

Press Release

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Tax crackdown on Buy-to-Let Investors

HM Revenue & Customs has identified 80,000 buy-to-let landlords whose tax affairs may not be in order, and has met senior tax advisers to discuss the situation.

The taxman can claw back unpaid tax from as far back as six years. He also has the power to impose penalties, which can reach the same value as the unpaid tax bill, and charge interest on the unpaid or late paid tax! Which means that some of those who have bought properties to rent or are letting their own home could face tax bills so large that they may have to sell their property.

The campaign will draw on information from banks and tenants and from letting adverts in an attempt to identify “ghost” landlords who have failed to declare themselves as property owners.

One issue the taxman will target is to ensure that Landlords have only offset the interest portion of their mortgage payments against the taxable income, but not the total repayment. Remember, of course, that Landlords can deduct other expenses relevant to their rental property as well.

A spokesman for HMRC was quoted saying: 'We met representatives of the accountancy profession this week for their views on how we can best inform landlords of the obligation to report their property income to us.'

If you think that your tax affairs need to be revisited then contact a Chartered Accountant to get things back in order as quickly as possible. The reason for this is that penalties can often be reduced for those who declare a problem – compared against those who wait for the taxman to catch up with them!

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