



# Information for Overseas Landlords



# Mayfair Residential



## Information for Overseas Landlords

Section 42a Income and Corporation Tax Act 1988 and Taxation of Income from Land (Non-residents) Regulations 1995, SI 1995 No 2902.

For Landlords who live abroad Mayfair Residential's Full Management Service is available, the Let Only service cannot be used. Overseas landlords are regarded as non-UK residents for tax purposes, and need to apply to the Inland Revenue for Non-Resident Landlord status. A landlord that has already been approved to receive rents without deduction of tax from the Inland Revenue must contact the Inland Revenue and request that an NRL8 (approval notice) be issued to Mayfair Residential.

A landlord who does not hold approval will need to apply to the Inland Revenue to be approved for the non-resident landlord scheme. If the application is successful the Inland Revenue will issue an NRL8 to Mayfair Residential. All of the Mayfair Residential branches hold forms for this (NRL1) and will guide landlords through the whole process if required. The Inland Revenue issues the following notes as a guide to this scheme.

The Non-resident Landlords Scheme is a scheme for taxing the UK rental income of non-resident landlords. The scheme requires UK letting agents to deduct Basic Rate tax from any rent they collect for non-resident landlords. When working out the amount to tax, the letting agent can take off deductible expenses. Letting agents don't have to deduct tax if the Inland Revenue tells them not to. The Inland Revenue will tell an agent not to deduct tax if non-resident landlords have successfully applied for approval to receive rents with no tax deducted. But even though the rent may be paid with no tax deducted, it remains liable to UK tax. So non-resident landlords must include it in any tax return the Inland Revenue sends them.

Most applications are dealt with within two weeks (the Inland Revenue Centre for Non-Residents aims to approve 95% of all applications within this time).

### Pointers:

1. One certificate is required per person; therefore if Mr and Mrs, or several landlords, all parties must apply for an individual certificate.
2. If changes in circumstances occur during the tenancy, the agent must receive written confirmation of the change AND the date the change occurred.
3. C/O addresses will always be handled as overseas landlords and tax will be deducted until a completed and signed declaration of residential status is received by the agent, the Inland Revenue are very strict with regard to this matter.
4. Should a friend or relative be looking after affairs whilst the landlord is abroad, an Enduring Power of Attorney document will need to be made available to the agent.
5. Should a professional person (accountant, tax advisor or solicitor) be looking after the affairs for the landlord, the agent will require written authority from the landlord to allow information to be released to that person.
6. Landlords who spend part time abroad and part time in the UK over the course of the year will need to apply to join the non-resident landlord scheme using NRL1.
7. The scheme does apply to the Armed Forces and other crown servants. If a member of the Armed Forces or other crown servant had approval pre-1996 they will need to re-apply to join the non-resident landlord scheme using NRL1.
8. Some confusion often reigns with the following localities, Isle of Wight and Northern Ireland. These landlords are NOT classed as overseas. Southern Ireland (Eire), the Channel Islands and the Isle of Man are classed as overseas.
9. Should a landlord choose not to use an agent for the letting of property whilst abroad, the liability for collection of tax, in the event that non-resident status has not been sought, passes to the tenant.