

LBTT: ADS rate change – Draft returns 'How to' Guidance for SETS users December 2022

Introduction

Guidance for SETS users on how to update tax calculations for draft tax returns created prior to 16 December 2022.

Please refer to this guidance if you have saved a draft LBTT return on SETS before 16 December 2022, for a transaction with an effective date prior to 16 December 2022, and wish to check that the correct ADS rate has been applied to the tax calculation.

To check this you should follow the steps shown below.

Help and support

- Visit the Revenue Scotland website – www.revenue.scot
- Telephone the Support Desk: 03000 200 310
- Email: lbtt@revenue.scot

Step 1:

Open the draft return from the SETS dashboard, and go to the “About the calculation” section of the return.

Note: This example is for illustration only, and is based on a hypothetical residential transaction with an effective date of 15 December 2022, and chargeable consideration of £250,000. Before applying the new ADS rate, ADS was calculated using the previous rate when the draft return was created on SETS.

About the Additional Dwelling Supplement (ADS)	Edit ADS
Does the buyer intend to sell their main residence within 18 months?	No
Total consideration liable to ADS	£250000.00
Is relief being claimed from the ADS consideration?	No

About the transaction	Edit transaction details
What is the property type for this transaction?	Residential
Effective date of transaction	15 December 2022
Relevant date	15 December 2022
Are there any linked transactions?	No
Is the transaction part of the sale of a business?	No
Is relief being claimed for this transaction?	No
Total consideration remaining	£250000.00

About the calculation	Edit calculation
The amounts in this section will be automatically calculated when you create or update the transaction section. You can edit them before you submit the return.	
LBTT calculated	£2100.00
ADS calculated	£10000.00
Total liability	£12100.00
Total LBTT reliefs claimed	£0.00
Total ADS reliefs claimed	£0.00
Total tax payable	£12100.00

Step 2:

Update the tax calculation by clicking on “Edit transaction details”:

About the transaction	Edit transaction details
What is the property type for this transaction?	Residential
Effective date of transaction	15 December 2022
Relevant date	15 December 2022
Are there any linked transactions?	No
Is the transaction part of the sale of a business?	No
Is relief being claimed for this transaction?	No
Total consideration remaining	£250000.00

Step 3:

SETS will recalculate the ADS liability using the rate applicable at the effective date of the transaction.

In this example, the ADS calculated has reduced because it is charged at the previous rate of 4% of the relevant consideration of a transaction. This is because the effective date was 15 December 2022. For transactions on or after 25 January 2019, until 15 December 2022, the ADS is 4% of the purchase price. For transactions on or after 16 December 2022, the ADS is 6% of the purchase price. Note also that the amount of LBTT remains unchanged.

About the Additional Dwelling Supplement (ADS)	Edit ADS
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Total consideration liable to ADS	£250000.00
Is relief being claimed from the ADS consideration?	No

About the transaction	Edit transaction details
What is the property type for this transaction?	Residential
Effective date of transaction	15 December 2022
Relevant date	15 December 2022
Are there any linked transactions?	No
Is the transaction part of the sale of a business?	No
Is relief being claimed for this transaction?	No
Total consideration remaining	£250000.00

About the calculation	Edit calculation
The amounts in this section will be automatically calculated when you create or update the transaction section. You can edit them before you submit the return.	
LBTT calculated	£2100.00
ADS calculated	£10000.00
Total liability	£12100.00
Total LBTT reliefs claimed	£0.00
Total ADS reliefs claimed	£0.00
Total tax payable	£12100.00

Note: If a PDF version of the original draft return has been created and downloaded from SETS, it will also have a figure of LBTT calculated that is based on the previous rates and bands. You may therefore wish to download and save or print a new PDF version of the draft return after updating the tax calculation.