

Use these Notes only to help your company complete form NRL2.

If you need assistance, please contact HM Revenue & Customs **Charity, Assets & Residence - Residency**. The address and phone number are shown in Guidance Note 2.

General

Purpose of form NRL2

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 NRL2 enables a company 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 company to let us know whether they have any tax to pay by completing a UK Self Assessment Tax Return.

Exclusions

This form is for companies only. Do *not* use it if you are an individual, a trustee, a transparent entity (such as partnership) or any other body of persons that is not regarded as a corporate body under the laws of the country in which it was set up. Other application forms may be appropriate for you. Ask Charity, Assets & Residence - Residency (*see Guidance Note 2*) for details.

You can find out about the kind of entities that HM Revenue & Customs (HMRC) generally regards as transparent for UK tax purposes, and who should therefore not use this form, in issue number 50 of the Inland Revenue publication *Tax Bulletin*.

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

Companies who 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 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?

Your company must satisfy one of the conditions set out in Notes 10, 11 and 12 overleaf.

When can companies apply?

They can apply immediately. They do not have to wait until the UK property is let.

What if more than one person owns the property?

If the UK property is jointly owned then each owner must complete their own application form.

A partnership cannot usually apply on its own behalf in the way that a company does. (This is because a partnership is not generally regarded as a resident for tax purposes of the country in which it is set up). In these cases each partner must claim separately for their share of the partnership income using form **NRL1**, **NRL2**, or **NRL3**, depending on whether the partner is an individual, a company or a trustee.

Confidentiality

All the information that you provide to HMRC is confidential. We can therefore discuss your 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 the form to answer a question fully, write the additional information on another sheet of paper and attach it to the form.

Guidance Notes

- 1 Not your company's first application.** If your company has previously completed a form NRL2 it does 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 your company's circumstances you may do so in writing or by phone. The address and phone number are shown on page 4 of the NRL2.
- 2. Beneficial ownership (Question 1).** If your company is not the beneficial owner of UK property, for example, if it is a nominee, it is unlikely that it is a non-resident landlord. Before you complete the form NRL2 please write with full details to HMRC at

Charity, Assets & Residence - Residency
NRLS Companies
St. Johns House
Merton Road
Bootle
Merseyside
L75 1BB

Or phone our helpline on **0151 472 6208** or **6209** or + **44 151 472 6208** or **6209** if calling from abroad.

- 3 Name of company (Questions 2).** Please show your company's full name. Avoid abbreviations other than common ones such as *Inc, Co, Ltd, GmbH, SpA* and so on.
- 4 Address of registered office (Question 3).** If your company does not have a registered address, show its principal place of business overseas. An address in the UK cannot be accepted.
- 5 Correspondence address (Question 4).** If you show your tax adviser's address here, please make sure that you have completed a form 64-8. This is available from any HMRC office or from www.hmrc.gov.uk/forms/64-8.pdf
- 6 Principal residential address (Question 6).** Do not give a 'care of' address or a PO Box number for the directors. If you cannot give a residential address, please say why.
- 7 Change in letting agent or tenant (Question 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. 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 NRL2.
- 8 HMRC reference number (Question 8).** Letting agents (or tenants, where 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 or tenant for this number and show it in the box on the form.
- 9 Date the company's rental business started (Question 9).** Please give the date on which your company's UK rental business started. This may not necessarily be the date on which it first began to receive UK rental income (for example, some tenancies begin with a rent-free period). If the rental business has not yet started give the expected start date otherwise the application will be sent back.
- 10 The company's UK tax affairs are up to date (Declaration).** Tick this box if your company has complied with all its UK tax obligations by sending in all the Tax Returns issued to it (except those for which the filing date has not yet passed) and paying all the tax due.
- 11 The company has not had any UK tax obligations before the date of this application (Declaration).** Tick this box if your company has never had any income from property or other sources in the UK.
- 12 The company does not expect to be liable to UK income tax for this tax year (Declaration).** Even if your company is not resident in the UK it can still be liable to tax on income that arises in the UK. But if your company does not expect to have any liability to UK tax for the tax year (ending 5 April) in which you make this application, for example, because it expects its allowable expenses to be more than its rental income, tick this box.
- 13 The company undertakes to comply fully with their UK tax obligations (Declaration).** Part of your company's 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 the company fails to meet its undertakings we will withdraw our approval for it to receive its rent without tax.
- 14 Signing the form (Declaration).** The form must be signed by a person authorised by your company.

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.