



UK Residential Properties

1 April 2017 valuations for the purposes of
the ATED bandings from 1 April 2018 onwards

SMP Accounting & Tax

trusted to deliver...

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The ATED rules for UK residential properties require a property valuation every 5 years. The valuation as at 1 April 2017 will be used for the ATED period commencing 1 April 2018 and for the following 4 years, assuming no other changes to the property interest occur, such as a lease extension or a part-disposal of the property interest.

The effect of this valuation requirement is that from 1 April 2018, in some cases, a UK residential property may shift to the higher (or possibly lower) ATED band, leading to an increased (or decreased) ATED charge.

Also, some UK residential properties that were valued below £500,000 as at 1 April 2012 will be obliged to file ATED returns from the 2018/19 ATED year, if the valuation at 1 April 2017 exceeds £500,000.

Considerable penalties and interest can apply for a failure to submit an ATED return. Penalties can fairly quickly exceed £1,000 because an ATED relief declaration return will still need to be submitted to HMRC, even where no ATED liability falls due.

In order to meet the valuation requirements the best evidence is a formal valuation carried out by a professional valuer, however HMRC accept that an informal valuation can be sufficient supporting evidence.

We would also advise that non-natural persons which are already claiming an ATED relief in their ATED relief declaration returns, value their properties as at 1 April 2017, even if there is no ATED payable, however it is not obligatory.

The filing deadline for the 2018/19 ATED returns is 30 April 2018. Any ATED payment thereon is also due on 30 April 2018.

Therefore non-natural persons beneficially owning UK residential properties need to value their properties in advance of the ATED period commencing 1 April 2018 to ensure that the correct ATED declarations are filed, where ATED is already chargeable, or in order to establish whether an ATED return will be required to be submitted for the first time in April 2018.

Non-Natural Person

A non-natural person is generally one that is a corporate entity that owns the property beneficially. Nominee ownership by a company for an individual or a trust is not chargeable to ATED. The definition of non-natural person is however a complex one and if you or your clients are in any doubt as to whether the property ownership falls within the non-natural person definition, please get in touch with your usual SMP adviser for clarification.

SMP Accounting & Tax Services

SMP can provide the full range of services with regard to any property which will be affected by the ATED and CGT charges. Our services include:

- Preparation and filing of the ATED return and ATED-related CGT return
- Advising on ATED reliefs
- Advising on initial structuring of property purchases
- Advising on restructuring so as to change how ATED is charged
- Arranging property valuations for clients

We will be contacting our clients that already have an existing filing obligation but if you or your client have UK residential property which you think may be affected by the property valuation requirements as at 1 April 2017 please do not hesitate to contact your usual SMP adviser or one of the tax advisers listed below to discuss how we can assist.

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