

FINANCE ACT 2015

EXPLANATORY NOTES

INTRODUCTION

Section 73: Ated: Returns

Summary

1. This section amends the annual tax on enveloped dwellings (ATED) return obligations. In particular, it introduces a new type of ATED return, the “relief declaration return”, for persons who hold an interest in a dwelling which is eligible for relief from ATED and in respect of which there is no tax to pay. It results in a significant reduction in the administrative burden on businesses by reducing the number of returns that must be filed and the information that must be provided to HM Revenue & Customs. The changes have effect for chargeable periods beginning on or after 1 April 2015.

Details of the Section

2. Subsection (1) amends Part 3 of Finance Act 2013.
3. Subsection (2) inserts new subsection (3A) into section 159 Finance Act 2013. It provides that, where a return for a later chargeable period is required by 30 April, and a return for the earlier chargeable period is required later because of the 90 day filing time limit, the return for the later chargeable period can also be delivered within the 90 day time limit.
4. Subsection (3) inserts new section 159A Finance Act 2013 “Relief declaration returns”.
5. New subsection 159A(1) defines a relief declaration return as an ATED return which contains a declaration, relates to one, and only one, type of relief and specifies the type of relief it relates to.
6. New subsections 159A(2) and (3) specifies that a relief declaration return may be made in respect of one or more single-dwelling interest and that it does not need to include individual details of the dwelling(s), provided that the conditions in subsection (4) are met.
7. New subsection 159A(4) sets out the conditions which must be met in order for a person to make a relief declaration return. These are:
 - the person making the return must be within the scope of ATED, with respect to the single-dwelling interest on the day the claim is made;
 - on the day the claim is made, the single-dwelling interest must be eligible for one of the reliefs set out in subsection 9; and
 - there is no tax to pay on the day the return is delivered to HMRC.
8. New subsection 159A(5) specifies that a statement (or declaration) made under new section 159A(1) in a relief declaration return is treated as a claim to a relief in relation to the single-dwelling interest or interests.

*These notes refer to the Finance Act 2015 (c.11)
which received Royal Assent on 26 March 2015*

9. New subsections 159A(6) and (7) specify that, where a person has already delivered a relief declaration return for a chargeable period in respect of one or more single-dwelling interests, and on a subsequent day within the same chargeable period the relevant conditions are also met in relation to another single-dwelling interest (i.e. that interest is eligible for the same type of relief in the chargeable period), the existing return is treated as also having been made in respect of that other interest.
10. New subsection 159A(8) prescribes the “relevant conditions” for this purpose. These are the conditions set out in section 159A(4), except that the day of the claim is a subsequent day in the chargeable period.
11. New subsection 159A(9) lists the relevant reliefs and the relief codes to be specified in a relief declaration return.
12. New subsection 159A(10) provides that, where there has been a failure to make an ATED return in respect of two or more single-dwelling interests and that obligation could have been discharged by making a single relief declaration return, penalties under Schedule 55 Finance Act 2009 (failure to make a return) will be charged as if there were only one failure.
13. New subsection 159A(11) provides definitions of “pre-claim period” and “taxable day”.
14. Subsection (4) of the section amends section 161 of Finance Act 2013 (return to include self-assessment). It inserts new section 161(2A) which dis-applies the self-assessment requirement in respect of a relief declaration return. The effect of this is that no property valuation is required on the return. It also makes a correction to section 161(2).
15. Subsection (5) of the section makes consequential amendments to Schedule 33 to Finance Act 2013.
16. Subsection (6) of the section provides that the changes have effect for chargeable periods beginning on or after 1 April 2015.
17. Subsection (7) and (8) provide that the transitional rule in section 109 of Finance Act 2014, which extends the filing date for properties valued at more than £1 million but not more than £2 million to 1 October 2015 instead of the normal date of 30 April 2015, also applies to those persons eligible to make a relief declaration return.

Background Note

18. The Annual Tax on Enveloped Dwellings is an annual tax payable by companies, partnerships with a corporate member, and collective investment vehicles which own UK residential property valued at more than £2 million.
19. At Budget 2014 the government announced that the £2 million ATED entry threshold would be lowered to £500,000. Recognising the additional administrative burden on businesses that hold residential property over £500,000, in particular those entitled to claim reliefs, the government also announced a consultation on ways to simplify the administration of ATED.
20. A consultation document *Annual Tax on Enveloped Dwellings: Reducing the Administrative Burden on Business* was published in July 2014 and the government’s response to the consultation was published in December 2014. This section takes forward proposals in response to that consultation.
21. The section introduces a new type of ATED return – the ‘relief declaration return’. For each type of relief being claimed, the company will submit a ‘relief declaration return’ stating that a relief is being claimed in respect of one or more properties held at that time. No details will be required of the individual properties or the number of properties eligible for the relief. Where a property is acquired in-year which also qualifies for the same type of relief, the existing return is treated as also having been made in respect of that property.

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22. A separate relief declaration return will be required where a property is acquired during the year that qualifies for a different type relief and where no relief declaration return has previously been made in relation to that particular relief.
23. A normal ATED return is required, as now, in respect of any property which does not qualify or ceases to qualify for a relief; i.e. where tax is due.
24. The overall result is that businesses with properties which qualify for relief will generally only be required to deliver one relief declaration return a year for all properties covered by a particular relief instead of, as now, multiple detailed returns for each such property. This offers a significant reduction in the administrative burden.