

# Non-Resident Landlord Withholding Tax (NLWT)

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## Where am I ? (3 Scenario's Arise)

- I have “Collection Agent Tax Numbers” on file and also E-Tax Clearance Certificate. I am happy with this system as I get the Non Resident client relative to be “Collection Agent” and I can just pay the rent over in normal way OR
- I have been using the Revenue On Line System and paying the 20% tax over to Revenue. It has worked well and we feel we are in control OR
- I don't do either above and have done nothing

## Questions and Answers (Hypothetical)

### Revenue

Do you act for a landlord living outside of Ireland (non resident) ?

### Auctioneer reply

Yes I believe so

Revenue

We note on ROS we have not received any Rental Notifications from your firm. Please now confirm the following

- Have you a special Collection Tax number on file to show that Income Tax Returns were filed under “Collection Agent Tax Number”
- If there is no Collection Tax number on your file as above, please confirm why 20% Income Tax was not withheld and paid over via ROS

Answer

My Non Resident client told me he was not required to file Income Tax Returns

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## Revenue

**We refer to your reply and now wish to advise your firm should review if you firm underdeclared and you should make a voluntary disclosure and pay the outstanding taxes immediately.**

**Please also let provide a list of Non Resident clients , PPS , address, LPT ID**

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Position pre 1 July 2023

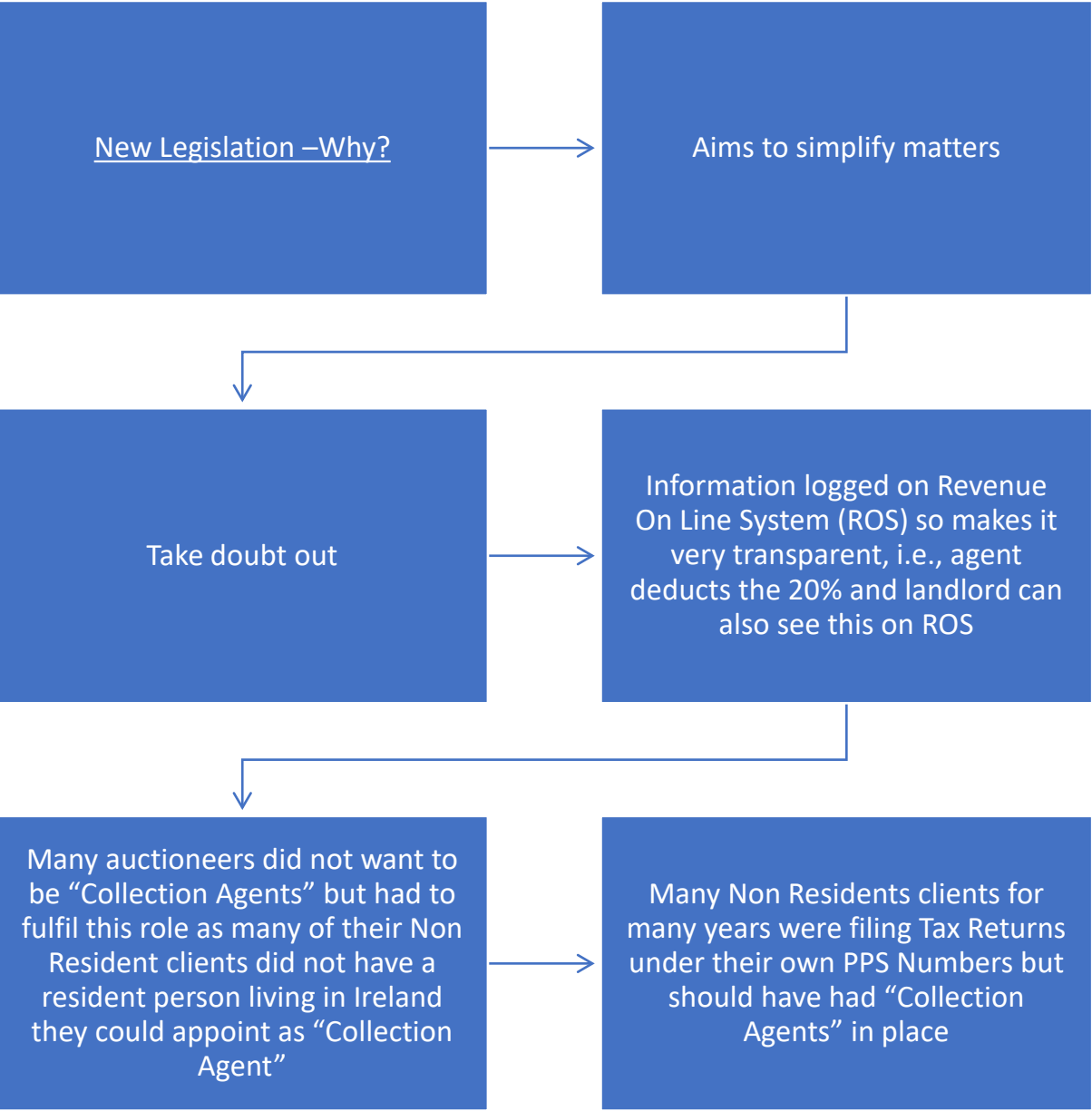
Property agents must have ENSURED if they receive rent that a “Collection Agent” is in place. This is a special tax reference number and different to the PPS number of Non Resident Landlord

### Two Scenarios

- Property Agent is “Collection Agent” and has been filing Tax Returns via “Collection Agent” special tax number for the Non Resident client
- Property agent is not the “Collection Agent” but has proof on file their Non Resident client has another “Collection Agent” in place, i.e. say brother living in Dublin

Problem Areas-auctioneer has been paying rent to non resident landlord and has no proof of “Collection Agent” been in place and just continue to pay the full rent

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Section 92 Finance Act 2022

New legislation effective 1 July 2023

Required to give certain Information to be provided to Revenue (a rental notification)

New legislation relieves “Collection Agents” of their obligations provided they withhold 20% Tax and pay the 20% Tax to Revenue (a rental notification)

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Registration for Non  
Resident Landlord

For the new system to work  
well after 1 July, the Non  
Resident landlord must be  
registered in their own right  
for Income Tax on ROS

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## Key points

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1. Under New system if you take on role to deduct 20% tax, your role is to COLLECT AND PAY. You are responsible for this
  2. LPT ID is essential to obtain
  3. Name, address, PPS number, email or phone
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## Nightmare Scenario

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1. You act for a Non Resident landlord and have been paying €2,500 per month rent for the last 4 years
  2. You never asked for proof of “Collection Agent” Tax number and have nothing on your file
  3. From 1 July you continue to pay the €2,500 per month
  4. You find out No Tax Returns have ever been done
  5. Tax of €6,500 arises per tax year, i.e. €26k plus interest and penalties
  6. The client had left
  7. You have an exposure
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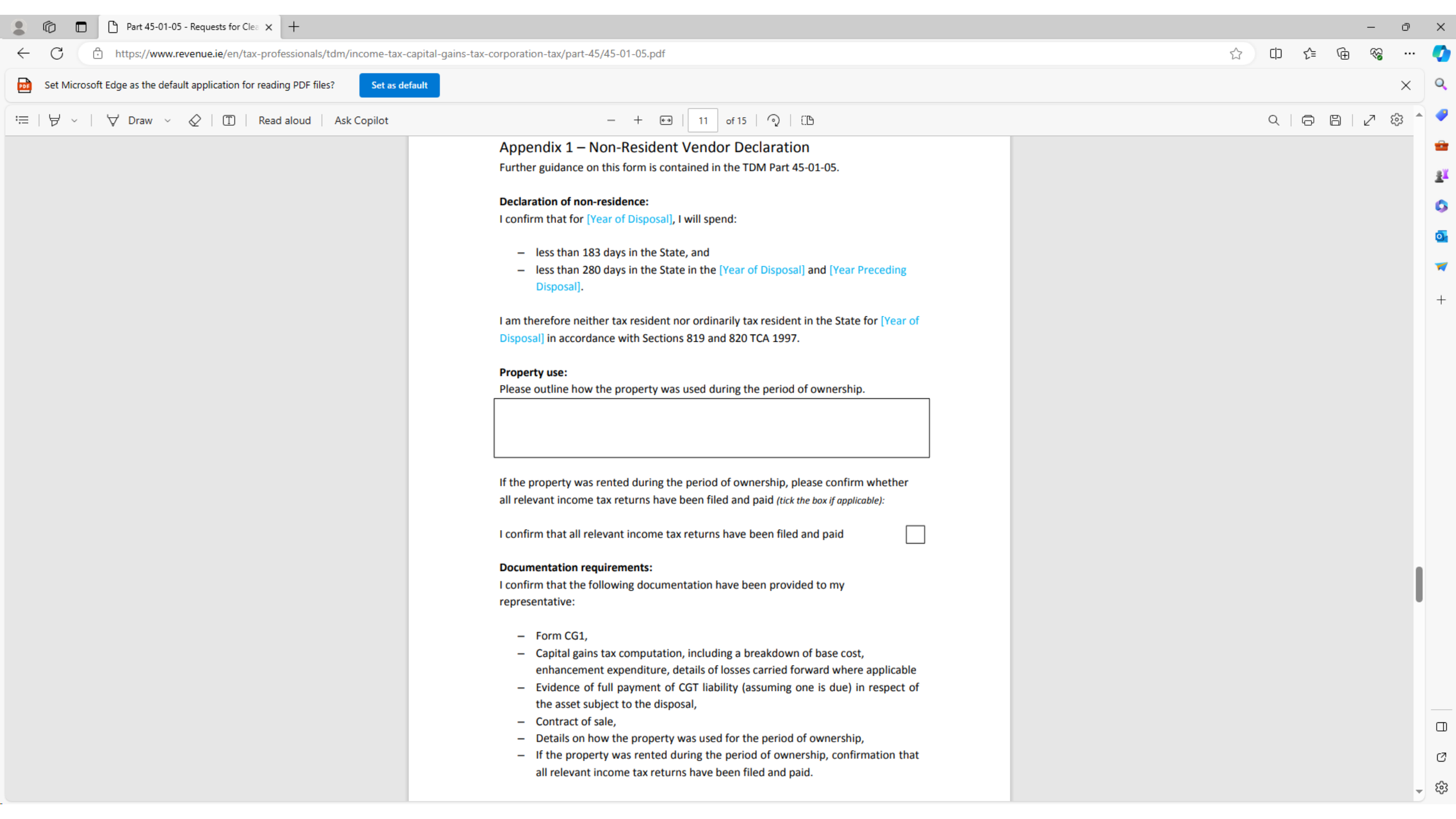
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## Another Nightmare Scenario

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1. You act for a Non Resident landlord and have been paying €1,000 per month rent for the last 10 years
  2. You never asked for proof of “Collection Agent” Tax number and have nothing on your file
  3. From 1 July you continue to pay the €1,000 per month
  4. You find out No Tax Returns have ever been done
  5. The client asked you to put the property on the market and you have gone sale agreed
  6. The solicitor acting on behalf of your client writes to you advising as solicitor they are liable for the Capital Gains Tax and “Clearance” is required by Revenue. They ask what was the property used for
  7. The sale fall’s through as the buyer is frustrated re waiting
  8. Tax of €2,400 arises per tax year, i.e. €24k plus interest and penalties
  6. . You have an exposure
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Set Microsoft Edge as the default application for reading PDF files?

Set as default

Draw Read aloud Ask Copilot

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### Appendix 1 – Non-Resident Vendor Declaration

Further guidance on this form is contained in the TDM Part 45-01-05.

#### Declaration of non-residence:

I confirm that for [Year of Disposal], I will spend:

- less than 183 days in the State, and
- less than 280 days in the State in the [Year of Disposal] and [Year Preceding Disposal].

I am therefore neither tax resident nor ordinarily tax resident in the State for [Year of Disposal] in accordance with Sections 819 and 820 TCA 1997.

#### Property use:

Please outline how the property was used during the period of ownership.

If the property was rented during the period of ownership, please confirm whether all relevant income tax returns have been filed and paid (tick the box if applicable):

I confirm that all relevant income tax returns have been filed and paid

#### Documentation requirements:

I confirm that the following documentation have been provided to my representative:

- Form CG1,
- Capital gains tax computation, including a breakdown of base cost, enhancement expenditure, details of losses carried forward where applicable
- Evidence of full payment of CGT liability (assuming one is due) in respect of the asset subject to the disposal,
- Contract of sale,
- Details on how the property was used for the period of ownership,
- If the property was rented during the period of ownership, confirmation that all relevant income tax returns have been filed and paid.

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## What's happening on the ground ?

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1. Agent's who have proof of Collection Agent Tax Number are continuing to pay rent as normal, i.e. no 20%
  2. Agents have decided to implement new system and start taking 20% tax in Jan 2024
  3. Many have written to clients and advised they will start deducting 20% tax and Collection Agent Tax number will need to be ceased
  4. Why this approach –Non Resident landlord only has one Tax Return to do for 2024 onwards
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## Questions that will arise

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1. Non Resident Landlord rings you up. Can you give me something to show the 20% you deducted from 1 July from me ?

Answer

***You must be registered for ROS under your own PPS Number. When you log into ROS you will be able to see the Rental Notifications we submitted.***

2. Non-Resident Landlord rings you up. You were the “Collection Tax Agent” as the client had no Irish relatives. You used the NLWT system from 1 July 2023. Client asks what needs to be done?

Answer

***For 2023, there is a requirement to complete one Tax Return from 1 Jan to 30 June 2023 under “Collection Agent Tax Number” and one Tax Return from 1 July to 31 December 2023 under your “own PPS Number”. You will need to submit the Tax Return under your PPS number yourself from 1 July to 31 December 2023 and going forward. I will submit the “Collection Agent” Tax Return from 1 Jan to 30 June 2023 and once all is complete will de-register the “Collection Agent” Tax Number.***

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## Tips

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1. When providing annual 2023 Rental Statement and Expenses, you should state the month you started to use the NLWT system (if used) and show the tax deducted in a column beside the rent.
2. If you used the NLWT system you should put a few lines to note *“You are required to file a Tax Return under your own PPS number from the date we started to use the NLWT system. It is your responsibility to file your own Tax Return and pay any tax from this date.*
3. Make sure as auctioneers you have reviewed the years you acted for Non Resident Landlords and have ensured you were compliant.



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# Tenants

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## 1. Finance (No 2) Bill 2023 clarifies

If the tenant pays rent to a Collection Agent, the tenant is not obliged to deduct and remit withholding tax to Revenue. In such cases the Collection Agent may either deduct and remit to Revenue the withholding tax or agent can remain assessable and chargeable to tax on the rental income of the non resident landlord.

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# Revenue Special Email

- Revenue have set up a special email address members may email general queries/issues to
- [info\\_NLWT@revenue.ie](mailto:info_NLWT@revenue.ie)
- Note the “underscore” between info and NLWT

Contact details

[shay@sobt.ie](mailto:shay@sobt.ie)

086-8062702

The logo for SOBT Ltd Private Tax Client's is centered on the right side of the page. It features the text "SOBT Ltd" in a large, bold, blue, sans-serif font. Below this, the text "Private Tax Client's" is written in a smaller, blue, sans-serif font. The entire logo is set against a white background that is partially enclosed by a large, stylized, multi-layered circular graphic on the right side of the page. This graphic consists of several concentric, overlapping rings in shades of light blue and light green, creating a sense of depth and movement.

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