

Companies with Residential Property

Review now to avoid penalties:
“Annual Tax on Enveloped
Dwellings” (ATED)



ATED is an annual tax which is payable by a 'non-natural person' (usually a company), owning residential property that is valued at more than £500,000.

Failure to make even a “nil” return for ATED, including if you are a property development or property letting company, can mean that your company could be hit with late filing penalties of up to £1,600.

If on 1 April 2022 you hold a residential property as trading stock or as a capital asset then you may need to make a return to HMRC by 30 April 2022. Further filing deadlines may occur if you acquire or convert properties during the year.

Key filing deadlines for 2022/23 ATED Returns Including Nil Returns

30 April 2022	If your property is within the scope of ATED on 1 April 2022
30 days of acquisition	If you acquire a property within the scope of ATED after 1 April 2022
90 days for newly built properties	If you are a property developer with a newly completed dwelling, then your filing deadline for an ATED return is 90 days from the date the property is classed as a dwelling for Council Tax purposes or the date it is first occupied, whichever is earliest.
Further returns	2023 Important: For 2023/24 ATED returns a new valuation date applies (See box below)

You will need to complete an ATED return if your property value, as of 1 April 2017 or date of acquisition if later is over £500,000.

Any company, partnership with a corporate member or collective investment scheme that owns a UK residential dwelling valued over £500,000 may be required to submit an ATED return, even if no tax is due.

There are a number of exemptions and reliefs available to reduce your liability under ATED.

Our flow chart on the next page will help you to decide whether you need to make an ATED return and if you qualify for any relief or exemption.

If you need to submit a return and wish to do this yourself, you can register with HMRC's on-line service:
<https://www.gov.uk/guidance/register-for-the-annual-tax-on-enveloped-dwellings-online-service>

You will need a Government Gateway account which you can also create from the link.

If you would prefer us to complete the ATED return and submit it for you, please do not hesitate to contact us for a quotation.

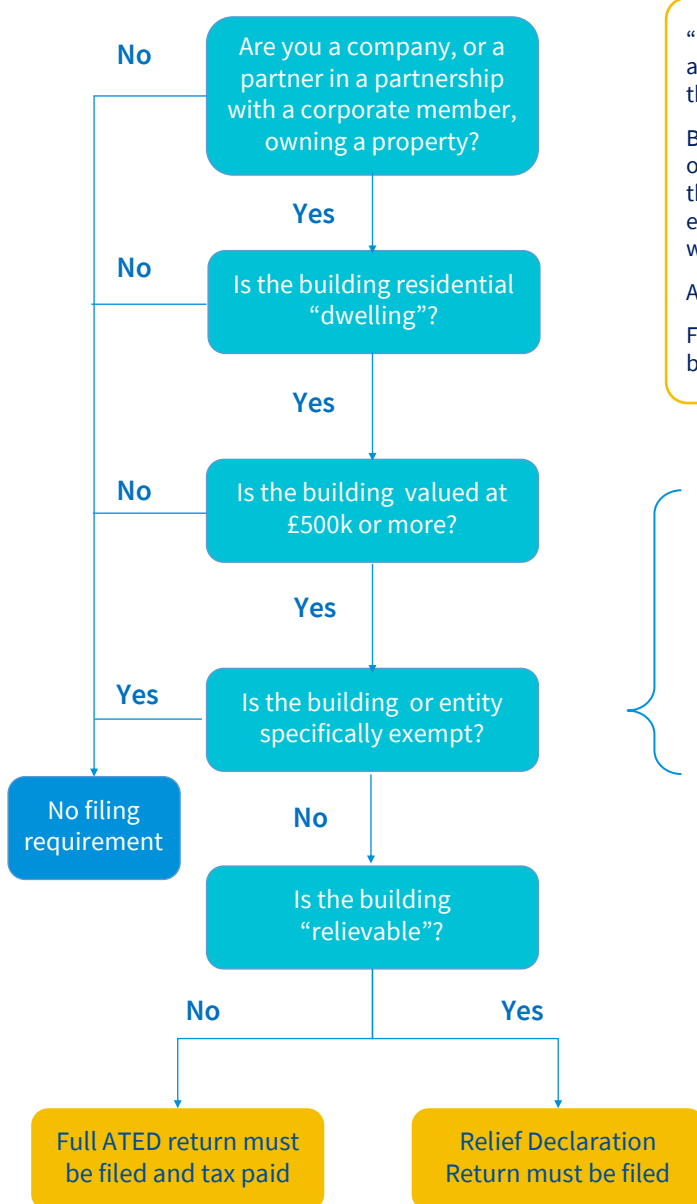
1 April 2022: a new valuation date

Every five years a new valuation of existing property is required, which is then used to complete ATED returns for the next five years. For 2023/24 ATED returns the new valuation date of 1 April 2022 will apply. Residential properties that fell below the threshold of £500,000 in 2017 may then come within the regime.

Companies (and other non-natural persons) should obtain an open market value of all residential property held as at 1 April 2022 in preparation for this.

For properties acquired after 1 April 2022, the ATED valuation will be based on the acquisition date.

Do I need to file a return with HMRC?



"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"

Builders beware! Where an existing dwelling is adapted or converted or a brand new dwelling is built, a new valuation date is triggered on the earlier of the date the new or converted dwelling comes into existence for Council Tax domestic rating purposes, or the day on which it is first occupied.

As at 1 April 2017 or acquisition if later.

For blocks of flats, consider the value of each dwelling, not the whole block.

Some dwellings are specifically "non-residential" such as:

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

Some dwellings are specifically exempt:

- + Charitable company and qualifying purpose
 - + Public bodies
 - + Certain bodies for National purposes e.g. Trustees of the British Museum
- Buildings are exempt if designated as buildings of outstanding historic or architectural interest.

- The following are relievable but still need a return
- + Property rental businesses (to include the special conditions: sale, demolition, and, conversion)
 - + Property developers (including qualifying exchange of dwellings interests)
 - + Property traders carrying on a property trading business
 - + Dwellings opened to the public
 - + Financial institutions acquiring dwellings in the course of lending
 - + Dwellings used for trade purposes (occupation by qualifying employees and partners)
 - + Farmhouses (occupation for the purposes of carrying on a trade of farming)
 - + Registered providers of social housing.

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