

## Your Legal Questions

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**Q** I have heard there is some new legislation bringing in tax on residential properties owned by a company. Is this correct?

**A** Annual Residential Property Tax ("ARPT") is an annual tax payable by companies that own high value residential property and is due to start on 1 April 2013.

You will need to complete an Annual Residential Property Tax Return if your property was valued at £2 Million or more on 1 April 2012 and is owned completely or partly, by a company, a partnership where one of the partners is a company or a "collective investment vehicle" e.g. a unit trust or an open ended investment company.

Properties affected include those that are residential or part of a residential mixed-use property. Hotels, guest houses and care homes do not come under ARPT.

The value of the property for ARPT purposes is the value on 1 April 2012 or the date when it was purchased or acquired, if that is a later date. This valuation figure is then used for the first 5 ARPT return periods beginning on 1 April 2013.

There are various reliefs from ARPT which include:-

- Property let to a third party on a commercial basis which are not occupied (or available for occupation) by anyone connected with the owner.
- Property held for charitable purposes .
- Farmhouses which are occupied by the farmer who farms the associated farmland full time and the farmhouse is of an appropriate character.
- Property held as part of a commercial property development business if the property is bought or acquired as part of a property development business, it was purchased with the intention to re-develop and sell on and it is not at any time occupied by anyone connected with the owners.

The amount of ARPT payable is based on a banding system E.G. annual tax on a property valued at £2Million to £5Million would be £15,000.

If you have only owned the property for part of a year then ARPT applies on a proportional basis.

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