

# **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 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, a taxpayer who received compensation under the redress scheme in 2022, covering all years up to and including 2020, does not have to file amended tax returns for years up to 2019 to take account of the compensation payment, nor do they have to take account of such payment in rental computations for their 2020 returns. The same treatment applies to taxpayers who receive compensation in 2021; previous returns do not require amendment and the payment does not need to be recorded on their 2021 return in their rental computation or accounted for when calculating preliminary tax liabilities for that tax year.

A taxpayer may have had their mortgage account corrected in an earlier year but did not receive a compensation payment until a later year. In such cases the taxpayer does not have to amend returns for the years up to and including the year in which the correction took place to account for the compensation payment. The compensation payment also has no bearing on subsequent years so the question of amending the returns for these years does not arise.