



UK Residential Properties

- 2018/19 ATED charges and filing and payment deadlines
- Property re-valuations as at 1 April 2017 for ATED purposes

SMP Accounting & Tax

trusted to deliver...

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Revised ATED Charges for 2018/19

The ATED charges for the period 1 April 2018 to 31 March 2019 have increased by 3% from 2017/18.

Therefore the new ATED charges which are to apply from 1 April 2018 are the following:

Property Value as at 1 April 2017	2018/19 Charge
More than £500K up to £1m	£3,600
More than £1m up to £2m	£7,250
More than £2m up to £5m	£24,450
More than £5m up to £10m	£56,550
More than £10m up to £20m	£113,400
More than £20m	£226,950

2018/19 ATED Returns and Payments Deadlines

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

ATED Reliefs

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 an exhaustive list. If you want to know more about whether an ATED relief can be claimed, please contact us.

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 2018**.



Obligation to revalue UK residential property held as at 1 April 2017

The ATED rules for UK residential properties require a property valuation every 5 years as a minimum. For the 5 ATED years up to 31 March 2018, ATED returns required a property valuation as at 1 April 2012¹.

Commencing with the period 1 April 2018 to 31 March 2019 and for the following 4 years, a valuation as at 1 April 2017 must be used to calculate the ATED liability. If during the 5 year period from 1 April 2018 to 31 March 2023 changes to the property interest occur, such as a lease extension or a part-disposal of the property interest, the property will need to be re-valued again.

The effect of the 1 April 2017 revaluation 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 (or at date of purchase of the property) will be obliged to file ATED returns from the 2018/19 ATED year, if the property valuation at 1 April 2017 exceeds £500,000.

Considerable penalties and interest can apply for a failure to submit an ATED return. Penalties can quickly exceed £1,000 because an ATED RDR 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.

Where full ATED relief is being claimed, it is arguable that the valuation requirement is an academic one but clients may still wish to establish the 1 April 2017 valuation for their own records and for completeness.

In summary, non-natural persons beneficially owning UK residential properties need to determine the value as at 1 April 2017 of 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.

¹Assuming that the property was owned as at 1 April 2012 and that there were no substantial changes to the property interest after 1 April 2012.



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, ATED-related CGT return and Non-resident CGT returns
- Advising on ATED reliefs
- Advising on initial structuring of property purchases
- Advising on restructuring of property ownership
- Arranging for property valuations

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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