



[company name]'s property rental business relief and Annual Tax on Enveloped Dwellings (ATED)

Our information shows that [company name] owns one or more UK residential property valued at more than £500,000. Our records show the company has:

- declared no profits in its Income Tax returns from 2017 to 2020.
- filed ATED relief returns claiming qualifying property rental business relief

If a company owns UK residential property over £500,000, and rents out the property, it must file an ATED relief return. It can claim relief from an ATED charge as a 'qualifying property rental business' if it meets the conditions for the relief. To find out more about the relief, go to **GOV.UK** and search 'Annual Tax on Enveloped Dwellings: Technical Guidance'.

The company's Income Tax returns show that the company didn't make a taxable profit for the periods 2017 to 2020. This means the company may not be run on a 'commercial basis' and 'with a view to profit'.

Because of this, we do not believe the company is eligible to claim the relief and it may need to pay ATED charges.

What you need to do by [date 40 days of this letter]

Please check if the company was (either):

- eligible for property rental business relief
- not eligible for relief because a non-qualifying individual was allowed to occupy the property.

Qualifying property rental business relief

If the company's property rental business was not run on a 'commercial basis' and 'with a view to profit', it needs to pay ATED and you'll need to make a disclosure.

Non-qualifying individuals

If a non-qualifying individual (NQI) was permitted to occupy the dwelling, the company needs to pay ATED and you'll need to make a disclosure. Please see the enclosed schedule for more information on NQIs.

To start the process of making a disclosure, please fill in and send us the enclosed notice of intent.

If you think the company does not need to make a disclosure, you need to give evidence showing why. Please also give us the information and documents we've asked for in the enclosed schedule.

You can send the completed notice of intent or your response with evidence to either:

- offshoredatedqualproprel@hmrc.gov.uk
- the address at the top of this letter.

You must include reference [\[caseflow reference from data file\]](#) in your response.

If you email us, please make sure you have read and understood the risks mentioned in the enclosed factsheet DSC1, 'Corresponding with HMRC by email guidance'. If you are using an agent, please check they have the company's written approval to correspond with us by email and share that with us.

What you may also need to consider

If the company owes unpaid ATED, it may be charged penalties – we've included penalty factsheets to help you.

If Transfer of Assets Abroad anti-avoidance provisions apply to anyone residing at the property.

For more information, go to **GOV.UK** and search 'Income and benefits from transfers of assets abroad'.

This is a complex area of tax, and we recommend getting professional tax advice.

If you don't give us the right information or we don't hear from you

We're giving you this opportunity to tell us about the company's tax position and any additional tax it owes. If we later find that you haven't told us everything, it may alter your potential penalty position.

If we don't hear from you within 40 days of the date of this letter, we may make a discovery assessment of what we believe the company owes. If appropriate, we may charge penalties where information or documents are not provided.

We charge interest on late payments. If you pay any tax you owe as soon as possible, we'll reduce the amount of interest you'll have to pay.

If you've committed tax fraud and want to tell us

Please let us know by filling in a CDF1 form. For more information, go to **GOV.UK** and search 'Contractual Disclosure Facility'.

If you choose to use the Contractual Disclosure Facility, you must let us know that you received this letter during the disclosure process.

More information

We've sent a copy of this letter to the company's registered agent.

We'll process any disclosure you make in response to this letter manually, not by our usual internet-based disclosure system. However, you'll need to give the same information as you would online. For more information about the steps to follow, go to **GOV.UK** and search 'Tell HMRC about underpaid tax from previous years'.

If you need extra support

If you have any health or personal circumstances that make it difficult for you to deal with us, please let us know so we can help you in whatever we can. For more information, go to **GOV.UK** and search 'HMRC extra support'.

Yours faithfully