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HMRC wants more and tougher powers



Paul Windsor, of WSM Property, argues that the UK Revenue is seeking greater powers to require information especially from landlords

The UK tax authority HMRC quietly issued its latest consultation document earlier this month to kick the holiday reading season off to a fine start. This riveting read is called Bulk and Specialist Information Powers and shouldn't be dismissed lightly as it could grant some potentially venomous powers to the Revenue that could be particularly painful for those landlords who have not been disclosing income from their properties.

Of course no one likes a cheat and as a professional in the tax industry I am forever making sure that full

disclosure is made by my clients of anything that may be relevant to their income or taxation affairs – as we all know, tax avoidance is legitimate but tax evasion is not.

On reading through the 38-page tome one's mind does wander to George Orwell's classic dystopian novel of the life of Winston Smith, the rebellious civil servant, and one can't help thinking that the document might have come from one of Oceania's ministries – perhaps the Ministry of Plenty - as the powers it proposes are indeed potentially wide-ranging and far-reaching, accessing information from intermediaries such as accountants and letting agents.

The topic of the consultation document is blandly described as 'HMRC's legal powers to obtain information about an unnamed taxpayer, whether in bulk or as part of a compliance check' and the paper suggests that those who should read the document are 'those who are or may become subject to HMRC's powers to seek information'. All of us possibly?

Letting agents have for a number of years, under the revenue's existing powers contained in the Taxes Management Act 1970 and Statutory Instruments, provided information about rents that they have collected on behalf of their landlord clients, particularly where there has been a foreign element under the non-residents landlord scheme.

The consultation documents take the powers to a new level – indeed the document often makes reference to a New Framework. Inevitably what it will gather is more and more information which it says 'are essential if HMRC is to tell whether one return is more likely than another to be incorrect'.

So what is the impact? Well if all the new powers are granted it would enable HMRC to force letting agents to supply the names, addresses and property details of all their clients, including those that just use the tenant finding service as well as those using their rent collection and management services.

In my view this should act as an impetus for all those involved in letting property -from landlords renting rooms in their homes to those with extensive residential or commercial portfolios to ensure that they have a good advisor in place to check that they are making the most of all the reliefs and deductions that are available to set against their property incomes in order to minimise their tax liability – as well as disclosing all of their income before it's too late.

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