Fresh new data

Amit Puri provides up-to-date statistical information from HMRC on the Let Property Campaign.

The Let Property Campaign (LPC) has now been running for well over ten years, having commenced in 2013. In fact, it's the only campaign still running.

It provides individuals who have been letting out residential property in the UK and/or abroad with an opportunity to bring their tax affairs up to date, by means of making a voluntary disclosure through an online portal. Provided a full and complete disclosure is made, there is no need to meet HMRC face-to-face nor engage in numerous rounds of correspondence about the facts.

Making any kind of tax disclosure to HMRC can be an uncomfortable experience, as one must recount what they had done (and not) and explain why. Experienced tax investigation and disclosure specialists will understand this part and seek to provide peace of mind to their clients while keeping abreast of LPC developments and HMRC's practices in that regard.

Also, we like to keep up-to-date with the latest LPC statistics from HMRC; herein we are pleased to share our insights and thoughts regarding LPC disclosures and compliance activities concerning historic personal tax liabilities.

Let property disclosures and compliance activities

HMRC has recently confirmed that a total of £373,645,825 had been secured to date, through its LPC and corresponding 'compliance activities'. The overall penalties though, seem quite low at 10.7%, which we look at a little more closely:

Overall penalties

	Tax	Interest	Penalties
Since inception	£291,930,861.70	£50,589,354.47	£31,125,608.55

Key points

- What is the Let Property Campaign (LPC)? Why does HMRC offer it? What is the campaign's approach?
- The LPC is the only campaign still running.
- It provides individuals who have been letting out residential property in the UK and/or abroad with an opportunity to bring their tax affairs up to date online.
- Taxes on gains on any disposals of rental properties should also be considered, where appropriate.
- Many accountants tell us that their LPC disclosures are typically accepted with no checks at all.

We consider that the penalties have historically been low, because, from experience, we tend to see little checks and challenges made by HMRC after the submission of LPC disclosures. This may be down to the disclosures being reviewed by inexperienced HMRC officers who aren't tax trained and therefore not able to spot unusually low penalty rates being used. Also, it's likely they don't understand the behaviour-based penalty regime well enough. If they did, they might be more intrigued as to whether the person making the disclosure had in fact genuinely taken 'reasonable care' with their tax affairs or instead been 'careless' rather than having 'deliberately' caused errors (or withheld information) on their tax returns.

Similarly, for those not previously filing personal tax returns to HMRC where they should have, therefore strictly having Failed to Notify (FTN) their chargeability to tax, the *non-deliberate* claims as opposed to *deliberate* actions leading to their failures need more attention. They did not meet their obligations on time, but ought to have made disclosures without unreasonable delay; quite important.

Anecdotally, our understanding has always been that this seemingly light-touch approach from HMRC was due to them wanting to restrict the resources they deployed to run the LPC. It's likely that this is why so many accountants tell us that their LPC disclosures are typically accepted with no checks at all, despite them sometimes having little regard for strict tax assessing rules and penalty regime categories.

On the one hand, this seems reasonable, if HMRC only wants to direct its resources elsewhere and trust those advising their clients to get those LPC disclosures right. It doesn't seem as though understanding and following the stricter principles of tax assessment time-limits and penalty rates deliberations, as well as the clients' underling behaviours/actions are particularly important in this campaign.

That said, when LPC disclosures are checked and therefore sometimes the adviser's approach is checked in more detail, that has often led to disclosures being escalated to teams in individuals and small business compliance (ISBC), and sometimes to wealthy and mid-sized business compliance

(WMBC). The relatively few that are referred to us at that stage, usually show that there was an over reliance or expectation of HMRC accepting reasonable care had been taken, so invariably the number of tax years in point increases as well as the penalty rates applying.

Let Property Disclosures in Isolation

Now let's consider the facts and figures concerning the LPC disclosures received by HMRC over the last few years:. (See *LPC disclosures received by HMRC*, below).

Historic records we have and the 2021-22 figure here show that around 5,000 disclosures were submitted per year around the then, ie before and around the Covid-19 pandemic period. However, the 2022-23 and later periods' data shows that the number of LPC disclosure being submitted annually has increased; in fact, it doubled in 2022-23 (and then stayed higher). So, on average, more clients are disclosing using the LPC.

We can't draw any conclusions on the statutory late payment interest figures, because these follow the taxes payable and therefore the number of tax years involved, the dates on which the taxes were due and payable, etc.

However, the penalty figures seem interesting. While the average taxes secured through each disclosure has not fluctuated much, the penalties of circa 7% in 2021-22 & 2022-23 have rocketed to over 22% and 31% in the two most recent tax years.

Again, from experience, from the relatively low numbers of LPC referrals we tend to see, we have noticed more HMRC correspondence coming out of ISBC and WMBC than we have from risk & intelligence services (RIS) – which started the LPC campaign and from where almost all LPC nudge letters used to be sent from. On its own, this appears to be signalling the end of RIS handling all/most LPC disclosures and HMRC having started an era where officers that are better versed at understanding tax assessing rules and

LPC disclosures received by HMRC

Reporting year	Disclosures received	Tax	Interest	Penalties	Total revenue	Penalty %
2021-22	5,392	£19,512,814.00	£2,128,917.00	£1,529,187.00	£23,170,918.00	7.8
2022-23	10.976	£27,684,131.00	£2,910,380.00	£2,018,935.00	£32,613,446.00	7.3
2023-24	9,897	£35,039,615.00	£2,881,724.00	£7,730,162.00	£45,651,501.00	22.1
2024-25	6,490	£23,485,831.00	£652,550.00	£7,287,505.00	£31,425,886.00	31.0

Compliance activities carried out by HMRC

Reporting year	Tax	Interest	Penalties	Total revenue	Penalty %
2023-24	£58,276,100.00	£14,487,634.00	£11,526,582.00	£84,290,316.00	19.8
2024-25	£53,154,095.00	£2,561,684.00	£11,258,513.00	£66,974,292.00	21.2

penalty categories & and rates are being used. In turn, it again suggests it's less likely that disclosures are being arbitrarily accepted on the reasonable care basis (where the clients were not likely to qualify for that treatment, on the facts).

Let Property Compliance Activities in isolation

Now let's consider the facts and figures concerning the non-disclosure related – let property – compliance activities carried out by HMRC over the last couple of years. (See *Compliance activities carried out by HMRC, above*).

Firstly, we should say that HMRC has, over the years, been more reluctant to share data about its let property related compliance activities, so this new data is quite helpful to see in understanding the direction the department has been going in.

> “One of the key criteria for being named and shamed publicly every quarter, is that the underlying behaviour leading to the penalty must be 'deliberate''.

Interestingly, the penalty rates being applied seem similarly high as in the LPC disclosures received over the same/last two years, 2023-24 and 2024-25, at approx. 20% and 21%. We don't have enough data to compare these figures and differing approaches, to draw any more conclusions, but notably, these penalty rates are also higher than those seen in older LPC disclosures. So, while RIS should not be doing compliance work themselves (exclusively anyway), they may have in the past. Therefore, it seems reasonable to conclude that these enquiries were largely carried out by ISBC and WMBC officers in the main.

For us, the most interesting point to note here was that the total revenues secured, that's tax, interest and penalties, were a lot higher as a result of carrying out one-to-one enquiries (or compliance checks if you prefer); almost double in 2023-24 and which were in fact more than double in 2024-25. As advocates for HMRC becoming much better resourced and so increasing the deterrence effect of the rules and powers available to them, through more compliance activities, this was useful to read.

However, those that favour more of the nudge letter style, ie a one-to-many approach, would argue that the revenues secured through LPC disclosures benefitted from a much more economical use of resources. We cannot disagree with that either, mind you.

Let's not ignore however, the fact that in 2023-24, the compliance activities resulted in much higher statutory interest charges. This seems quite unusual. So perhaps it denotes the settlement of many older and/or larger cases, or something else, which has in turn skewed the results we see herein.

Other matters

In the past, we had specifically asked HMRC, how many of LPC disclosures were based on 'deliberate inaccuracies' in tax returns or 'deliberate failures to notify offences'. HMRC confirmed then that, only circa 0.5% (285 out of the 58,574 LPC disclosures made by that time) were at the most serious end of the behavioural/actions spectrum.

It follows that the number of clients recorded on HMRC's publishing details of deliberate defaulters (PDDD) list could only have been very small too. One of the key criteria for being named and shamed publicly every quarter, is that the underlying behaviour leading to the penalty being chargeable must be 'deliberate' as opposed to 'careless'.

Practitioners are no doubt aware that the LPC remains open for their clients to utilise, and that there is no official closure date. The open-ended nature of the campaign means that it is still a good time to review a client's commercial activities and ensure taxes on rental profits are correctly calculated, disclosed and paid, etc. Taxes on gains on any disposals of rental properties should also be considered, where appropriate.

The LPC provides a relatively smooth process for professional, amateur and novice/first-time landlords who owe taxes through letting out residential properties, in the UK and/or abroad. It presents a useful opportunity to bring their UK tax affairs up to date in a simple way.

So, we would encourage seeking out specialist tax disclosures advice where there is a lack of experience in making them and handling corresponding tax enquiries, to secure the very best possible outcomes for our clients, based on robust knowledge about tax assessment rules and time-limits as well as the various penalty regimes that can apply. ●

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