Annual tax on enveloped dwellings (ATED) and flat ‘management’ companies

OMB Personal tax

01 September 2015

CIOT comments on the annual tax on enveloped dwellings legislation

The CIOT has been corresponding with HMRC on applying annual tax on enveloped dwellings (ATED) legislation to companies owning the freehold, or a long lease, of a block of flats, whose shareholders are lessees of the individual properties. This type of company may also be the management company of that block of flats. The CIOT’s letter and HMRC’s response is on the CIOT website. The issue is whether the company owning the freehold or head lease is caught within the ATED charge, particularly in light of the new £1 million and £500,000 entry thresholds.

Having discussed the ATED technical issue (as outlined in the correspondence), HMRC wish to gauge the extent of the potential problem in practice in terms of how many such companies might be caught by the charge. We would therefore welcome members’ experiences in this area. In addition, from time to time, members raise other tax issues that are peculiar to this type of company. HMRC have invited comments on any other such issues. Email your experiences to us at the address below.