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Annual Tax on Enveloped Dwellings (ATED)

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Chiene + Tait LLP, trading as CT is a limited liability partnership, is registered in Scotland (SO303744). Our registered office is at 61 Dublin Street, Edinburgh EH3 6NL. Offices in Glasgow, Inverness and London. For full contact details visit www.ct.me



What is ATED?

ATED is a tax payable each year by companies, partnerships with company members, and collective investment vehicles, which own a UK residential property which was valued above £500,000 on 1 April 2022 or the purchase date (if later).

What is dwelling?

A 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. If a property consists of a number of self-contained flats, each flat will usually be valued separately for this purpose. There are special rules in place for valuation purposes where a dwelling is part of a mixed use property, or where connected persons own multiple interests in a dwelling or own dwellings within the same property.

Some properties are exempt, including hotels, boarding schools, hospitals and care homes

How is the amount due calculated?

ATED is an annual tax payable in respect of chargeable periods to 31 March each year. The amount of ATED due is worked out using a banding system based on the value of the dwelling. The annual chargeable amounts for ATED can increase each year.

The rates for the 2026/27 chargeable period are shown below.

ATED rates for 2026/27

Property Value	2026/27 Annual Chargeable Amount
More than £500,000 but not more than £1 million	£4,600
More than £1 million but not more than £2 million	£9,450
More than £2 million but not more than £5 million	£32,200
More than £5 million but not more than £10 million	£75,450
More than £10 million but not more than £20 million	£151,450
More than £20 million	£303,450

ATED applies on a proportionate basis if the dwelling is only owned for part of the year or if there is a change in use of the property moving it into or out of ATED.



Valuation date

The valuation date which is relevant for the current ATED returns is 1 April 2022 where the property was owned at that date, or the date of purchase, if later.

The **next mandatory valuation date will be 1 April 2027** which will cover the ATED returns for the next five years starting from 2028/29, the first return being due by 30 April 2028.

Valuations should be on an open-market (willing buyer, willing seller) basis. Revaluations do not need to be formal or conducted by a professional valuer. You can perform the valuation yourself (e.g., via desk research). However, the valuation must be reasonable and robust as HMRC can challenge this. It is advisable to retain records of the basis of your valuation.

Return deadlines

The 2026/27 chargeable period for ATED runs from 1 April 2026 to 31 March 2027 with returns and payments due by 30 April 2026 (unless the property is acquired after 1 April whereby the return is due within 30 days of acquisition).

Registration process

HMRC has mandated that all ATED returns, and relief declarations must now be completed and filed electronically through their new digital service. The company/partnership must register for this service through its Government Gateway account. Once registered, an agent can then be appointed to submit the returns on your behalf.

ATED reliefs

Reliefs are available that can reduce the ATED charge to nil. These are briefly outlined below.

Property rental businesses

A dwelling that is being let to a third party on a commercial basis and is not at any time occupied (or available for occupation) by anyone connected with the owner.

Property developers

A dwelling which is part of a commercial property development trade where the dwelling was purchased with the intention of re-developing and selling on and is not at any time occupied (or available for occupation) by anyone connected with the owner.

Property traders

A dwelling which is part of a property trading business and is not at any time occupied (or available for occupation) by anyone connected with the owner.



Providers of social housing or qualifying housing co-operatives

A dwelling owned by a provider of social housing or qualifying housing co-operatives.

Financial institutions acquiring dwellings

A dwelling acquired by a financial institution in the course of lending.

Farmhouses

A farmhouse which is occupied by a qualifying farm worker who farms the associated farmland full time on a commercial basis with a view to profit. Relief can also be available if the farmhouse is occupied by a former long-serving farm worker or their surviving spouse.

Occupation by certain employees or partners

A dwelling which is for the use of employees of the company (or partners in a partnership) for the purpose of the company's commercial trade, where the employee/partner does not have an interest of more than 10%.

Dwellings open to the public

A dwelling that is open to the public for at least 28 days a year as part of a commercial business with a view to realisation of profits.

Homes for Ukraine Sponsorship Scheme

ATED relief will be available where a dwelling is exclusively occupied by people fleeing Ukraine under the Scheme.

Please note that each relief has additional conditions which require to be satisfied. No relief is given automatically and a claim for relief must be submitted to HM Revenue and Customs each year, following the same deadlines as the returns. A shorter relief declaration return has been introduced for properties which qualify for ATED relief and have no ATED liability.

There are also a number of exemptions from the tax for certain bodies, including charities which use the dwelling for charitable purposes.

Need more help?

For further information, please contact:

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