



Annual Tax on Enveloped Dwellings (ATED)

ATED charges

Currently there's a tax double whammy. As well as an annual charge (see the table below) based on the value of the property, there's also a flat rate of Stamp Duty Land Tax at 15%.

What is ATED?

Where a residential property (a dwelling) that is situated in the UK is held by a 'non-natural person' (NNP) an ATED charge applies, unless an exemption or relief is available and claimed.

ATED will apply when, for example, a company owns a residential property in which the shareholder or a close relative resides. An NNP is a company, partnership with a corporate member or a collective investment scheme.

The residential property must be worth at least £500,000. However, it's important to note that this is the value of the property and not the share owned by the NNP.

Property value	Annual chargeable amounts for the 2024 to 2025 chargeable period	Annual chargeable amounts for the 2023 to 2024 chargeable period
£500,001 to £1,000,00	£4,400	£4,150
£1,000,001 to £2,000,000	£9,000	£8,450
£2,000,001 to £5,000,000	£30,550	£28,650
£5,000,001 to £10,000,00	£71,500	£67,050
£10,000,001 to £20,000,000	£143,550	£134,550
£20,000,001 and over	£287,500	£269,450

15% Stamp Duty Land Tax

In circumstances where a NNP acquires residential property, there will be a 15% Stamp Duty Land Tax charge, unless an exemption or relief applies. This is a flat rate and not the sliding scale rate that an individual receives when purchasing a residential property. This can have a huge impact on the amount of SDLT payable on acquisition. Again, this will apply when, for example, a company purchases a residential property in which the shareholder or a close relative resides.

Filing requirements

Typically, when an NNP is chargeable to ATED, they are required to file a return within 30 days from the first day of the chargeable period, which begins on 1 April each year. Therefore, the usual filing date is 30 April. If you are late filing a return, then HMRC can charge penalties for each late return. As each property usually requires its own ATED return, penalties can mount up quickly.

In cases where a property has been purchased during the year, the return is due 30 days after the date of acquisition.

When is the tax payable?

ATED is payable on the filing date of the return.



Property valuations

The property valuation thresholds are based on the value of a dwelling as at 1 April 2022 (or purchase if later). Most people would not need to revalue until 1 April 2027, and at five yearly intervals thereafter.

Those NNPs currently within the ATED regime will therefore not need to revalue until April 2027. NNPs not currently within ATED may find themselves pushed above the threshold and will have to start filing returns.

The 1 April 2022 valuation will be for the return period 1 April 2024 to 31 March 2025.

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