

ANNUAL TAX ON ENVELOPED DWELLINGS (ATED)



The ATED regime may apply where UK residential property is owned by a company, a partnership with at least one corporate member, or a collective investment vehicle.

ATED is an annual charge payable in respect of chargeable periods running from 1 April to 31 March and assessed by reference to the taxable value of interests in UK dwellings. It was first introduced from 1 April 2013, and can now apply in respect of dwellings with a taxable value in excess of £500,000.

Reporting obligations

Where a dwelling is within the regime at the start of a chargeable period, an ATED return must be submitted, with any associated tax being paid, by 30 April of the chargeable period. For example, for the chargeable period 1 April 2023 to 31 March 2024, the ATED return and payment are both due by 30 April 2023.

Where a dwelling is acquired during a chargeable period, the filing and payment deadline will be 30 days following the date of acquisition.

Late filing will incur an initial £100 penalty with the prospect of further penalties being charged after three and six months.

As described below, dwellings may be eligible for relief from an ATED charge. Where this is the case, it will still be necessary to file a return (and to claim relief) by the due date.

As the return is due towards the beginning of the chargeable period, this may mean that an amendment needs to be made at a later date if, for example, a property is sold, or if a property becomes eligible for or ceases to be eligible for relief.

Reliefs and Exemptions

As indicated above, a dwelling may be eligible for relief from ATED if it is:

- Used in a property rental, property development, or property trading business and it is, at no point, occupied by anyone connected with the company;
- Occupied by certain qualifying employees or partners;
- Open to the public for at least 28 days a year;
- Used as a farmhouse;
- Held by a financial institution in the course of lending;

- Owned by a regulated provider of social housing; or
- Available to Ukrainian refugees.

Certain types of property are specifically outside the definition of a dwelling, including hotels, hospitals, and various types of accommodation for school children, the armed forces, the elderly and disabled. In addition, certain entities are themselves exempt from ATED, including charitable companies, public bodies, and bodies established for national purposes. Where either properties or entities are outside the scope of ATED, returns do not need to be submitted.

Calculating the ATED charge

The taxable value of a property for the purposes of ATED is the market value of the property on the later of:

- The initial valuation date, being 1 April 2012;
- The date of acquisition; or
- The most recent revaluation date, which occurs every five years after 1 April 2012 (i.e. on 1 April 2017, 1 April 2022, etc.)

If the property does not qualify for any reliefs or exemptions, the amount of tax due is:

Taxable Value	2023/24	2022/23
£500,000 - £1 million	£4,150	£3,800
£1 million - £2 million	£8,450	£7,700
£2 million - £5 million	£28,650	£26,050
£5 million - £10 million	£67,050	£60,900
£10 million - £20 million	£134,550	£122,250
Over £20 million	£269,450	£244,750

Late payment of the tax will attract a 5% penalty after 30 days.

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How we can help

Our team has a wealth of experience in helping residential, commercial, and retail property clients thrive. We can:

- Prepare and submit ATED returns, ensuring that all possible relief is claimed from the ATED charge;
- Where there has been non-compliance, assist in bring the position up to date.

To find out more about Moore Kingston Smith's tax services please visit www.mooreks.co.uk

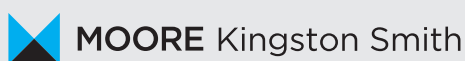
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