

## March Budget 2014

**High Value Residential Property - Annual Tax on Enveloped Dwellings (ATED)****Stamp Duty Land Tax (SDLT) and Capital Gains Tax (CGT)****Increase in the ATED Charge for April 2014**

The Budget 2014 confirmed the charges for ATED due on 30 April 2014 for certain non-natural persons (“NNPs”) owning UK residential property valued at more than £2m. As expected the charges increased in line with the Consumer Prices Index.

The charges for ATED for the chargeable period 1 April 2014 to 31 March 2015 are as follows:-

| <b>Property Value</b>                 | <b>Charge for Year 2014/15</b> |
|---------------------------------------|--------------------------------|
| More than £2m but not more than £5m   | £15,400                        |
| More than £5m but not more than £10m  | £35,900                        |
| More than £10m but not more than £20m | £71,850                        |
| More than £20m +                      | £143,750                       |

**Act Now:** ATED Returns and charges due 30 April 2014.

**Immediate Extension of 15% SDLT Rate for purchases by Non-Natural Persons (NNPs)**

From 20 March 2014 a NNP acquiring a residential property for more than £500,000 will pay SDLT at 15% unless relief is available.

- ❖ Exemptions under the current rules for property rental businesses, for example, are expected to continue.

**Act Now:** Review all residential property purchases not subject to unconditional contracts by NNPs where the property is being acquired for personal use.

## Disclaimer:

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## Extension of the ATED Regime to properties valued at more than £1m with effect from 1 April 2015

A new ATED charge for properties worth between more than £1m and £2m will become payable from 1 April 2015 and the charge will be £7,000.

- ❖ Exemptions under the current rules for property rental businesses, for example, are expected to continue.

**Action Required:** Review all property owning structures held by NNPs in view of changing legislation. This will depend on particular circumstances but may include liquidation of NNPs and restructuring as appropriate.

## Extension of the ATED Regime to properties valued at more than £500,000 with effect from 1 April 2016

A new ATED charge for properties worth between more than £500,000 and £1m will be payable from 1 April 2016 and the charge will be £3,500.

- ❖ Exemptions under the current rules for property rental businesses, for example, are expected to continue.

**Action Required:** Review all property owning structures held by NNPs in view of changing legislation. This will depend on particular circumstances but may include liquidation of NNPs and restructuring as appropriate.

## ATED Related CGT

The ATED Related CGT charge will be extended from 6 April 2015 to include properties worth more than £1m and not more than £2m and from 6 April 2016 to include properties worth more than £500,000 and not more than £1m. In both instances, the ATED charge will only be payable in respect of that part of the gain that accrued on or after 6 April 2015 or 6 April 2016 as the case may be.

**Action Required:** Review all property owning structures held by NNPs in view of changing legislation. This will depend on particular circumstances but may include liquidation of NNPs and restructuring as appropriate.

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## CGT for Non-Residents owning UK Property

As announced in the Autumn Statement 2013, legislation will be introduced to charge CGT on future gains made by non-residents disposing of UK residential property. The government proposes to consult on the introduction of the charge and this is due to be published shortly. These changes will have effect from April 2015 and legislation will be in the Finance Bill 2015.

Further briefings will follow on the above in the coming months when more information becomes available.

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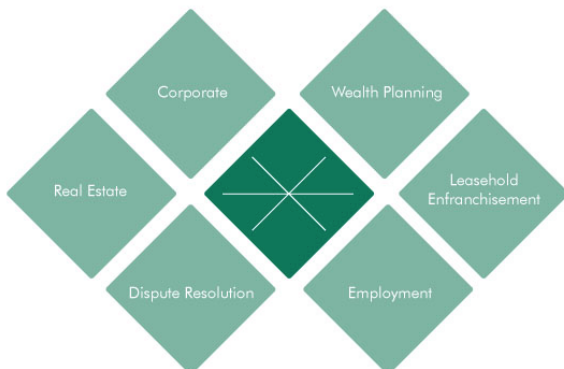
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