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Annual Tax on Enveloped Dwellings (“ATED”) Updated 18.03.24

ATED is an annual tax payable mainly by companies that own UK residential property valued at more than £500,000.

What is required?

An ATED return is required to be completed where your company owns a dwelling in the UK that is valued at more than £500,000. Returns need to be submitted online to HMRC between 1 April and 30 April in any chargeable period.

However, when you purchase a residential property that falls within the ATED regime, the return will need to be prepared and submitted online to HMRC within 30 days.

What is a dwelling?

Your property is a dwelling if all or part of it is used, or could be used, as a residence, for example a house or flat. It includes any gardens, grounds and buildings within them. Some properties are not classed as dwellings, such as hotels, guest houses, boarding school accommodation, hospitals, student halls of residence, military accommodation, care homes and prisons.

Value your property

Your property needs to be valued based on your respective valuation date.

Charges

The annual chargeable amounts for ATED increase annually in line with the Consumer Price Index. The current chargeable amounts for 1 April 2024 to 31 March 2025 are set out below.

Chargeable amounts

Property value	Annual
More than £500k to £1m	£4,400
More than £1m to £2m	£9,000
More than £2m to £5m	£30,550
More than £5m to £10m	£71,500
More than £10m to £20m	£143,550
More than £20m	£287,500

Amounts are generally payable by 30 April in any chargeable period.

Reliefs available

There are reliefs available which reduce a liability to nil. However, a Relief Declaration Return needs to be prepared and submitted online to HMRC by the due date in order to claim the relief. Some examples of reliefs that are available are where the property is:

- let to a third party on a commercial basis and isn't, 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 as the stock of the business for the sole purpose of resale;
- 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.

Penalties and interest

Penalties and interest could be charged if you do not file your return or make your payment on time. Penalties could also be charged if an inaccurate return is submitted.

How can we help you?

This is a complex area of taxation and we would recommend seeking assistance prior to submitting ATED returns and making payments. Therefore, please contact one of our specialists for assistance.

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