to Blackstones Residential, please contact HMRC by phone and provide them with our details. From there they will be able to write to us to verify your registration. Completed application forms must be printed off and posted directly to HMRC.

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## The Process

Once HMRC have approved of your application, they will send you a notice of approval to receive rent with no tax deducted which will also be sent to your agent or tenant, as named on the application, authorising them to pay the rent without deducting tax. Your agent or tenant can only take instructions from the notice directed to them and must withhold tax up to the date stated on that notice.

Tax is paid quarterly for Non-Resident Landlord on the 30th June, 30th September, 31st December and 31st March. HMRC will backdate the authority to pay rent without deducting tax to the beginning of the quarter in which HMRC receives the application.

It should be remembered that acceptance to the Non-Resident Landlord scheme is an approval to receive rental income gross. It is not an exemption from tax liability and you will need to arrange to have your income assessed and tax paid to HMRC.

Letting agents are required by law to make an annual disclosure to HMRC regarding every property that they rent for Non-Resident Landlords. The mandatory details include; landlord name and address, certificate of approval number, gross rental received, expenses deducted and tax deducted. All landlords should seek further advice regarding their taxation affairs from a suitably qualified professional.

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### **If you do not have approval**

It will be an obligation for Blackstones Residential to deduct basic rate tax from the rent received and pay this to HMRC on a quarterly basis and to issue certificate NRL6 to you at the end of the year. If we do not manage your property, your tenant will be obliged to deduct basic rate tax from the rent that they pay you and then pay this to HMRC on a quarterly basis; and also will have to issue a certificate NRL6 to you at the end of the year.