

## **UK PROPERTY LETTING LANDLORDS TO BE TARGETTED AFTER AIRBNB DISCLOSURES TO THE TAXMAN**

5th October 2020



A disclosure in the Airbnb UK accounts for the year ended 31st December 2019 confirmed that the property letting facilitator will share data with HM Revenue & Customs about the rental income from UK property let through its portal.

The disclosure is reported to cover the years 2017/18 and 2018/19, and it will be these years that will be the initial focus of the taxman. The enquiries into the landlords' tax affairs may be extended to up to 20 years if HMRC prove a 'discovery' of undisclosed tax liability.

The HMRC enquiries team are now well drilled in dealing with undisclosed income. The taxman has run several campaigns over recent years targeting areas of undeclared income and warning those that may have not declared all of their taxable income, to come forward or face the consequences.

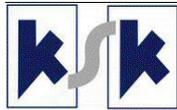
So, what will the taxman do with all this information?

The HMRC enquiries team have a formidable armoury at their disposal in the form of its tried and tested Connect data analysis system. The new data from Airbnb will be 'mined' for information linked to individuals and businesses. Some of the information will no doubt lead to targeted in-depth enquiries. For the most part, where HMRC analysis reveals a potential discrepancy between rental receipts and tax disclosures, the taxman will resort to its 'nudge' tactic of encouraging (or scaring) people to come clean.

Those identified will be sent automated letters suggesting that they may want to review their tax affairs and make a disclosure of any undeclared rental income. Recipients of such letters are usually given 30 days to respond.

If you are in receipt of this type of communication from HMRC it is advisable to act; ignoring the letter will not make the matter go away and may draw more immediate action from the taxman.

There are genuine reasons why a landlord will not need to make a declaration of rental income: there is a rent – a – room allowance of £7,500 and the trading and miscellaneous income allowance of £1,000. Income covered by either of these reliefs may not need reporting to the taxman.



If you are not sure whether or not you should have declared your rental income, my advice to Airbnb landlords is to take action now and be one step ahead of the Taxman.

The taxman has the power to impose penalties of up to 100% of any additional tax due. Penalties can be greatly reduced and even avoided altogether if you make a voluntary disclosure before the taxman contacts you.

You may be able to amend your existing tax returns or use the HMRC 'let property campaign' disclosure facility, which can also help reduce the overall costs.

I have helped many people in making disclosures to the taxman, saving my clients many £,000's and giving them peace of mind by guiding them through the whole process as painlessly as possible.

If you are in receipt of any rental income which you have not declared to the taxman, if you want reassurance that you are covered by one of the available reliefs or just need guidance concerning your tax affairs, I urge you to contact me as soon as possible.



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