

Tax Consulting ATED

Annual Tax on Enveloped Dwellings



Annual Tax on Enveloped Dwellings

The Annual Tax on Enveloped Dwellings (ATED) has applied since 1 April 2013 and is payable mainly by companies that own UK residential property.

An ATED return is required where the property concerned is a dwelling situated in the UK, which was valued at more than £500,000 on 1 April 2012 (or at acquisition if later) and is owned, wholly or partly, by a company, or by a partnership where one of the partners is a company, or by collective investment schemes.

Only residential property is within the scope of the ATED charge. The property is a dwelling if all or part of it is used, or could be used, as a residence, for example a house or flat. It includes any gardens, grounds and buildings within them.

Key dates

The filing deadline for the 2024/25 ATED return is **30 April 2024** (this includes any relief claims).

Any ATED payment thereon is also due on **30 April 2024**.

ATED is a self-assessed tax. The ATED return and payment of tax must be submitted by 30 April at the beginning of the tax year for which the return relates, or within 30 days of acquisition if your property comes within the scope of ATED after 1 April.

Failing to complete a return on time carries penalties based on how late the return is when it is eventually filed. These penalties apply even if no ATED duty is actually due. Interest will also be charged if any ATED liability is paid late, starting from the day it is payable.



Know the rules?

UK residential properties must have a valuation every five years.

Revised ATED Charges for 2024/25

The new ATED charges which are to apply from 1 April 2024 are the following:

Property value as at 1 April 2022	2024/25 charge
More than £500k up to £1m	£4,400
More than £1m up to £2m	£9,000
More than £2m up to £5m	£30,550
More than £5m up to £10m	£71,500
More than £10m up to £20m	£143,550
More than £20m	£287,500



Valuation

The filing deadline for the 2024/25 ATED return is 30 April 2024. The ATED rules for UK residential properties require a property valuation every five years as a minimum.

The most recent re-valuation date was **1 April 2022** in which a re-valuation exercise should have undertaken to categorise which bracket a property falls into. This revaluation will cover the five years up to 31 March 2028.

For the five years up to 31 March 2023, ATED returns required a property valuation as at 1 April 2017 or the date of acquisition, if later (before the next revaluation date).

For the five years up to 31 March 2018, ATED returns required a property valuation as at 1 April 2012 or the date of acquisition, if later (before the next revaluation date).

We are aware that post-Brexit the property market was extremely volatile, therefore property prices may have shifted since the 1 April 2017 valuation.

Please note, that if during the five year period changes to the property interest occur, such as a lease extension or a part-disposal of the property interest, the property will need to be revalued again.

It's not necessary for you to have obtained a professional valuation, for example from a surveyor or from an estate agent, to be able to complete the return. The valuation of the property must be in pounds sterling.

Valuations must be on an open-market willing buyer, willing seller basis and be a specific amount.

Any valuation that you provide is your responsibility and if there is a material difference in the valuation that results in an underpayment of tax, you will need to pay the additional tax for this and if necessary any earlier or later years. You might also be liable to interest and penalties on the amount of tax underpaid.

If your property is a new build or you've altered it to become a new dwelling you should use the earliest date it was:

- First occupied
- Entered on the Council Tax valuations lists

If your property is mixed-use, for example residential and non-residential you only need to value the residential part.

If your property consists of self-contained flats, each flat will be a dwelling and will be valued separately.

Where there is an acquisition or disposal during the tax year, the charge is pro-rated for the remainder of the year. If you need to change the information on your original return, for example because you can now claim a relief, or because the information you sent was wrong, you can submit an amended return.

Where separate properties are physically connected to each other, the property values are aggregated if they are owned, either directly or indirectly, by the same person or people. This anti-avoidance rule prevents people from artificially splitting properties to fall outside of this ATED regime. However, apartments in the same block but that have no direct access into each other are not connected for these purposes.

Owners of properties who believe that the property falls within a 10% variance of a banding may write to HMRC to request a prereturn banding check.



Some properties are not classed as dwellings:

- Hotels
- Guest houses
- Boarding school accommodation
- Hospitals
- Student halls of residence
- Military accommodation
- Care homes
- Prisons

Bodies exempt from ATED include:

- Charitable companies, and
- Public bodies and bodies established for national purposes.

Historical Rates

The historical rates of ATED tax are as follows:

Residential Property Value	Annual ATED Charge		
	13/14	2014/15	2015/16
£500,000 to £1,000,000	Nil	Nil	Nil
£1,000,001 to £2,000,000	Nil	Nil	£7,000
£2,000,001 to £5,000,000	£15,000	£15,400	£23,350
£5,000,001 to £10,000,000	£35,000	£35,900	£54,450
£10,000,001 to £20,000,000	£70,000	£71,850	£109,050
£20,000,001 and over	£140,000	£143,750	£218,200

Residential Property Value	Annual ATED Charge								
	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
£500,000 to £1,000,000	£3,500	£3,500	£3,600	£3,650	£3,700	£3,700	£3,700	£4,150	£4,400
£1,000,001 to £2,000,000	£7,000	£7,050	£7,250	£7,400	£7,500	£7,500	£7,700	£8,450	£9,000
£2,000,001 to £5,000,000	£23,350	£23,550	£24,250	£24,800	£25,200	£25,300	£26,050	£28,650	£30,550
£5,000,001 to £10,000,000	£54,450	£54,950	£56,550	£57,900	£58,850	£59,100	£60,900	£67,050	£71,500
£10,000,001 to £20,000,000	£109,050	£110,100	£113,400	£116,100	£118,050	£118,600	£122,250	£134,550	£143,550
£20,000,001 and over	£218,200	£220,350	£226,950	£232,350	£236,250	£237,400	£244,750	£269,450	£287,500

ATED Relief

You may be able to claim ATED relief for your property if it is:

- Let to a third party on a commercial basis and is not, at any time, occupied (or available for occupation) by anyone connected with the owner.
- Open to the public for at least 28 days a year.
- Being developed for resale by a property developer.
- Owned by a property trader as the stock of the business for the sole purpose of resale.
- Repossessed by a financial institution as a result of its business of lending money.
- Being used by a trading business to provide living accommodation to certain qualifying employees.
- A farmhouse occupied by a farm worker or a former long serving farm worker.
- Owned by a registered provider of social housing

If a relief is available against the ATED charge, it needs to be claimed, and therefore a return will be required, even if the relief reduces the ATED liability to nil.

We can help

Price Bailey can help with:

- Preparation and filing of ATED returns and ATED Relief Declaration Returns.
- Preparation and filing ATED related Capital Gains Tax (CGT) returns and Non-resident CGT returns.
- Advice on payments.
- Assistance with pre-return banding checks.
- Advice on liability.
- Advice on eligibility for ATED reliefs.

For any assistance with the ATED, contact us:



Jay Sanghrajka

Partner

+44 (0) 203 829 1722

jay.sanghrajka@pricebailey.co.uk



Nikita Cooper

Director

+44 (0) 203 909 0494

nikita.cooper@pricebailey.co.uk

Contact us

Bishop's Stortford	+44 (0) 1279 755888
Cambridge	+44 (0) 1223 565035
City of London	+44 (0) 2070 652660
Dubai	+971 (0) 4878 6360
Caribbean	+44 (0) 8004 346460
Ely	+44 (0) 1353 662892
London Mayfair	+44 (0) 2039 090480
Newmarket	+44 (0) 1638 666160
Norwich	+44 (0) 1603 709330
Peterborough	+44 (0) 1733 343275
Sawston	+44 (0) 1223 578787

Price Bailey Mayfair LLP is a limited liability partnership registered in England and Wales, number OC366511 The registered office is Causeway House 1 Dane Street Bishop's Stortford Herts CM23 3BT where a list of members is kept Price Bailey LLP is registered to carry out audit work in the UK and Ireland by the Institute of Chartered Accountants in England and Wales.

Price Bailey ® is registered as a UK trade mark of Price Bailey Group Limited. For more information about Price Bailey and regulatory details please visit www.pricebailey.co.uk/legal