GANDER TAX SERVICES

Annual Tax on Enveloped Dwellings (ATED) Factsheet

Summary

In Finance Bill 2013, a new tax was introduced: ATED. It is charged to companies, partnerships with corporate members and other collective investment vehicles that own UK residential dwellings and applies from 1 April 2013.

Details

A property will be caught if it is a dwelling in the UK that was valued at £2m or more on 1 April 2012 or - if later - on acquisition, is owned by a company, a partnership with a corporate partner or a collective investment scheme, and does not qualify for a relief or exemption. Every five years from 1 April 2012, a revaluation will take place.

From 1 April 2015, properties of £1m were included; from 1 April 2016, so too were properties of £500k.

Depending on the value of the property, the annual charge is between £3.5k (£500k-£1m) and £218,200 (where over £20m) per annum.

A dwelling may be all or part of a residential or mixed-use property. Only the value of the residential part is relevant for considering whether a charge applies.

Reliefs

There are various reliefs available, including where the dwelling is let to a third party on a commercial basis, it is held for charitable purpose, it is for use of employees, it is part of a property development business, or it is a farmhouse. In order for the relief to be claimed, it must be done on the tax return.

Compliance

A return must be submitted by 30 April at the beginning of each ATED period. An ATED period lasts one year and commences on 1 April. If not submitted and/or the ATED is not paid, penalties and interest may apply. Note, even if there is no ATED payable because a relief applies, it is necessary to complete a return and claim the relief.

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