

Companies with Residential Property

Review Now to Avoid £1,600 Penalties:

“Annual Tax on Enveloped Dwellings” (ATED)

Failure to make even a “nil” return for ATED, including if you are a property development or property letting company, can mean that your company could be hit with late filing penalties of up to £1,600.

As a company, if on 1 April 2018 you hold a residential property as trading stock or as a capital asset then you may need to make a return to HMRC by 30 April 2018. Further filing deadlines may occur if you acquire or convert properties during the year.

Key filing deadlines for 2018/19 ATED Returns, Including Nil Returns	
30 April 2018	if your property is within the scope of ATED on 1 April
30 days of acquisition	if your property comes within the scope of ATED after 1 April
90 days for newly built properties	If you are a property developer with a newly completed dwelling, then your filing deadline for an ATED return is 90 days (earliest of the dates of classed as a dwelling for Council Tax purposes or the date it is first occupied)
Further returns	30 April 2019

Any company, partnership with a corporate member or collective investment scheme that own a UK residential dwelling valued over £500,000 may be required to submit an ATED return, even if no tax is due.

All properties owned at 1 April 2018 must be revalued as at 1 April 2017. This means that dwellings which were near the £500,000 threshold may now be caught by the ATED regime and be required to submit ATED returns. In addition, some dwellings may be tipped into higher tax bands resulting in a higher tax charge. The tax bands thresholds are £500,000, £1m, £2m, £5m, £10m and £20m.

Companies which have not previously filed ATED returns because none of their dwellings had a value exceeding £500,000 may want to consider reviewing the valuation of their dwellings, although a professional valuation is not mandatory. This is also relevant where a previous valuation was close to one of the tax bands.

Our flow chart overleaf will help you to decide whether you may need to make an ATED return.

If you need to submit a return and wish to do this yourself, you can register with HMRC's on-line service:

www.gov.uk/guidance/register-for-the-annual-tax-on-enveloped-dwellings-online-service.

You will need a Government Gateway account which you can also create from the link.

If you would prefer us to complete the ATED return and submit it for you, our fees for 2017/18 returns are £275 plus VAT for existing clients and £375 plus VAT for new clients in the first year only using our ATED filing service. Additional fees may apply if more than one return is required.

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**ANNUAL TAX ON ENVELOPED DWELLINGS” (ATED) - DO I NEED TO FILE A RETURN WITH HMRC?
You should take specific advice on your own tax position in deciding whether you need to file an ATED return or not**

