QUESTION TIME

APRIL 2022

What is the Annual Tax on Enveloped Dwellings (ATED)?

OVERVIEW

ATED is an annual tax applicable mainly to companies that own UK residential property with a value of more than £500,000.

An ATED return is required to be submitted if a property is either owned completely or partly by:

- a company
- a partnership where any of the partners is a company, or
- a collective investment scheme (such as a unit trust or an open-ended investment vehicle)

For ATED to apply the property:

- is a dwelling in the UK, and
- valued more than:

  £2 million (for returns from 2013 to 2014 onwards)

  £1 million (for returns from 2015 to 2016 onwards)

  £500,000 (for returns from 2016 to 2017 onwards)

PROPERTY VALUE	ANNUAL CHARGE
More than £500,000 up to £1M	£3,800
More than £1M up to £2M	£7,700
More than £2M up to £5M	£26,050
More than £5M up to £10M	£60,900
More than £10M up to £20M	£122,250
More than £20M	£244,750

HOW TO VALUE YOUR PROPERTY?

You need to know the value of your property at the valuation date to find out if it falls within the scope of ATED.

The value of your property will dictate which property value band it falls into and subsequently whether you are liable for ATED and how much you need to pay each year.

You may use a professional valuer or work out the value yourself. The valuation of the property must be in pounds sterling. Valuations must be on an open-market willing buyer, willing seller basis and be a specific amount.

The valuation date you need to use depends on when you acquired the property.

The valuation dates are:

1. The initial valuation date:
   1st April 2012 for properties owned on or before that date or the date you acquired the property if it's after 1st April 2012
2. The revaluation date:
   There are fixed revaluation dates for all properties. Every 5 years after 1st April 2012, for example, 1st April 2017, 1st April 2022 and so on, regardless of when the property was acquired.

The value of the property for any chargeable period is therefore the latter of the initial valuation date and the revaluation date.

WHAT IF YOU HAVE PART DISPOSED THE PROPERTY?

If you dispose of part of the property (for example, a small parcel of land, or by granting a lease) you are required to revalue your property.

The revaluation should be based on the market value of the property on the date of disposal. This valuation applies until a revaluation date of 1st April is reached.

HOW TO VALUE DIFFERENT TYPES OF PROPERTIES?

If your property is mixed-use, for example residential and non-residential, you only need to value the residential part.

If your property consists of self-contained flats, each flat will be a dwelling and will be valued separately.

ARE THERE ANY RELIEFS?

You may be able to claim relief for your property if any of the following applies:

- is let to a third party on a commercial basis and is not, at any time, occupied (or available for occupation) by anyone connected with the owner
- is open to the public for at least 28 days a year
- is being developed for resale by a property developer
- is owned by a property trader as the stock of the business for the sole purpose of resale
- is repossessed by a financial institution as a result of its business of lending money
- is acquired under a regulated home reversion plan
- is being used by a trading business to provide living accommodation to certain qualifying employees
- is a farmhouse occupied by a farm worker or a former long-serving farm worker
- owned by a registered provider of social housing or a qualifying housing co-operative

In addition, from 1st April 2022 there is a relief while the property is being used under the 'Homes for Ukraine' scheme.

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