



UK Residential Properties - 2017/18 ATED Filing Deadlines and  
property re-valuations as at 1 April 2017 for ATED purposes

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### Overview

The Annual tax on Enveloped Dwellings ("ATED") applies to UK residential properties with a market value as at 1 April 2012<sup>1</sup> in excess of £500,000, where the property is owned by a qualifying non-natural person.

The commencement of the ATED filing obligations depends on the value of the dwelling as at 1 April 2012<sup>1</sup>, as follows:

For a property worth more than £2m, the first ATED return was for the year commencing 1 April 2013.

For a property worth more than £1m, the first ATED return was for the year commencing 1 April 2015.

For a property worth more than £500k, the first ATED return was for the year commencing 1 April 2016.

### 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 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.

### Revised ATED Charges for 2017/18

The ATED charges for the period 1 April 2017 to 31 March 2018 have been increased in line with inflation.

Therefore the new ATED charges which are to apply from 1 April 2017 are the following:

Property Value	2017/18 Charge
More than £500k up to £1m	£3,500
More than £1m up to £2m	£7,050
More than £2m up to £5m	£23,550
More than £5m up to £10m	£54,950
More than £10m up to £20m	£110,100
More than £20m	£220,350

### 2017/2018 ATED Return and Payment Deadlines

The filing deadline for the 2017/18 ATED return is **30 April 2017**. Any ATED payment thereon is also due on **30 April 2017**.

### ATED Relief

The ownership of some properties by non-natural persons will qualify for relief from the ATED charge (either in part or in full) and these reliefs include the following activities in respect of a property:

- Property rented to unconnected third parties as a genuine property rental business;
- Property development businesses;
- Properties run as a commercial trade and open to the public for at least 28 days per year

This list is not exhaustive list. If you want to know more about your circumstances and whether you can claim an ATED relief, please contact us.

<sup>1</sup> Or at acquisition of the interest, including a leasehold extension, if occurred after 1 April 2012.

ATED relief must be claimed every year in an ATED Relief Declaration Return ("RDR"). ATED RDR's are also due for submission by **30 April 2017**.

SMP will shortly be contacting clients that have existing ATED obligations in order to arrange timely payment and filing of the ATED returns.

## ATED - related capital gains tax charge

An entity which is obliged to suffer an ATED charge will also suffer an ATED - related capital gains tax charge at 28% of the chargeable gain on a future disposal of the property. This charge will only apply to any gain that has accrued in the periods in which ATED was payable (unless an election is made to tax the gain for the full ownership period).

## Non-residents Capital Gains Tax ("NRCGT")

Non-residents owning UK residential properties are liable to UK capital gains tax on any increase in the value of the property between April 2015 and the date of the sale. Non-natural persons that are both liable to ATED-related CGT and to NRCGT will not suffer a double charge however separate capital gains tax returns and tax computations will need to be submitted to HMRC.

## Property re-valuation as at 1 April 2017 for ATED purposes

The ATED rules require a property re-valuation every 5 years. The re-valuation as at 1 April 2017 will be used for the ATED period commencing 1 April 2018 and for the next 5 years, assuming no other changes to the property interest occur.

The effect of this is that from 1 April 2018, in some cases, a residential property may shift to the higher ATED band, leading to an increased ATED charge. Also, some residential properties that were valued below £500,000 as at 1 April 2012 will start to file ATED returns from the 2018/19 ATED year, if the new valuation at 1 April 2017 exceeds £500,000.

It is advisable also that companies claiming an ATED relief should re-value their properties as at 1 April 2017, even if there is no ATED payable. However it is not obligatory.

HMRC accepts either an informal valuation (supporting evidence should be retained to demonstrate how the value was established) or, preferably, a valuation carried out by a professional valuer.

Therefore affected entities need to re-value their properties before the ATED period commencing 1 April 2018.

## 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



If you have UK residential property which you think will be affected by the changes please do not hesitate to contact your usual SMP adviser or one of the tax advisers listed below to discuss your existing arrangements.

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