



Part of the **SUMER** Group

# Tax Guide



Watch you don't get caught out by ATED :

In this guide we aim inform you about ATED and the reliefs available.

## Annual Tax on Enveloped Dwellings

### What is ATED?

The Annual Tax on Enveloped Dwellings (ATED) is a UK tax charged on companies and certain other entities that own residential property valued above £500,000.

It was introduced by the government in 2013 to discourage the use of corporate "envelopes" to hold high-value residential properties. It is an annual tax charge payable by Companies, Partnerships with a corporate partner and collective investments schemes which hold residential property.

It does NOT apply to individuals.



# The Annual Tax on Enveloped Dwellings (ATED)

## ATED Charges

### When was ATED introduced

The Annual Tax on Enveloped Dwellings (ATED) was introduced from 1 April 2013 and requires to certain non-natural persons, including companies, partnerships which at least one corporate partner and collective investment schemes, to pay an annual tax charge if:

- The entity owns residential property; and
- The market value of the property is more than £500,000 on the “Valuation Date” for the property.

ATED is a self-assessed tax meaning that if you fail to comply HMRC may charge interest and penalties.

### ATED Valuation Dates

The property must be revalued every 5 years. The initial valuation date was 1 April 2012 for properties owned before that date, or the date the property was acquired if it was after 1 April 2012.

From 1 April 2012 there are fixed revaluation dates for all properties, every 5 years , which apply regardless of when the property was acquired.

Revaluation Date	Charge period that apply (1 April to 31 March)
1 April 2012	2013 to 2014 to 2017 to 2018
1 April 2017	2018 to 2019 to 2022 to 2023
1 April 2022	2023 to 2024 to 2027 to 2028

The value of the property for any chargeable period is therefore the later of:

- Its initial valuation date (acquisition)
- The revaluation date

The value is self assessed meaning that you will be required to value the property either personally or with the help of a professional valuer. HMRC could charge penalties if they look at the valuation and decide it is incorrect. It is possible to obtain a Pre-Return Banding Check (PRBC) for those who believe the property valuation falls within 10% of a band threshold.

You would only use this if no relief is due which will reduce the ATED charge to NIL, and the valuation was within 10% of the banding threshold. Any application for PRBC should be done in good time before the return is due.

The amount payable depends on the rate band that the property falls within:

Property Value	Charge for 2025/26	Charge for 2026/27
£500,000 to £1million	£4,450	£4,600
£1million to £2million	£9,150	£9,450
£2million to £5million	£31,050	£32,200
£5million to £10million	£72,700	£75,450
£10million to £20million	£145,950	£151,450
More than £20million	£292,350	£303,450

When ATED was introduced the threshold amount was £2million, however it has been reduced over the years to £1million and then to £500,000 as set out above.

### Meaning of a Dwelling

The property is a dwelling if all of it, or part of it could be used as a residence, for example a house or flat. It includes any garden, grounds and buildings within the property.

Some specific properties are NOT classed as dwellings. Including the following:

- hotels
- guest houses
- boarding school accommodation
- hospitals
- students hall of residence, residential accommodation for students
- military accommodation
- care homes prisons



## ATED - reliefs from charge

There are separate reliefs from the charge to ATED. They remove the charge for every day in the chargeable period on which the relievable activity in relation to the dwelling is carried out. The Relievable activities are:

1. Property Rental Business, on a commercial basis to unconnected tenants, including preparation for sale.
2. Dwellings opened to the public to stay in or otherwise enjoy for at least 28 days in a year, carried out commercially with a view to profit.
3. Property developers including exchange of dwellings
4. Property Traders
5. Financial institutions acquiring dwellings in the course of lending.
6. Occupation by certain employees or partners (cannot hold more than 10% of the shares in the company).
7. Farmhouses
8. Providers of social housing
9. Providers of "Homes for Ukraine" sponsorship scheme

The above reliefs can reduce the ATED charge to NIL but they **must be claimed annually** by submitting a Relief Declaration Return to HMRC.

## ATED Exemptions

If the criteria for an exemption is met, the property is typically considered "outside the scope" of the tax and no return is required:

- Charitable Companies - Using the property for a charitable purpose.
- Public bodies - Local authorities or similar bodies
- Heritage Bodies - Bodies established for national purposes.

## ATED Returns

If Annual Tax on Enveloped Dwellings (ATED) applies to your property, you'll need to submit a return each year.

### When to submit the return

- The return must be submitted by 30<sup>th</sup> April, if your property was within the scope of ATED on 1 April. For example for a chargeable period beginning 1 April 2026 and ending on 31 March 2027, the filing date is 30 April 2026.
- within 30 days of acquisition, if your property comes within the scope of ATED after 1 April .
- For a newly built property, the return should be submitted within 90 days of the earliest date when the property either:
  - becomes a dwelling for Council Tax purposes,
  - is first occupied.

The **Tax must be paid no later than the filing date** for the ATED return that has to be made for the relevant period.

### How to submit a return

You can use the HMRC online ATED service to submit your return or we can do this for you. If you own more than one property which meets the conditions, and have tax to pay, a separate ATED return will be required for each property.



## Penalties for late submission of returns

The return should be filed on time, if filed late then penalties will arise as follows;

### Penalty amount

£100	Immediate penalty if not filed by deadline
£10 per day	3 months late (up to £900) 90 days
£300 or 5% of tax	6 months late higher of £300 or 5% of tax due
£300 or 5% of tax	12 months late higher of £300 or 5% of tax due.

Interest is payable on any tax due not paid by the deadline.

## How we can help

If you own residential property in a company and you believe ATED may apply to you please get in touch to consider if you are meeting your reporting obligations. We can give you specific advice on your circumstances and ensure you are compliant in this area. We can help consider if exemptions or reliefs apply to your business, and help complete the ATED Returns on your behalf, bearing in mind that if a relief applies resulting in no tax liability you still have a filing obligation.

Please get in touch with us today if this applies to you and your business.

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