

ATED

Annual Tax on Enveloped Dwellings (ATED) is payable by 'non-natural persons', such as companies, that hold an interest in UK residential property valued at over £500,000. The ATED charge is based on the value of the property and applies unless an available relief is claimed.

One such available relief is for dwellings that are let to a third party on a commercial basis and are not, at any time, occupied, or available for occupation, by anyone connected with the owner. If this relief applies, it should be claimed in an ATED return.

ATED is payable for a chargeable period ending on 31 March each year. Returns must be filed within 30 days of the period commencing, so returns for the period 1 April 2025 to 31 March 2026 must be filed on or after 1 April 2025, and no later than 30 April 2025.

Over the coming months, HMRC will be sending 'One-to-Many' letters to companies that own one or more dwellings valued at over £500,000, declared no profits in their Corporation Tax returns between 2017 and 2020 and either filed no ATED returns or claimed the relief outlined above. The letter explains that as the company's tax returns show that it did not make a taxable profit, it may not have been run on a commercial basis, with a view to a profit. In such cases, the ATED relief will not apply.

The letter asks companies to review their ATED position and respond within 40 days, either providing further information, making a disclosure or filing any outstanding returns. If HMRC do not receive a response within the set time, they may raise a discovery assessment and penalties may apply.