

ATED was introduced on 1 April 2013 and it is an annual tax that applies to interests in dwellings held within a limited company “envelope”. It does not apply to commercial properties or dwellings owned by an individual or group of individuals. It is a relatively simple tax charged at set rates on the values of interests in dwellings that fall within various bands, starting at £500,000.

It is a tax that applies mainly to high value properties controlled by wealthy individuals through a limited company. Indeed, most of the properties subject to the tax are located in London (mainly in the London Boroughs of Westminster and Kensington & Chelsea).

The annual chargeable period starts on 1 April each year and the return is to be submitted and any tax paid within one month of the start of the chargeable period.

If your company owns a full or shared interest in a residential property, you should check to see whether your company’s property would be valued above £500,000 as at 1 April 2017 (or if it cost more than £500,000 if it was acquired after that date). It is possible to self-assess the value but a professional valuation would give more certainty should HMRC challenge the value returned. If you think your valuation is close to the limit of two bands, it is possible to ask HMRC for a Pre-return banding check to determine which band would apply.

If your company’s interest in a dwelling is valued at more than £500,000, tax may be charged unless you can claim one of the reliefs available. Relief may be claimed for:

- Property rental businesses
- Property developers
- Property traders
- Farmhouses
- Occupation by certain employees or partners
- Dwellings open to the public
- Financial institutions acquiring dwellings in the course of lending
- Providers of Social housing

It is important to note that even if one of the above reliefs applies and there is no tax due, a return making the claim must still be submitted.

If the relief is only available for part of the year then the tax is reduced for the proportion of the year covered by the relief. Beware, the rules for claiming the relief should be checked closely. For example, a property would not qualify for the property rental business relief if you control a company and it rents a property to:

- a. You
- b. your spouse or civil partner,
- c. a member of your family
- d. a member of your spouse’s or civil partner’s family
- e. a spouse of c or d above .

ATED returns, including Relief Declaration Returns, must be completed using HMRC's online service. An agent can be appointed to file the return.

If you are unable to claim a relief, you may consider whether to de-envelope the property, which means taking it out of the company. A property held by an individual or a group of individuals is not subject to ATED.

Find out more

For further information, advice and guidance please contact one of our specialists:

Adrian Pepper – Senior Manager

Telephone 01553 774745

Email adrianpepper@whitingandpartners.co.uk

Scott Butcher

Telephone 01284 752313

Email scottbutcher@whitingandpartners.co.uk

This is a general illustrative guide only and individual professional advice should be obtained on specific issues. Information is believed correct at time of publication but may alter.

Bury St Edmunds Office

Greenwood House, Greenwood Court
Skyliner Way
Bury St Edmunds
Suffolk
IP31 7GY
Telephone: (01284) 752313
E-mail: bury@whitingandpartners.co.uk

Ely Office

George Court
Bartholomew's Walk
Ely
Cambridgeshire
CB7 4JW
Telephone: (01353) 662595
E-mail: ely@whitingandpartners.co.uk

Godmanchester Office

The Old Bakery,
49 Post Street,
Godmanchester,
Huntingdon,
Cambridgeshire,
PE29 2AQ
Telephone: (01480) 455575
E-mail: godmanchester@whitingandpartners.co.uk

King's Lynn Office

Norfolk House
Hamlin Way
Kings Lynn
Norfolk
PE30 4NG
Telephone: (01553) 774745
E-mail: kingslynn@whitingandpartners.co.uk

March Office

The Old School House
Dartford Road
March
Cambridgeshire
PE15 8AE
Telephone: (01354) 652304
E-mail: march@whitingandpartners.co.uk

Mildenhall Office

Willow House
46 St Andrews Street
Mildenhall
Suffolk
IP28 7HB
Telephone: (01638) 712267
E-mail: mildenhall@whitingandpartners.co.uk

Peterborough Office

Eco Innovation Centre
Peterscourt
City Road
Peterborough
PE1 1SA
Telephone: (01733) 564082
E-mail: peterborough@whitingandpartners.co.uk

Ramsey Office

108 High Street
Ramsey
Huntingdon
Cambridgeshire
PE26 1BS
Telephone: (01487) 813731
E-mail: ramsey@whitingandpartners.co.uk

St Ives Office

Raleigh House
14C Compass Point Business Park
St Ives
Cambridgeshire
PE27 5JL
Telephone: (01480) 468931
E-mail: stives@whitingandpartners.co.uk

St Neots Office

14 Eaton Court Road,
Colmworth Business Park,
Eaton Socon,
St Neots,
Cambridgeshire,
PE19 8ER
Telephone: (01480) 470755
E-mail: stneots@whitingandpartners.co.uk

Wisbech Office

12 & 13 The Crescent
Wisbech
Cambridgeshire
PE13 1EH
Telephone: (01945) 584113
E-mail: wisbech@whitingandpartners.co.uk