

# What is the Non-Resident Landlord Scheme (NRLS)?

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The Non-Resident Landlord Scheme (NRLS) is a scheme to tax the UK rental income of people whose “usual place of abode” is outside the UK.

### You are a non-resident landlord, if:

1. You have UK rental income and
2. Your usual place of abode is outside the UK.

- Landlords may include individuals, companies, trustees, and partnerships.
- For jointly owned property, each individual is treated as a separate landlord.

### Usual place of abode outside of the UK:

- Typically where an individual or all the trustees of a trust spend 6 months or more outside the UK per year, even when they are UK resident.
- If a company has a main office or other place of business outside the UK or was incorporated outside the UK, then they will normally be considered to have a usual place of abode outside the UK.

Where applicable, tax must be **deducted by the landlord’s representative** (usually a letting agent and if there is no letting agent, a tenant) from the rental income.

### If you are a letting agent managing property on behalf of a non-resident landlord:

- you must deduct tax from the landlord’s UK rental income and pay the tax to HMRC, regardless of the amount of the rent you collect.
- A letting agent is not necessarily an estate agent or a property management business and could be an accountant, solicitor, relative or friend acting for the non-resident landlord.

### Calculating and paying tax under NRLS

Under the scheme, the year runs from 1 April to the following 31 March. Within the year, letting agents and tenants **must account for tax on a quarterly basis**, that is, for 3-month periods ending on 30 June, 30 September, 31 December and 31 March.

- Tax is due to HMRC within 30 days of the end of a quarter.
- Tax is deducted from rents received less the deductible expenses paid within the quarter.
- Any tax deducted by the letting agent is **available as a deduction against the non-resident landlord’s tax liability** when they complete their annual UK self-assessment tax return.

### Applying to receive rental income with no tax deducted

Non-resident landlords can apply to HMRC for approval to receive rental income with no tax deducted. In this case, they will determine their liability through self-assessment if:

- i. their UK tax affairs are up to date, or
- ii. they have never had any UK tax obligations, or
- iii. they do not expect to be liable for UK tax for the year in which the application is made.

Non-resident landlords should check the tax position in the country they reside in. If they are to pay tax in both the UK and their place of residence they should explore their eligibility for **double tax relief**.

This arrangement can be particularly useful where the UK rental income is an individual’s only source of UK income and there is no UK liability as a result of the UK personal allowance.

It is, however, worth checking that you are entitled to a UK personal allowance as a non-UK tax resident, as not everyone is.

BHP’s team regularly assists non-resident landlords with their UK compliance obligations, including submission of the NRLS application to receive rent gross and their UK tax returns. We can also provide UK Statutory Residence Test advice for those visiting the UK.

**Please do not hesitate to get in touch if you have any queries.**