



Annual Tax on Enveloped Dwellings

Is your property above the threshold?

The Annual Tax on Enveloped Dwellings (ATED) was introduced under the Finance Act 2013 as part of a series of measures which were designed to disincentivise the ownership of high value residential properties in corporate structures.

What is ATED?

ATED is an annual tax charge which can apply if a UK residential property is directly held by a company, a partnership with a least one company member or a collective investment scheme (including unit trusts), and the value of the property is more than £500,000.

ATED Return Deadlines

The ATED returns must be submitted by 30 April of each tax year, with any tax due also being paid on this day. However, where a property is acquired during the year, a return is required to be filed within 30 days of the acquisition date.

Where a newly built property becomes available for use as a residential property, the return filing deadline is extended to 90 days of the earliest date of the property first becoming a dwelling for Council Tax purposes or when it is first occupied.

Tax Charge

The amount of ATED payable is tiered and is based on the band into which the value of the property falls. The band is based on the value of the property on the later of the date of acquisition and the revaluation date.

Property value	Charge for tax year 2023-24	Charge for tax year 2024-25
Up to £500,000	Nil	Nil
£500,001 - £1,000,000	£4,150	£4,400
£1,000,001 to £2,000,000	£8,540	£9,000
£2,000,001 to £5,000,000	£28,650	£30,550
£5,000,001 to £10,000,000	£67,050	£71,500
£10,000,001 to £20,000,000	£134,550	£143,550
£20,000,001 and over	£269,450	£287,500

Property Revaluations

For the purposes of ATED, properties are subject to a mandatory revaluation every five years, with the last revaluation being made up to 1 April 2022. A property acquired in August 2020, for example, would have been revalued again on 1 April 2022 for ATED purposes.

The next revaluation date is 1 April 2027 for returns covering 2028/29 and the following four years.

Reliefs and Exemptions from the tax charge

Public Bodies, Bodies established for national purposes and Charitable companies (so long that the excluded day condition is not met) are exempt from ATED.

There are also a number of reliefs from ATED that exist which can be claimed by submitted a full ATED return or a Relief Declaration Return. You may be able to claim relief for the property if it 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
- Open to the public for at least 28 days a year
- Being developed for resale by a property developer
- Owned by a property trader
- Repossessed by a financial institution as a result of its business of lending money
- Acquired under a regulated home reversion plan
- Being used by a trading business to provide living accommodation to certain qualifying employees
- A farmhouse occupied by a farm worker or a former long-serving farm worker
- Owned by a registered provider of social housing
- Made available to house people as part of the 'Homes for Ukraine' scheme

Stamp Duty Land Tax (SDLT)

In addition to the ATED charge, properties which are owned by a company, partnership or collective investment scheme are also required to pay a significantly higher rate of SDLT.

Residential properties acquired for a purchase price in excess of £500,000 may suffer a rate of SDLT of 15%. There are however similar reliefs available as those available for the ATED charge.

Find out more

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