

Use these Notes only to help you complete form NRL3.

If you need assistance, please contact HM Revenue & Customs **Charity, Assets & Residence - Residency**. Their address and phone number are shown on form NRL3.

General

Purpose of form NRL3

United Kingdom (UK) rental income is liable to UK tax whether the landlord lives in the UK or not, and normally a letting agent or tenant has to deduct tax when paying rent to any landlord whose **usual place of abode** is outside the UK. Form NRL3 enables trustees whose usual place of abode is outside the UK to apply to have their UK rental income paid without deduction of UK tax. **But our approval of the application does not mean that the rent is exempt from UK tax**, and we may later ask the trustees to let us know whether they have any tax to pay by completing a UK Self Assessment Tax Return.

Exclusions

This form is for trustees only. Do *not* use it if you are a person (such as an individual or a company) that is the beneficial owner of UK rental income in their own right. Other application forms may be appropriate for you. Ask Charity, Assets & Residence - Residency for details.

Which trustees have a usual place of abode outside the UK?

Trustees have a usual place of abode outside the UK if all the trustees have a usual place of abode outside the UK (following the rules for individuals and companies set out below). If one or more of the trustees does not have a usual place of abode outside the UK, the trustees are not a non-resident landlord for HM Revenue & Customs (HMRC) purposes. So neither the letting agents nor tenants need to deduct tax from the rental income they pay them.

Individuals have a usual place of abode outside the UK if they usually live outside the UK. But HMRC do not regard individuals as having a usual place of abode outside the UK if they are living outside the UK only temporarily (say, for 6 months or less).

Companies that have their main office or other place of business outside the UK, and companies incorporated outside the UK, normally have a usual place of abode outside the UK. However, companies regarded by HMRC as resident in the UK for tax purposes do not have a usual place of abode outside the UK, even if they are incorporated outside the UK. The UK branch of a non-resident company does not have a usual place of abode outside the UK, provided the branch shows in its corporation tax accounts any UK rental income it receives.

What are the terms for applying?

The trustees must satisfy one of the conditions set out in Notes 6, 7 and 8.

When can you apply?

You can apply immediately. You do not have to wait until the UK property has been let.

Confidentiality

All the information that you provide to HMRC is confidential. We can therefore discuss the Trust's tax affairs only with you or someone that you nominate, for example, a tax adviser.

If you need more space

If you do not have enough space on form NRL3 to answer a question fully, write the additional information on another sheet of paper and attach it to the form.

Guidance Notes

- 1 Not the Trust's first application.** If the Trust has previously completed a form NRL3 you do not need to complete another one. There is no need to apply for approval on an annual basis. If you simply wish to advise us of any changes to the Trust's circumstances you may do so in writing or by phone. The address and phone number are shown on page 3 of the NRL3.
- 2 Trustees principal addresses (Question 5).** Do not give a 'care of' address or a PO Box number. If you cannot give a full address please say why.
- 3 Change in details (Questions 7).** Please tell us if the details of your letting agent (or tenant, if you have no letting agent) change. Approvals to pay rent gross are not transferable and if you appoint a new agent or change your tenant we will need to write to tell them not to tax your rent. You do not have to fill in another form NRL3.
- 4 Letting agent reference number (Question 8).** Letting agents (or tenants, if there is no letting agent) of overseas landlords have to register with HMRC. When they do, we give them a reference number. Ask your letting agent/tenant for this number and show it in the box on the form.
- 5 Date the Trust's rental business started (Question 9).** Please give the date the Trust's UK rental business started. This may not necessarily be the date they first began to receive UK rental income (for example, some tenancies begin with a rent-free period).

6 The trustees UK tax affairs are up to date (Declaration).

Tick this box if the trustees complied with all their UK tax obligations by sending in all the Tax Returns issued to them (except those for which the filing date has not yet passed) and paying all the tax due.

7 The trustees have not had any UK tax obligations before the date of this application (Declaration).

Tick this box if the trustees have never had any income from property or other sources in the UK.

8 The trustees do not expect to be liable to UK income tax for this tax year (Declaration). Even if the trustees are not resident in the UK they can still be liable to tax on income that arises in the UK. However, if they do not expect to have any liability to UK tax for the tax year (ending 5 April) in which the application is made, for example, because they expect their allowable expenses to be more than their rental income, tick this box.

9 The trustees undertake to comply fully with their UK tax obligations (Declaration). Part of the trustees obligation will be to

- complete any Self Assessment Tax Return we send
- pay any tax on time
- answer questions relevant to their UK tax affairs.

If they fail to meet their undertakings we will withdraw our approval for them to receive their rent without tax.

10 Signing the form (Declaration). The form must be signed personally by one of the trustees

How we use your information

HM Revenue & Customs is a Data Controller under the Data Protection Act 1998. We hold information for the purposes specified in our notification to the Information Commissioner, including the assessment and collection of tax and duties, the payment of benefits and the prevention and detection of crime, and may use this information for any of them.

We may get information about you from others, or we may give information to them. If we do, it will only be as the law permits to

- check the accuracy of information
- prevent or detect crime
- protect public funds.

We may check information we receive about you with what is already in our records. This can include information provided by you, as well as by others, such as other government departments or agencies and overseas tax and customs authorities. We will not give information to anyone outside HM Revenue & Customs unless the law permits us to do so. For more information go to www.hmrc.gov.uk and look for *Data Protection Act* within the *Search* facility.

These notes are for guidance only and reflect the UK tax position at the time of writing. They do not affect any rights of appeal.