

Income tax implications for landlords with buy-to-let mortgages who receive tracker mortgage redress payments from lenders

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The Central Bank has published **Guidance: Principles for Lenders when Tracker Mortgage Related Issues Identified for Redress**. At Appendix B of [Appendix 3](#), “Supplementary Guidance for Redress and Compensation for Tracker Mortgage-related Issues”, Paragraph 1.3.4., on page 8, this document states:

Any tax liability that impacted customers may incur as a result of the relevant issue or in respect of any redress, compensation or other payment made to impacted customers by the lender, as a result of the relevant issue, are to be discharged by the lender. The lender is to liaise directly with Revenue in this regard.

As the lenders are required to discharge any tax liabilities on behalf of the customers and liaise directly with Revenue, taxpayers who receive compensation under the “Tracker Mortgage Examination” (sometimes called the tracker mortgage redress scheme) do not have to file amended tax returns in respect of the compensation for the years impacted by the compensation payments, nor do they have to take account of the payments in filing future returns or in calculating preliminary tax liabilities. This applies only to compensation payments received as part of the Central Bank’s Tracker Mortgage Examination that commenced in December 2015.

For example, taxpayers who receive compensation under the redress scheme in 2018, which covers all years up to and including 2018, do not have to file amended tax returns for years to 2017 to take account of the compensation payment, nor do they have to take account of such payment in rental computations for their 2018 returns.

Similarly, taxpayers who receive compensation under the redress scheme in 2019, covering all years up to and including 2019, do not have to file amended tax returns for years up to 2017, take account of such payments in rental computations for their 2018 returns, or take account of such payments in calculating their preliminary tax liabilities for 2019. The payments also need not be recorded on their 2019 return when that is due for filing.

In some cases, taxpayers may have had their mortgage account corrected in an earlier year but do not receive the compensation until a later year. For example, a taxpayer may have their mortgage account corrected in 2016 but did not receive a compensation payment until 2019. In such cases, the taxpayer does not have to file amended tax returns for the years up to 2016 to take account of the compensation payment. The compensation payment has no bearing on 2017 or subsequent years so the question of amending the returns for those years does not arise.