

MARCH 2018 TOPIC OF THE MONTH

## HMRC changes to ATED Online filing

HMRC have announced that current ATED (Annual Tax Return on Enveloped Dwelling) on line return forms for tax relief will be withdrawn on 31st March 2018.

They will be replaced with the ATED on line service and from 1st April 2018 this service must be used to send a return from all years from 1st April 2015.

The ATED on line service also applies when a relief is being claimed on the following:

- property rental businesses
- dwellings open to the public
- property developers
- property traders carrying on a property trading business
- financial institutions acquiring dwellings in the course of lending
- regulated home conversion plans
- dwellings occupied by certain employees
- farmhouses (occupation for the purpose of carrying on a trade of farming)
- registered providers of social housing.

There are individual forms for each of the ATED reliefs that can be claimed. Forms are to be submitted for properties where the ATED liability is reduced to nil.

One form can be used for multiple properties as long as the same relief is being claimed for all of them.

### What is ATED?

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

- a dwelling
- is in the UK
- is owned completely or partly by a company or partnership where any of the partners is a company, collective investment scheme such as a unit trust or open-ended investment vehicle
- was valued at more than £2 million for returns between 2013 and 2014
- £1 million for returns for 2015
- £500,000 for returns from 2016 onwards

Returns must be submitted on or after 1st April in any chargeable period and relate the value of the residential property on 1st April 2017 or the date of purchase if later. The next valuation date will be 1 April 2022.

There are several reliefs and exemptions that mean the purchaser might not have to pay ATED on the property or may reduce the amount the purchaser needs to pay.

Reliefs may be available if 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 purchaser
- 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 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 former long-serving farm worker
- owned by a registered provider of social housing

### Exemptions

There are a number of exemption from ATED

- charitable companies using the dwelling for charitable purposes (conditions apply)
- public bodies
- bodies established for national purposes

### Increase in enquiries

We have noticed an increase in HMRC enquiries on ATED and the 15% rate of SDLT, so if you have a client who is purchasing residential property for more than £500,000 you would be advised to speak to us for some additional advice. Penalties apply for incorrect returns.

If you need help or advice on any of these circumstances please get in touch