

Revenue Scotland Statistics

# Annual Summary of Trends in the Devolved Taxes

2021/22

# Executive summary

## Land and Buildings Transaction Tax

- £827 million in LBTT revenues were declared due during 2021/22, including £161 million net Annual Dwelling Supplement (ADS) payments, some portion of which may later be reclaimed.
- In 2021/22, residential conveyances accounted for 69% (£573 million) of total LBTT declared due, non-residential conveyances accounted for 28% (£227 million) and leases accounted for 3% (£26 million).
- A record high for LBTT revenues from residential conveyances was recorded in 2021/22. This comes after a large drop in 2020/21, due to the restrictions introduced during the COVID-19 pandemic. There had been a steady year-on-year increase between 2015/16 and 2019/20.
- Residential LBTT revenue excluding ADS is dominated by transactions in the £325,000 to £750,000 band, which made up 58% of residential revenue in 2021/22 while making up 13% of residential returns. 40% of residential returns received in 2021/22 fell into the nil rate (£0 to £145,000) tax band, the lowest seen in a year, and continuing the year-on-year decrease from 53% in 2015/16.

## Additional Dwelling Supplement

- £188 million gross ADS was declared due in 2021/22, a 22% increase on the previous year. Gross ADS declared due increased every year from 2016/17 to 2019/20 before falling in 2020/21, reflecting a drop in the number of LBTT returns received.
- ADS was declared due for 23% of all residential conveyances in 2021/22, up from 21% in the previous year.
- For 84% of ADS returns submitted in 2021/22, the taxpayer stated they did not intend to reclaim the ADS declared due. This is up from 80% in the previous year and is the highest percentage since ADS was introduced. Transactions where the taxpayer does not intend to reclaim the ADS due are more likely to be lower in value compared to transactions where the taxpayer intends to reclaim ADS.
- 84% of ADS reclaims are made within one year of the original transaction.

## **Non-Residential Transactions**

- £227 million LBTT was declared due for non-residential conveyances in 2021/22. This is an 82% increase on 2020/21, and a 31% increase on 2019/20.
- Each year so far, the largest 5% of transactions have contributed 71% to 75% of total LBTT revenues from non-residential conveyances, with a similar distribution for leases (64% to 74%).

## **Leases**

- Leases contributed £26 million LBTT revenue in 2021/22, the second highest annual total so far. The highest ever annual total was £29 million in 2018/19.
- Three-year lease reviews resulted in net LBTT declared due of £1.2 million in 2021/22. This value was partially offset by other review types (assignments and terminations) so that the net LBTT declared due for all reviews of a lease was £0.6 million.
- 4,590 LBTT returns for reviews of a lease were received in 2021/22, an increase of 58% from 2020/21, which saw a low number of returns due disruptions caused by the COVID 19 pandemic. 67% declared no change in LBTT due from the original lease, 20% declared additional LBTT due and 13% resulted in a claim for repayment of LBTT. Three year lease reviews accounted for 84% of reviews of a lease, with assignments making up just under 7% and terminations making up almost 10%.

## **Sub-Scotland**

- The City of Edinburgh accounted for £125 million in residential LBTT revenues (excluding ADS) in 2021/22, 30% of the total. The second largest contributor, Glasgow City, accounted for £33 million (8%), although there were similar numbers of residential conveyances in both local authorities (around 12,500).
- In 2021/22, the proportion of residential conveyance returns in which the taxpayer declared ADS due, but did not intend to reclaim it, ranged from 10% to 29%. The highest were in Argyll and Bute(29%), Na-h-Eileanan Siar (29%), and Dundee City (26%). The lowest were in Midlothian (10%) and East Renfrewshire (11%).

## Reliefs

- £131 million of potential LBTT revenue was foregone to reliefs in 2021/22, with around 17,700 returns receiving relief.
- From 2020/21 to 2021/22, the number of returns claiming relief increased nearly six-fold from 3,030 to 17,700. This is predominantly due to the reversal of a temporary change to the upper threshold for the nil rate band of tax (from £145,000 to £250,000 from 15 July 2020 to 31 March 2021) which essentially rendered First-Time Buyer relief temporarily redundant. When compared to the last pre-pandemic year (2019/20) the figure is up 14% from 15,530.
- Non-residential transactions accounted for the 73% of revenue forgone to reliefs in 2021/22, primarily group relief (53% of all relief).

## Scottish Landfill Tax

- Scottish Landfill Tax revenue has fallen from £149 million in 2015/16 to £125 million in 2021/22. Total tonnage of declared taxable disposables was 2,028,700 tonnes. This is up 13% on the previous year, but down slightly (less than 1%) on the last pre-pandemic year (2019/20). Discounting the pandemic-affected year 2020/21, there is a decreasing trend in tonnage of waste going to landfill.
- £125 million of SLfT declared due in 2021/22 represents an increase of 18% from 2020/21, and an increase of 6% on 2019/20. Previously there was a year on year downward trend, which had been driven by decreases in the disposal of standard rate waste to landfill (1.35 million tonnes in 2021/22, up 15% from the previous year).

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# 1. Introduction

Revenue Scotland is responsible for the management and collection of the devolved Land and Buildings Transaction Tax (LBTT) and Scottish Landfill Tax (SLfT).

This is Revenue Scotland's fifth annual statistics publication summarising trends in the devolved taxes. The publication generally covers the period from 1 April 2015 to 31 March 2022. In some cases, for brevity, data is only presented for the latest five years. Older data for most figures and tables can be found in our previous [annual publications](#).

Revenue Scotland also publishes monthly official statistics on LBTT and quarterly official statistics on SLfT. More up-to-date high-level statistics are available from these two publications, but they do not contain some of the more detailed data found in this publication. Both publications can be found on the [Revenue Scotland website](#) and the open data is found on [statistics.gov.scot](#).

The purpose of this annual publication is to summarise and provide further commentary on Revenue Scotland's official statistics. It also provides information that is not available in the monthly and quarterly official statistics publications, for example:

- Sub-Scotland estimates of LBTT declared due and the number of LBTT returns received.
- Estimates of LBTT revenue forgone to reliefs and the number of LBTT returns received with LBTT revenue forgone to reliefs.
- Taxable (SLfT) disposals by European Waste Catalogue (EWC) code.

The LBTT data presented in this publication comes from LBTT returns, and are based on the date the return was received by Revenue Scotland (the submitted date). [Appendix A](#) explains how data on this basis relates to data on an effective date (date of transaction) basis.

[Appendix B](#) explains how Revenue Scotland's Official Statistics publications relate to its Annual Report and Financial Statements, and the differences in how the sets of figures are compiled.

This publication is an **Official Statistics publication for Scotland**. Official and National Statistics are produced to high professional standards set out in the Code of Practice for Official Statistics by professionally independent statisticians. Both undergo regular quality assurance reviews to ensure that they meet customer needs and are produced free from any political interference.

For any further information please contact us at [statistics@revenue.scot](mailto:statistics@revenue.scot)

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## 2. Land and Buildings Transaction Tax

### 2.1 Overview

- Land and Buildings Transaction Tax (LBTT) is a charge on land transactions in Scotland. Land transactions must be notified to Revenue Scotland, unless the chargeable consideration is less than £40,000, or the transaction is otherwise exempt.
- The Additional Dwelling Supplement (ADS) is an additional charge which applies when the taxpayer is purchasing an additional property and not replacing their main residence. ADS most commonly arises for purchases of a second home or a buy-to-let dwelling.

**Table 1: Number of LBTT returns received by type of transaction and year**

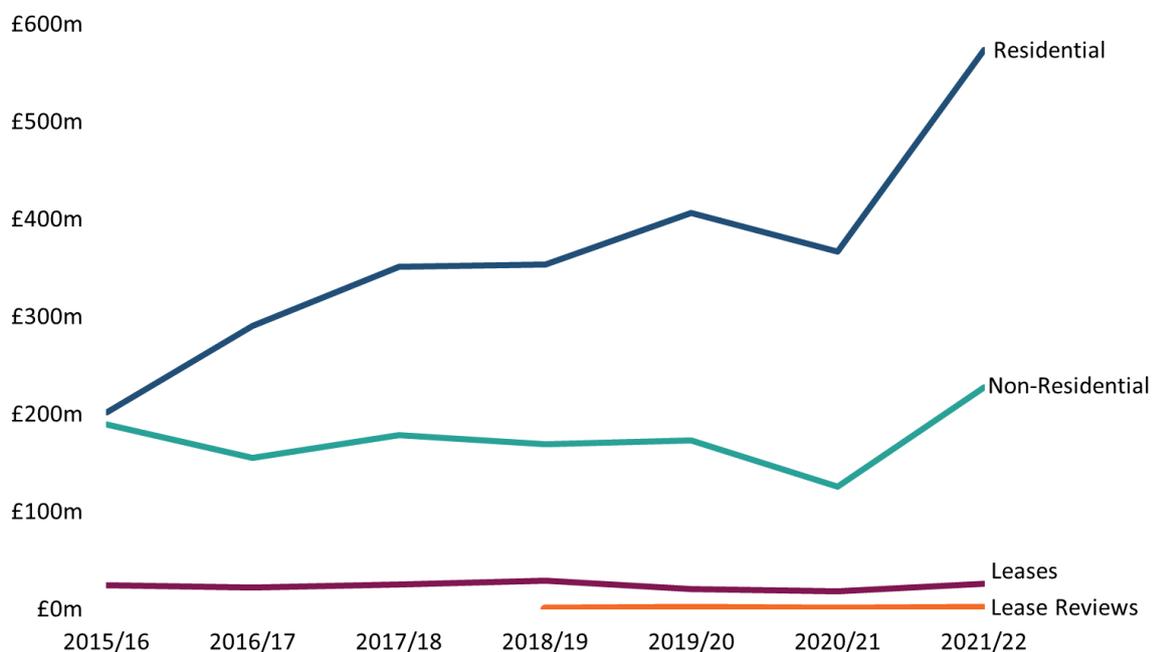
Type of transaction	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22
Residential	103,680	100,500	103,930	103,750	105,110	96,900	110,180
Non-residential	6,220	6,810	6,880	7,160	6,440	5,940	7,050
Lease	5,260	5,690	5,570	5,130	4,920	3,500	4,560
Review of a lease				4,220	4,570	2,900	4,590
All	115,150	113,000	116,380	120,250	121,040	109,240	126,380

The number of LBTT returns received for each type of transaction has been more consistent over time than LBTT declared due. Since 2015, Residential conveyances have made up 88% of LBTT returns. 6% of returns have been non-residential conveyances, and 4% have been for leases. Reviews of a lease have accounted for 3% of returns in the four years since they came into effect in 2018/19.

Non-residential conveyances have made up 29% of LBTT declared, but only 6% of returns since 2016/17. This is because a large proportion of non-residential LBTT declared is usually made up of a small number of high-value transactions.

By contrast, reviews of a lease account for 3% of LBTT returns received, but less than 0.1% of LBTT declared due.

**Figure 1: LBTT including ADS declared due, by year and transaction type**



2021/22 saw the highest ever LBTT declared due at £827 million. This up 57% on the year before, and is 38% higher than the previous high of £600.6 million recorded in 2019/20. This record-high figure was driven mainly by strong increases in both residential and non-residential LBTT.

Since the introduction of ADS in April 2016, residential LBTT revenue has typically been around double or more than that of non-residential LBTT. This remains true in 2021/22 with residential LBTT being 2.5 times the figure for non-residential LBTT. Before 2016, figures for residential and non-residential were much closer. The current ratio reflects rising house prices, and the fact that ADS mainly applies to residential conveyances.

In 2021/22, residential conveyances accounted for 69% of total LBTT declared due. Non-residential conveyances accounted for 27% and leases were 3%. Reviews of a lease accounted for less than 0.1% of LBTT revenue, which has been the case since their introduction in 2018.

At £827 million, total LBTT revenue in 2021/22 was almost double the figure of £416 million which was recorded in its first year of collection (2015/16).

## 2.2 Residential LBTT excluding ADS

LBTT rates and bands for residential transactions as of 1 April 2021:

Purchase price	LBTT rate
Up to £145,000	0%
£145,001 to £250,000	2%
£250,001 to £325,000	5%
£325,001 to £750,000	10%
Over £750,000	12%

**Table 2: LBTT declared due, excluding ADS, and number of returns for residential conveyances**

	2017/18	2018/19	2019/20	2020/21	2021/22
LBTT excluding ADS (£ millions)	260.2	261.0	287.1	256.4	416.5
LBTT returns received	103,930	103,750	105,110	96,850	110,180
LBTT excluding ADS per return received <sup>1</sup> (£)	2,500	2,500	2,700	2,600	3,800

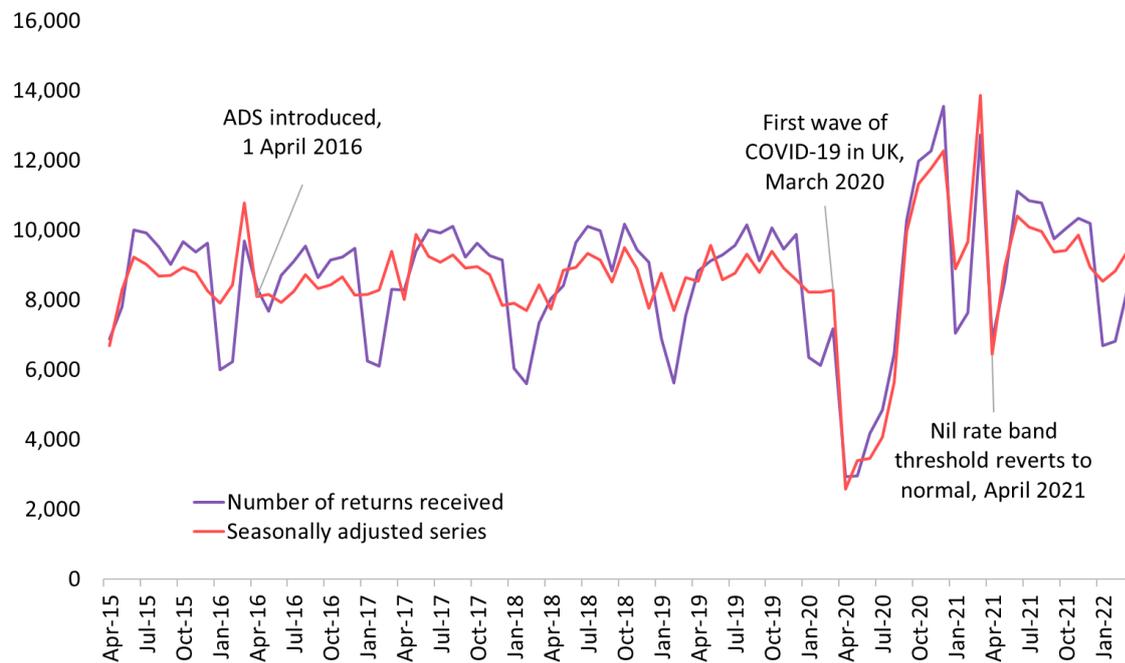
**Notes:**

1. Rounded to the nearest £100.

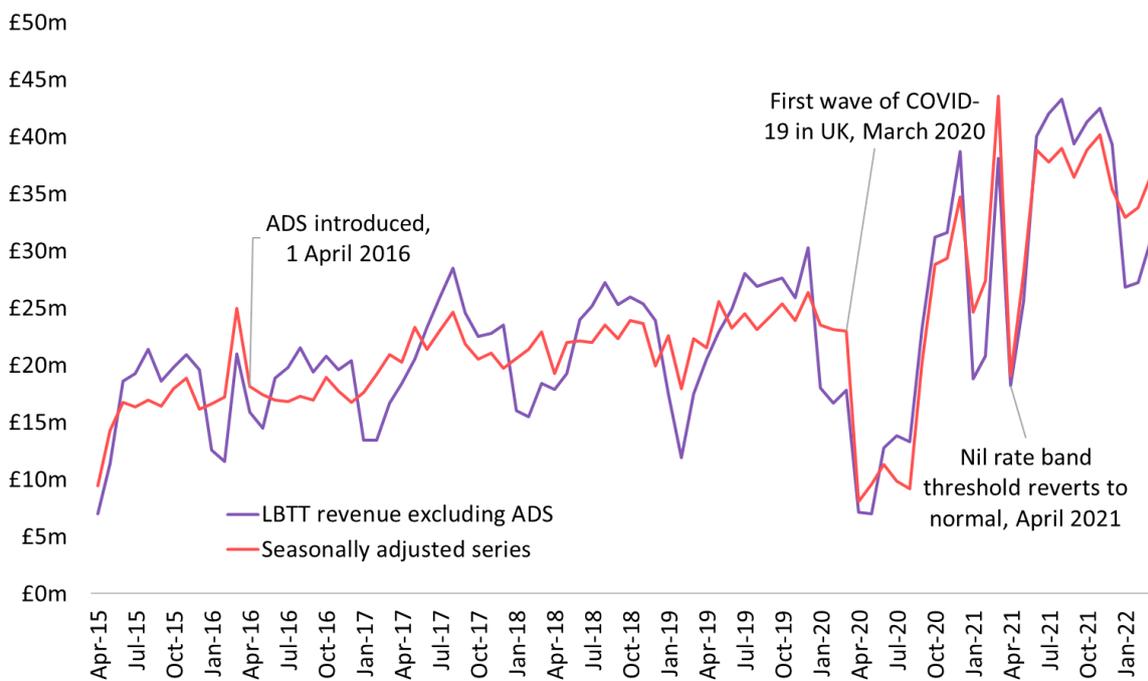
Residential LBTT declared due, excluding ADS, hit a record high of £416.5 million in 2021/22, which is 45% up from the previous high. This comes after the 11% annual drop which occurred in 2020/21 due to the effects of the COVID-19 pandemic, prior to which revenue from residential conveyances had increased each year on record. The number of residential LBTT returns also hit a record high, with 110,180 submitted.

The average amount of LBTT paid per return for residential conveyances had not varied much in the 4 years prior to 2021/22, with the figure ranging between £2,500 and £2,700. In 2021/22 this figure rose significantly, jumping 46% on the year before to an average of £3,800 paid per return. This rise is driven by an increase in the proportion of conveyances in the higher LBTT bands, which reflects rising property prices.

**Figure 2: Number of residential conveyance returns received by month**



**Figure 3: LBTT declared due, excluding ADS, for residential conveyances received by month**

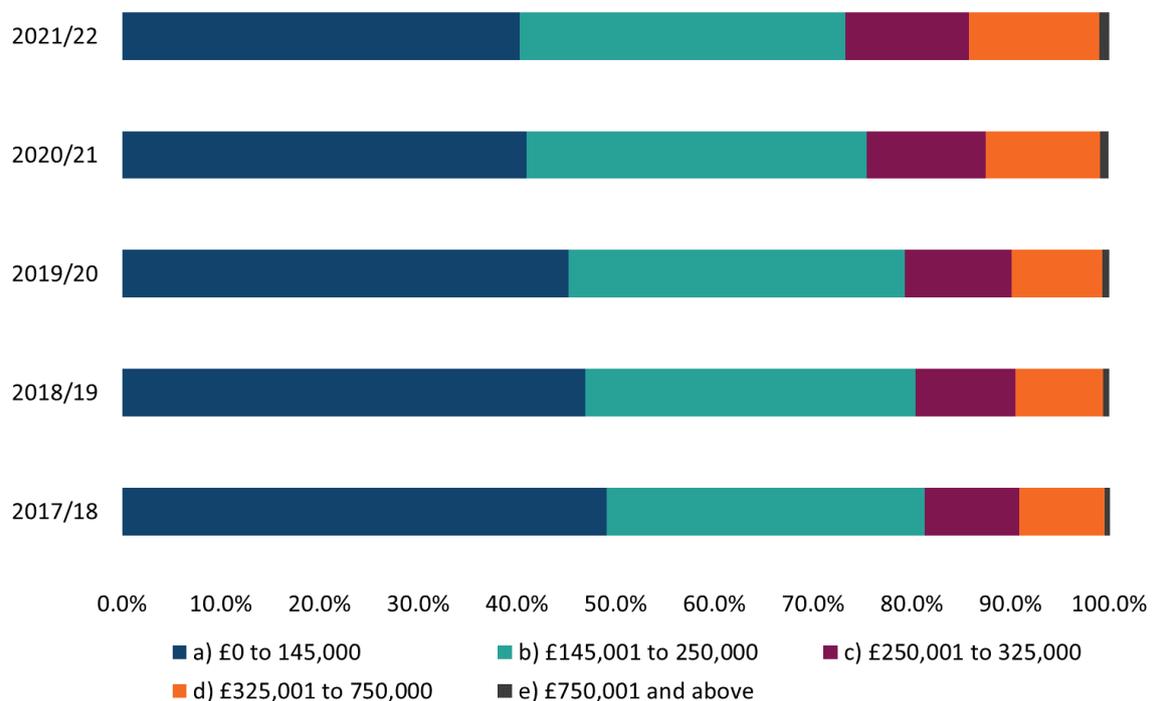


Both the number of residential LBTT returns and the revenue excluding ADS show consistent seasonal, monthly, and weekly patterns. Fewer returns in all of the LBTT bands are received in January and February, and these months are also associated with lower average house prices. This is due in part to the proportion of returns relating to properties in the two highest tax bands being lowest at this time of year.

After accounting<sup>1</sup> for the known seasonal and calendar effects, the number of residential LBTT returns received remained relatively constant from 2015/16 to 2019/20. The effects of the COVID-19 pandemic on this trend can be seen from the end of March 2020 with the start of the first lockdown.

Between 15 July 2020 to 31 March 2021 the nil rate band threshold was temporarily increased from £145,000 to £250,000. This likely led to the unusually high number of returns seen in March 2021, and the large drop in April 2021 when the threshold reverted back to £145,000.

**Figure 4: Distribution of residential conveyance returns received by residential LBTT band and year**

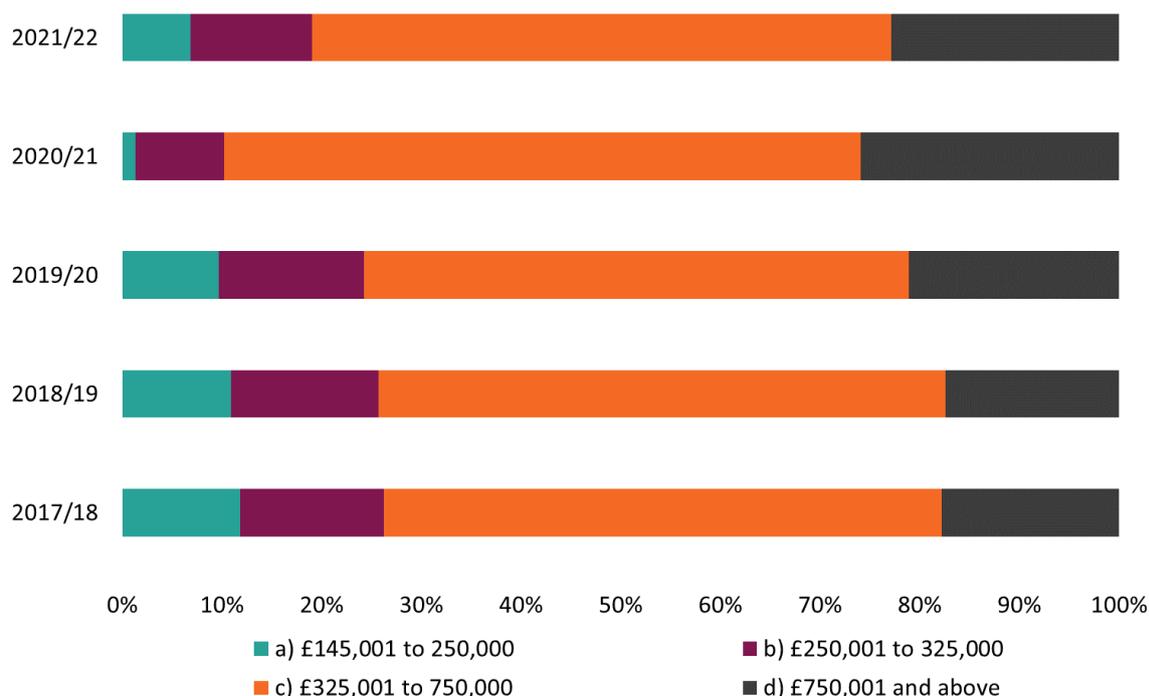


<sup>1</sup> Seasonal adjustment performed using the X13-SEATS-ARIMA procedure, using a weighted count of weekdays in each month as a regression factor to adjust for calendar effects.

**Figure 4** shows that there has been an upward shift in the distribution of residential conveyances in each year, i.e. a decreasing proportion of returns in the £0 to £145,000 band each year and increasing proportions of returns received in all higher bands, becoming steeper in 2020/21. This is consistent with the increase in average residential property prices reported by Registers of Scotland year on year from 2016/17 to 2019/20, and a sharper increase in average residential property prices following the initial disruption of COVID-19 in 2020/21.

**Figure 4** shows that 40% of returns received in 2021/22 had a total consideration of less than or equal to £145,000 and, therefore, had zero tax liabilities<sup>2</sup>. However, **Figure 5** shows LBTT revenue is dominated by the £325,000 to £750,000 band, which in 2021/22 contributed 58 per cent of LBTT, while making up only 13% of returns. The highest band (£750,001 and above) accounts for 1% of returns received and 23% of tax.

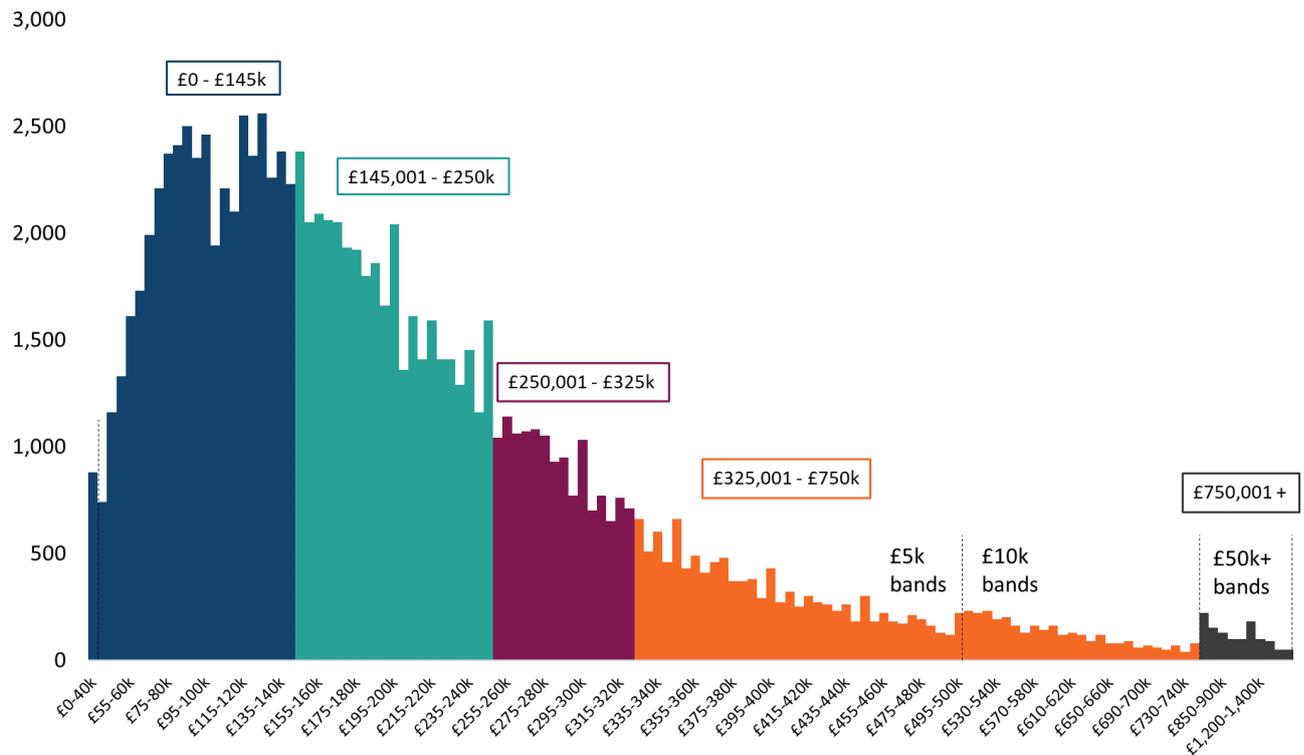
**Figure 5: Distribution of residential LBTT revenue, excluding ADS, by residential LBTT band and year**



The share of revenue contributed by the top two tax bands increased in 2020/21 due to the temporary change to the nil rate threshold, effective from 15 June 2020 to 31 March 2021, which had the effect of reducing tax liabilities in the second-lowest residential tax band (consideration from £145,000 to £250,000) to zero, and reducing gross tax liabilities for all other residential transactions by £2,100.

<sup>2</sup> Residential conveyance transactions under £145,000 can incur tax liability if they are linked.

**Figure 6: Distribution of numbers of residential conveyance transactions by total consideration and tax band 2021/22 (based on effective date)**



**Figure 6** shows a more detailed breakdown of the number of residential conveyance transactions by total consideration (e.g. house price) for transactions that took place in 2021/22. The majority of transactions are towards the lower end of the scale (approximately two-thirds are less than or equal to £220k), with the distribution then extending to a long tail of higher value transactions. Due to the smaller numbers of transactions at the higher value end, the width of the total consideration categories is increased at the points indicated on the chart.

## 2.3 Additional Dwelling Supplement

If a taxpayer buys a new main residence before selling their previous main residence, they will have to pay Additional Dwelling Supplement (ADS). This payment can be reclaimed if the previous main residence is sold within 18 months, and the claim is made within five years of the submission date.

In 2021/22, ADS was charged at 4% of the relevant consideration for a transaction where the total purchase price of an additional dwelling was £40,000 or more. Prior to January 25 2019 it had been charged at 3%. On December 16 2022 the rate was raised from 4% to 6%, but this period is not covered by this publication.

**Table 3: Gross ADS reclaimed and number of ADS repayments claimed for residential LBTT returns by year**

	Gross ADS declared due (£ millions)			LBTT returns received with ADS declared due		
	Total	Reclaimed <sup>1</sup>	Reclaimed <sup>1</sup> (%)	Total	Reclaimed <sup>1</sup>	Reclaimed <sup>1</sup> (%)
2017/18	122.1	31.5	25.8%	23,530	4,050	17.2%
2018/19	128.1	35.6	27.8%	23,620	4,360	18.5%
2019/20	163.5	44.1	27.0%	23,230	4,100	17.7%
2020/21	153.8	43.8	28.5%	20,790	3,820	18.4%
2021/22	188.4	31.5	16.7%	25,120	2,660	10.6%

**Notes:**

1. The data reflects claims for repayment of ADS received up to and including 31 May 2022 and will be revised over time as more claims for repayment of ADS are received. This is primarily for returns received in 2020/21 and 2021/22

Roughly £188 million in gross ADS was declared due in 2021/22, an increase of approximately £35 million (22%) on the previous year. The sharp increase in ADS declared due from 2018/19 to 2019/20 was due largely to the increase in the ADS rate from 3% to 4% in January 2019.

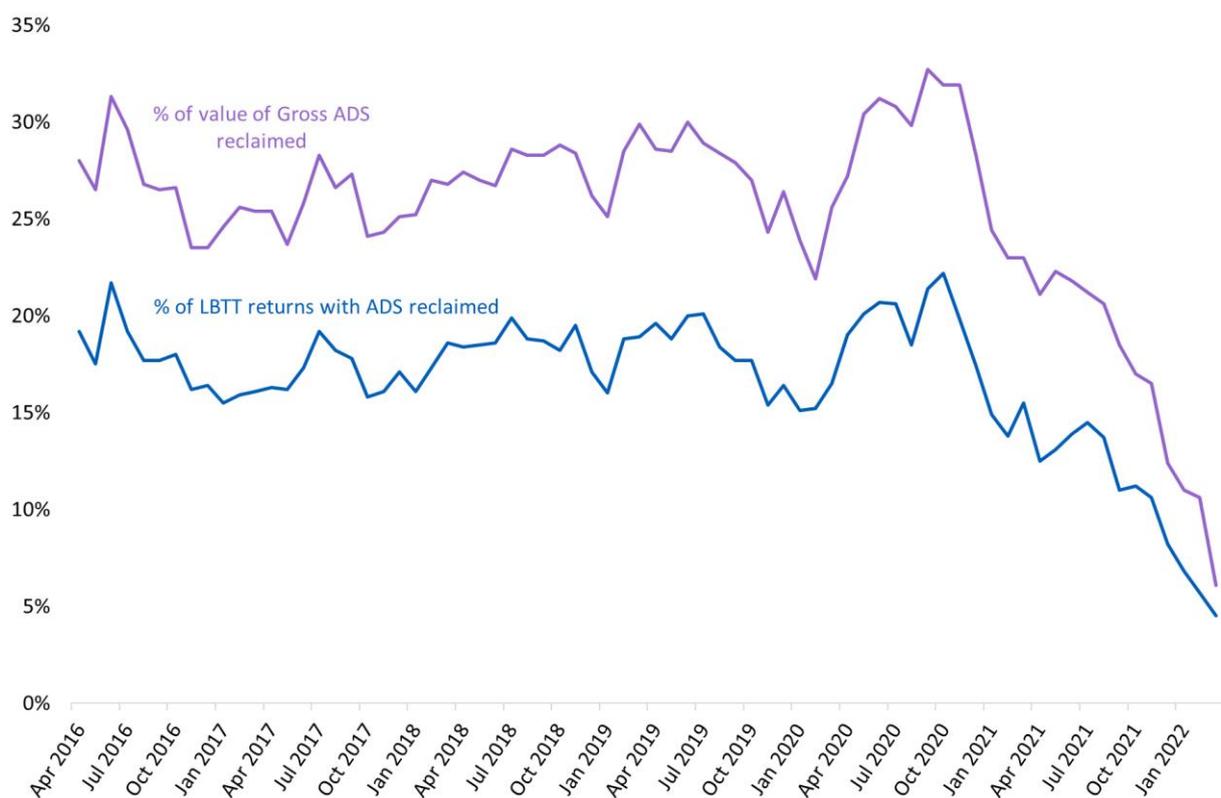
Approximately 25,100 residential LBTT returns received in 2021/22 had ADS declared due, equating to 23% of all residential conveyances received, a similar proportion to previous years (21% in 2020/21).

Around 11% of taxpayers who submitted LBTT returns with ADS declared due in 2021/22 have since claimed repayment of ADS, accounting for 17% of the gross ADS declared due.

The ADS reclaim rate for 2021/22 appears lower than previous years. However, this figure will continue to increase over time as more claims for repayment are made. Only minimal revisions are expected to repayment claims relating to returns made up to 2019/20.

During the coronavirus pandemic in 2020, legislation was introduced to extend the ADS repayment claim period for residential transactions which were still within their original ADS repayment claim period at the start of the restrictions, from 18 months to 36 months. This means that some returns relating to 2018/19 and 2019/20 may still be eligible for ADS repayment claims in 2021/22 and 2022/23. However, the majority of repayment claims are still expected to have been made within one year.

**Figure 7: Proportion of gross ADS declared due subsequently reclaimed and LBTT returns received with ADS declared due and a subsequent claim for repayment, by month for residential conveyances**



The gross ADS reclaimed rises from 6% for the most recent month (% of ADS declared due in March 2022 which was reclaimed by end May 2022) to around 27% for the first 56 months (April 2016 to November 2020). This is a reflection of the fact that ADS taxpayers from earlier months have had 18 months from the effective date<sup>3</sup> of the transaction subject to ADS to sell their previous main residence and then reclaim ADS. Similarly, the number of claims for repayment of ADS rises from 5% for the March 2022 to around 18% for April 2016 to November 2020.

<sup>3</sup> Provided the taxpayer sells their previous main residence within 18 months of the effective date, they may submit their claim for repayment of ADS up to five years from the submission date.

Though taxpayers have 18 months from the effective date of the transaction to sell their previous main residence and reclaim ADS, the majority of claims for repayment are received much sooner.

**Table 4: Proportion of ADS reclaimed and reclaims received by time between submission of LBTT return and claim for repayment**

Weeks from return submission to repayment claim	Gross ADS reclaimed	Claims received
< 4	9.3%	8.7%
< 8	14.4%	13.9%
< 12	11.9%	11.6%
< 16	9.6%	9.7%
< 20	7.9%	8.3%
< 24	6.2%	6.3%
< 28	5.3%	5.4%
< 32	4.6%	4.6%
< 36	3.8%	3.8%
< 40	3.3%	3.3%
< 44	3.1%	3.2%
< 48	2.7%	2.8%
< 52	2.6%	2.6%
< 56	2.1%	2.1%
< 60	1.6%	1.6%
< 64	1.6%	1.7%
< 68	1.4%	1.5%
< 72	1.6%	1.7%
< 76	1.9%	1.9%
< 80	1.7%	1.7%
80 or more	3.4%	3.3%

**Notes:**

1. The data reflects claims for repayment of ADS received up to and including 31 May 2022 and will be revised over time as more claims for repayment of ADS are received, primarily for returns received in 2020/21 and 2021/22. In May 2020, the period for reclaiming ADS was extended for buyers who bought a new main residence effective between 24 September 2018 and 25 March 2020. Revisions relating to 2019/20 can be expected in 2021/22 and 2022/23.

Approximately 9% of claims are received within four weeks, over half of all claims are received within 20 weeks and approximately 84% of all claims are received within a year. The percentages are very similar for gross ADS reclaimed, as claims received and gross ADS reclaimed follow a near identical distribution.

**Table 5: Number of LBTT returns received with ADS declared due and the proportion with a subsequent claim for repayment, by year and stated intention to reclaim**

	LBTT returns received with ADS declared due			Proportion with a subsequent claim for repayment		
	Yes, intend to reclaim ADS	No intention to reclaim ADS	Total	Yes, intend to reclaim ADS	No intention to reclaim ADS	All
2017/18	5,950	17,580	23,530	64.0%	1.4%	17.2%
2018/19	5,830	17,790	23,620	67.9%	2.3%	18.5%
2019/20	4,870	18,360	23,230	70.4%	4.5%	18.3%
2020/21	4,240	16,550	20,790	72.6%	4.5%	18.4%
2021/22	4,090	21,030	25,120	54.3%	2.1%	10.6%

**Notes:**

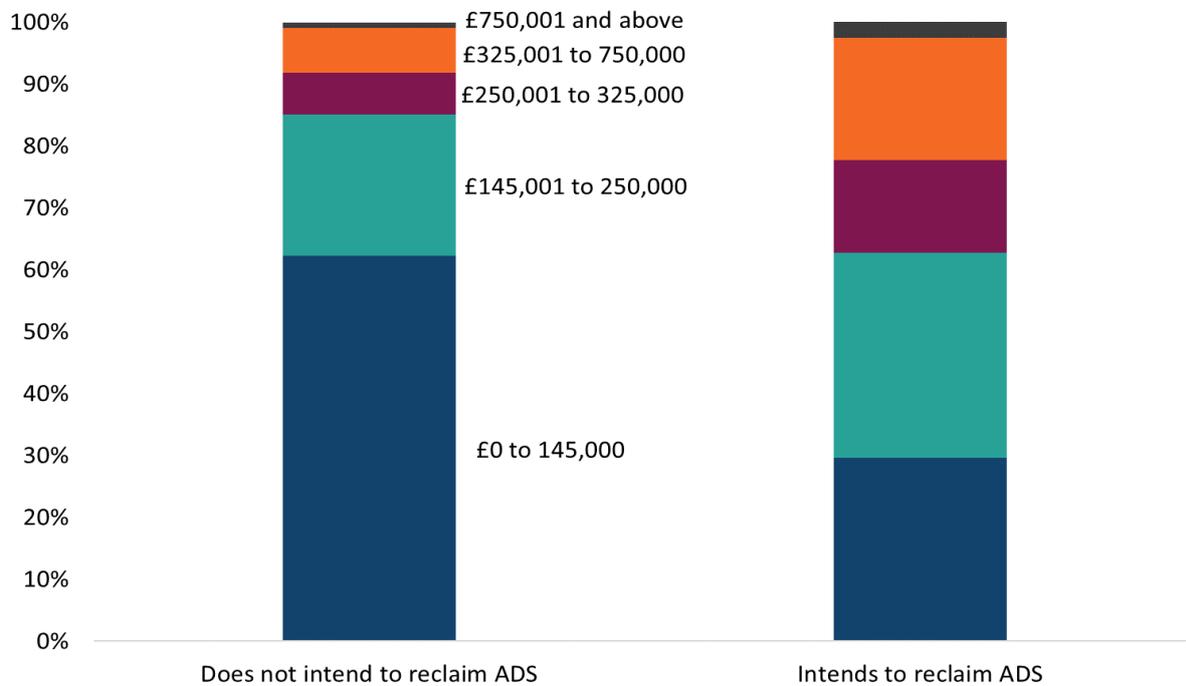
1. The data reflects claims for repayment of ADS received up to and including 31 May 2022 and will be revised over time as more claims for repayment of ADS are received, primarily for returns received in 2020/21 and 2021/22.

For LBTT returns submitted with ADS declared due in 2021/22, around 84% of taxpayers stated they did not intend to reclaim ADS. This is the highest percentage on record, up from 80% in 2020/21 and 79% in 2019/20. One potential reason for this might be that improvements have been made to the ADS reclaiming guidance which outlined the rules around reclaims, and therefore helped to reduce the number of cases where the intention to reclaim ADS had been stated erroneously when the case did not qualify for a reclaim.

In 2020/21 around 73% of taxpayers who stated that they intended to reclaim ADS went on to do so, the highest proportion so far. In 2017/18, less than 2% of taxpayers who stated they did not intend to reclaim ADS went on to do so. This figure increased to 4.5% for both 2019/20 and 2020/21, and was 2.1% in 2021/22 for reclaims made by 31 May 2022.

These figures indicate that a substantial proportion (around 27% at its lowest in 2020/21) of taxpayers who stated that they intended to reclaim ADS did not subsequently do so. However, when a taxpayer had stated that they did not intend to reclaim ADS then it was unlikely that they would submit a claim for repayment.

**Figure 8: Distribution of residential conveyances by type of transaction (ADS declared due and intends/does not intend to reclaim ADS) and residential LBTT band, 2016/17 to 2021/22**



**Figure 8** shows that the proportion of conveyances in the lowest tax band is twice as high for returns where the taxpayer does not intend to reclaim ADS, compared to returns where they do intend to reclaim. This likely reflects the fact that these transactions will include buy-to-let properties and second homes. Higher value transactions make up a much higher proportion of returns where the taxpayer intends to reclaim ADS. This is likely to reflect a number of factors including the fact that these transactions will include taxpayers who may be moving up the property ladder as they intend to replace their previous main residence.

## 2.4 Non-residential conveyances

The non-residential transactions analysed in this section include leases and reviews of a lease. These are also analysed separately in sections 2.5 and 2.6.

Non-residential rates and bands for transactions on or after 25 January 2019:

Purchase price	LBTT rate
Up to £150,000	0%
£150,001 to £250,000	1%
Above £250,000	5%

**Table 6: Non-residential LBTT declared due and number of returns received by year**

	2017/18	2018/19	2019/20	2020/21	2021/22
LBTT declared due (£ millions)	178.1	168.8	173.1	125.3	227.5
Annual percentage change in LBTT declared due	15.0%	-5.2%	2.5%	-27.6%	81.6%
LBTT returns received	6,880	7,160	6,440	5,930	7,050
Annual percentage change in LBTT returns received	1.0%	4.0%	-10.0%	-7.8%	18.9%
LBTT declared due per return received <sup>1</sup> (£)	25,900	23,600	26,900	21,100	32,300

**Notes:**

1. Rounded to the nearest £100.

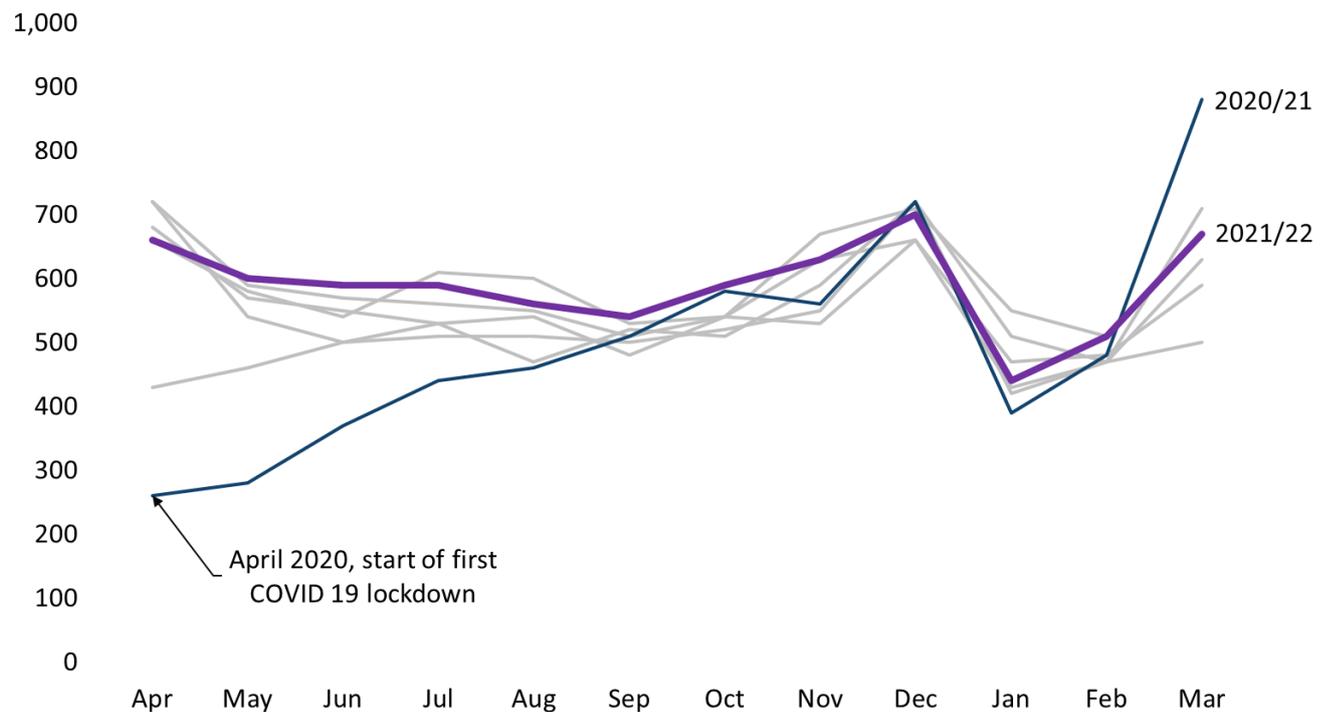
LBTT from non-residential conveyances, including ADS, hit a record high of £228 million in 2021/22, an increase of £102 million (82%) on the previous year, while the number of LBTT returns received increased by 19%. Both figures are likely to reflect a build-up in demand from the previous year, which was impacted by the effects of the COVID-19 pandemic.

Despite only making up 6% of LBTT returns received, non-residential conveyances accounted for approximately 28% of total LBTT declared due in 2021/22. The average LBTT declared due per return also increased sharply in 2021/22, rising 53% on the previous year

to £32,300. This likely reflects a number of factors including rising property prices and a higher proportion of very high value transactions.

Compared to residential LBTT, the value of LBTT from non-residential conveyances is highly volatile due to fluctuations in the small number of very high value transactions seen in each year.

**Figure 9: Number of non-residential LBTT returns received by month and year**



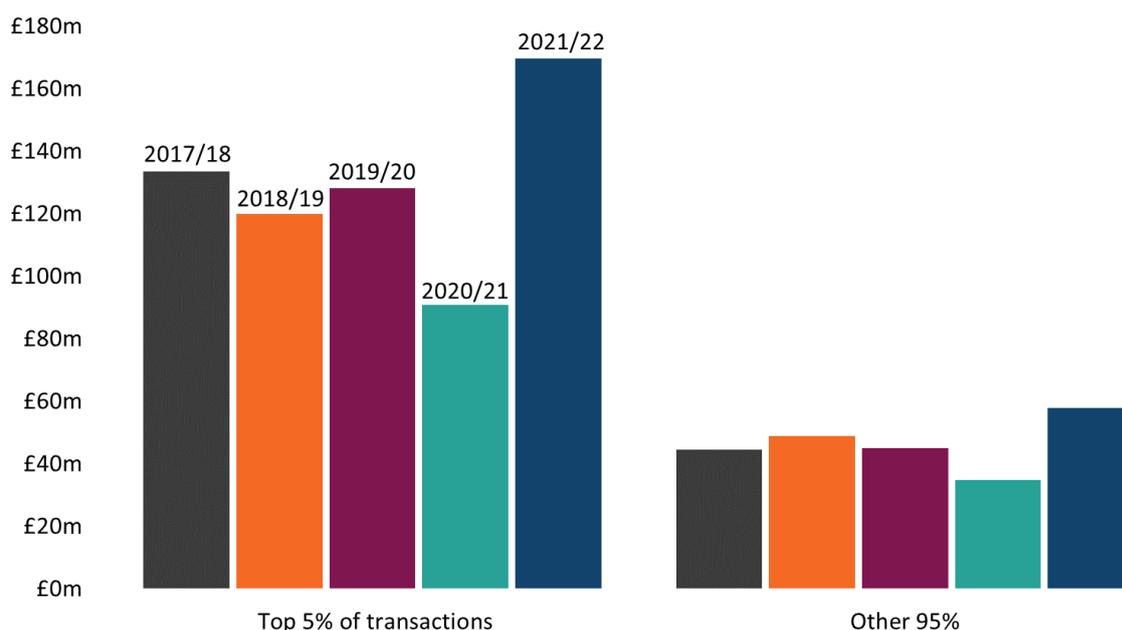
The distribution of non-residential LBTT returns received throughout the year is typically uniform from month to month, but with notable peaks at the end of both the calendar year and financial year. 2021/22 marked a return to this pattern of returns received following the outlier in 2020/21. Due to the effects of the COVID-19 pandemic, the financial year began with an all-time low for non-residential returns in April 2020 and gradually recovered until a final sharp peak in March 2021.

**Table 7: LBTT declared due by month and year for non-residential conveyances**

Month	LBTT declared due (£ millions)				
	2017/18	2018/19	2019/20	2020/21	2021/22
Apr	17.1	12.7	13.7	2.7	12.0
May	11.1	12.1	13.1	6.4	13.0
Jun	10.1	19.9	13.7	5.6	22.8
Jul	9.1	13.5	19.8	11.7	17.5
Aug	10.3	17.3	15.5	9.8	19.6
Sep	12.9	9.2	14.6	10.1	13.1
Oct	14.4	10.7	13.7	14.9	20.2
Nov	24.6	15.7	8.8	12.5	16.0
Dec	23.3	18.0	17.3	20.3	32.2
Jan	18.4	13.9	17.9	8.5	17.6
Feb	11.3	10.1	15.7	9.1	22.0
Mar	15.5	15.5	9.3	13.7	21.4

Non-residential LBTT declared due is more variable than the number of LBTT returns received because a small number of high-value transactions can have a significant impact on the overall tax. There is typically a peak in December, though the magnitude varies from year to year. 2021/22 showed a very strong December peak, doubling the figure from the previous month. There was also a smaller peak in June, which rose 75% on the month before.

**Figure 10: Non-residential LBTT declared for the 5% most valuable transactions, by year**



**Figure 10** shows that the most valuable 5% of non-residential LBTT returns tend to account for the vast majority of LBTT due. In 2021/22 the top 5% most valuable transactions made up 75% of non-residential LBTT due. Total non-residential LBTT is generally highly dependent on higher value transactions, with 97% of LBTT coming from the top 20% most valuable non-residential transactions in 2021/22. In fact, the entire lower half of non-residential LBTT returns ranked by value, accounted for less than 0.05% of the total non-residential LBTT declared due.

LBTT declared due for the top 5% most valuable non-residential transactions varies from year to year, with these variations accounting for the majority of the change in non-residential LBTT declared due. LBTT declared due for the top 5% of transactions increased by 87% in 2021/22 compared to the previous year, which was heavily impacted by the COVID-19 pandemic, corresponding to an 81% increase in total non-residential LBTT. Compared to 2019/20, LBTT for the top 5% of transactions was 32% higher in 2021/22, and total non-residential LBTT was up by 31%.

## 2.5 Leases

A non-residential lease that is granted, or is treated as having been granted, for the first time on or after 1 April 2015 is potentially chargeable to Land and Building Transactions Tax.

99% of leases are non-residential, but analysis in this section includes a small number of leases which taxpayers have classified as residential, perhaps mistakenly. However, the overall tax position remains correct as the LBTT due for a lease is the same whether it is residential or non-residential.

**Table 8: LBTT declared due and number of LBTT returns received by year for leases**

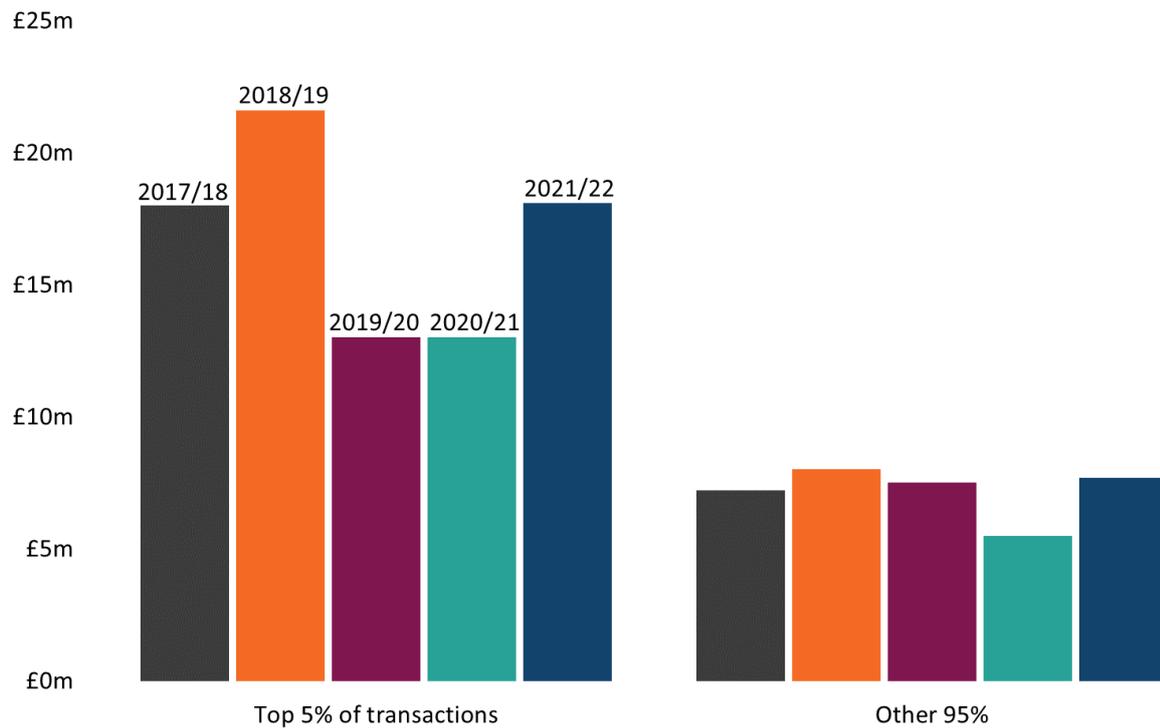
	2017/18	2018/19	2019/20	2020/21	2021/22
LBTT declared due (£ millions)	25.2	29.4	20.4	18.5	25.8
Annual percentage change	14.8%	16.8%	-30.5%	-9.2%	39.7%
LBTT returns received	5,570	5,130	4,920	3,500	4,560
Annual percentage change	-2.1%	-7.9%	-4.1%	-28.9%	30.3%
LBTT declared due per return received, nearest hundred (£)	4,500	5,700	4,100	5,300	5,700

£26 million in LBTT was declared due for leases in 2021/22, accounting for 3% of total LBTT declared. This was an increase of £7 million (40%) from 2020/21, while the number of lease returns received increased by 30%. LBTT from leases tends to have high variance from year to year, but the sharp increase in 2021/22 is due in part to a recovery from 2020/21 which was affected by the COVID-19 pandemic.

Like non-residential returns, the number of lease returns received tends to be highest towards the ends of the financial and calendar years. Unlike conveyances, of which generally fewer returns are received in January and February, there is no obvious low season for leases.

LBTT declared due for leases shows similar high variability to non-residential conveyances and a small number of high value transactions can have a significant impact on the overall tax.

**Figure 11: LBTT declared due for top 5% of lease transactions, by year**



In the last five years, revenue from the top 5% most valuable lease transactions has accounted annually for 63% to 74% of total LBTT from leases. In 2021/22 the top 5% of transactions made up 70% of LBTT from leases. Like non-residential conveyances, the distribution of LBTT from leases in general is heavily skewed towards the most valuable transactions, with 91% of total lease LBTT coming from the top 20% of transactions.

LBTT for leases may be due on the net present value of rent, as well as payment of a premium to secure the lease. 87% of all LBTT declared due on leases in 2021/22 was due to rent, with the remaining 13% due to premiums. LBTT due on premiums is dominated by a small number of large premiums over £350,000. LBTT due on the rental value of leases is more widespread, with 59% of lease returns declaring some amount of LBTT due on rent in 2021/22.

## 2.6 Reviews of the tax chargeable for a lease

Reviews of a lease include:

- Three-yearly reviews, which inform Revenue Scotland of any changes which have occurred since the effective date or previous review date. Tax chargeable on the lease is reviewed and the new Net Present Value is calculated when the review is submitted.
- Assignations: when a lease is assigned to a new tenant, the outgoing tenant must submit a review within 30 days of the lease being signed, including an assessment of the amount of tax chargeable reflecting any changes since the last return was submitted.
- Terminations: When a lease is terminated, the tenant at the point of termination must submit a return to Revenue Scotland, including an assessment of the amount of tax chargeable reflecting any changes since the last return was submitted.

The first six-year reviews became due from 1 April 2021 and make up part of the three-year review figures for this year.

**Table 9: LBTT declared due and number of returns received for reviews of a lease by type of review and the amount due**

Type of review	Change	LBTT declared due (£ millions)				Reviews received			
		2018/19	2019/20	2020/21	2021/22	2018/19	2019/20	2020/21	2021/22
Assignment	Increase	0.0	0.0	0.3	0.1	20	60	60	70
	No change	0.0	0.0	0.0	0.0	200	240	220	200
	Decrease	0.0	-0.1	-0.1	-0.1	0	30	40	40
	All	0.0	0.0	0.2	0.0	220	330	320	310
Termination	Increase	0.0	0.0	0.0	0.1	20	30	20	50
	No change	0.0	0.0	0.0	0.0	230	280	180	220
	Decrease	-0.3	-0.5	-0.6	-0.7	60	110	110	180
	All	-0.2	-0.4	-0.5	-0.7	320	420	310	450
Three-year lease review	Increase	1.0	1.3	0.5	1.8	410	540	370	790
	No change	0.0	0.0	0.0	0.0	3,020	3,070	1,730	2,670
	Decrease	-0.8	-0.2	-0.2	-0.6	250	220	170	380
	All	0.2	1.0	0.3	1.2	3,680	3,830	2,270	3,840
All	Increase	1.0	1.3	0.9	1.9	450	630	440	910
	No change	0.0	0.0	0.0	0.0	3,460	3,580	2,130	3,080
	Decrease	-1.0	-0.8	-0.8	-1.4	310	350	320	600
	All	0.0	0.6	0.0	0.6	4,220	4,570	2,900	4,590

Review returns which declare a decrease in the amount due from the original lease return, reflect claims for repayment. Three-yearly lease reviews resulted in net LBTT declared due of £1.2 million in 2021/22, consisting of £1.8 million in further LBTT due and £0.6 million of repayments claimed. Lease assignments netted approximately zero LBTT in 2021/22 after repayments. Lease terminations resulted in a net repayment of £0.7 million, bringing the overall net LBTT declared due for all lease reviews to £0.6 million.

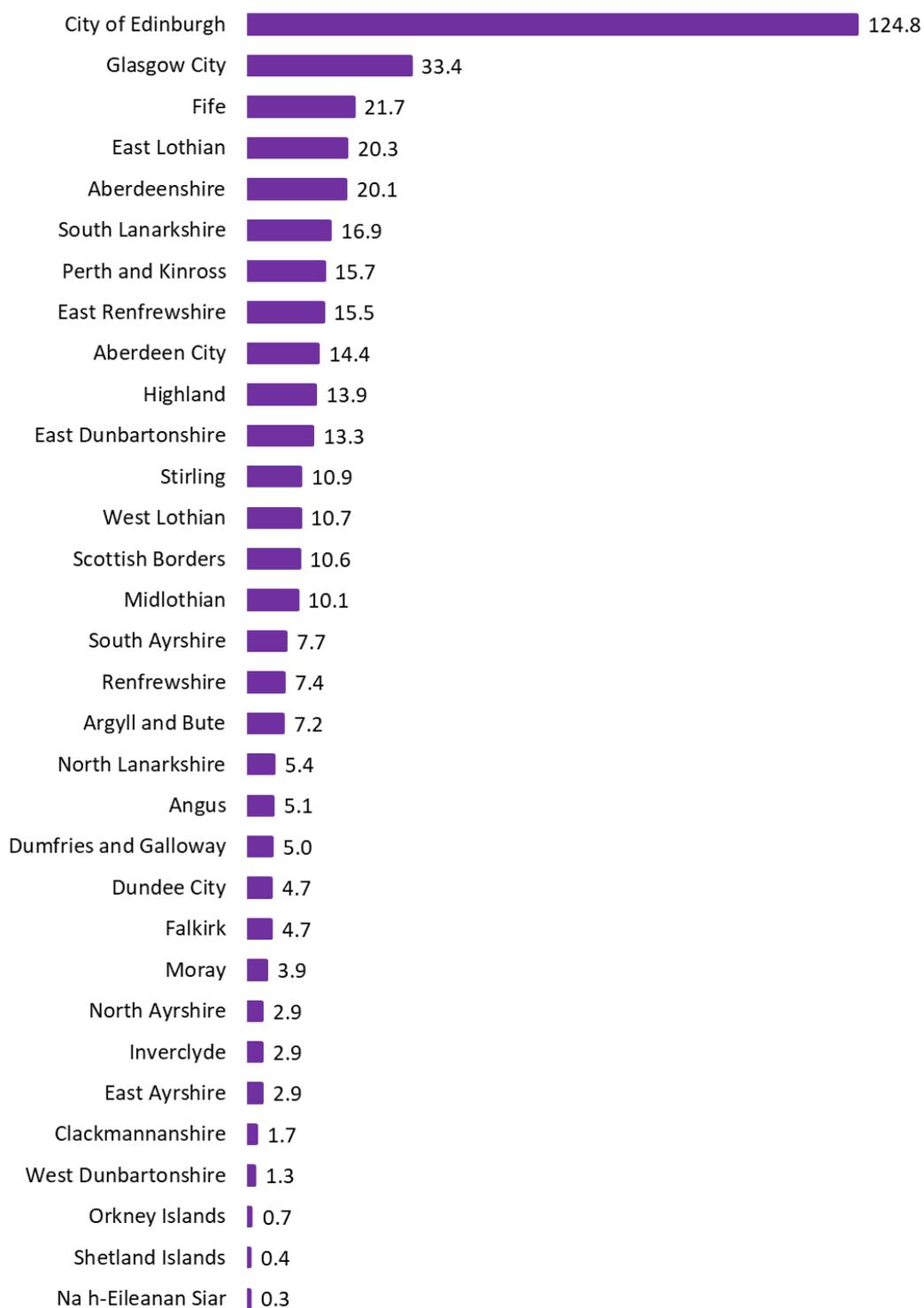
Approximately 4,590 reviews of a lease were received in 2021/22, of which 67% declared no change in the LBTT due from the original lease return (meaning LBTT declared due on review was £0). 20% declared further LBTT due and 13% claimed a repayment of LBTT.

Three-yearly lease reviews accounted for 84% of reviews of a lease received. The total number of lease reviews received was 58% higher than the previous year, driven primarily by a 69% rise in the number of three-yearly lease reviews.

## 2.7 Sub-Scotland

### 2.7.1 Sub-Scotland: Residential LBTT

Figure 12: Estimates of LBTT declared due, excluding ADS, for residential conveyances by local authority (£Millions)



In 2021/22, City of Edinburgh accounted for £125 million (30%) of residential LBTT declared due, excluding ADS, by far the biggest contribution from a single council area. Next highest was Glasgow City, making up 8% of total residential LBTT at £33 million. City of Edinburgh has accounted for 30% to 34% of LBTT revenue, excluding ADS, in each of the last seven years. No other local authority has ever accounted for more than 9%.

The 3 local authorities with the highest mean LBTT declared due per transaction for residential returns were:

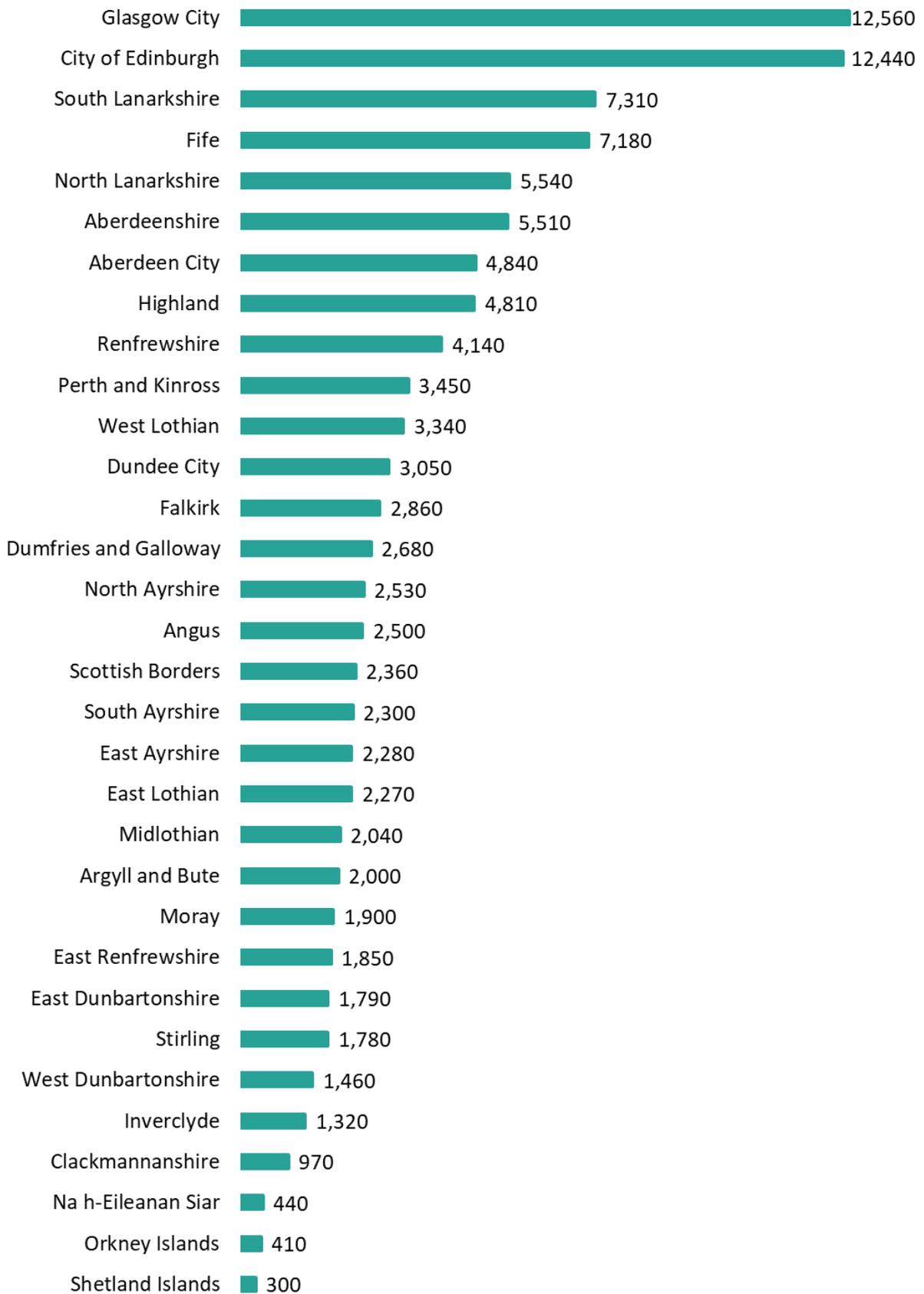
- City of Edinburgh at £10,000
- East Lothian at £8,900 and
- East Renfrewshire at £8,400.

The lowest averages were for:

- Na h-Eillean Siar at around £800
- West Dunbartonshire at £900 and
- North Lanarkshire at £1,000.

From 2020/21 to 2021/22, LBTT revenues increased in all 32 local authorities. City of Edinburgh saw the largest absolute increase with a rise of £39 million (46%), while the largest percentage increase occurred in Orkney Islands where residential LBTT was up 206% (from £0.2 million to £0.7 million). The lowest percentage increase on the previous year was in Clackmannanshire, which saw 32% more residential LBTT declared than in 2020/21. Note that Clackmannanshire and Orkney Islands have relatively small numbers of transactions, so are more likely to vary year to year in terms of percentage change.

**Figure 13: Estimated number of residential conveyance returns received by local authority**



Glasgow City had the most residential conveyance returns received in 2021/22 with 12,560 returns (11% of the total), just ahead of City of Edinburgh with 12,440 returns (11%).

Numbers of residential conveyances increased in 30 of 32 local authorities from 2020/21 to 2021/22, with City of Edinburgh showing the largest absolute increase of 2,010 more than the previous year.

The council areas with the biggest percentage increase in the number of returns on the previous year were:

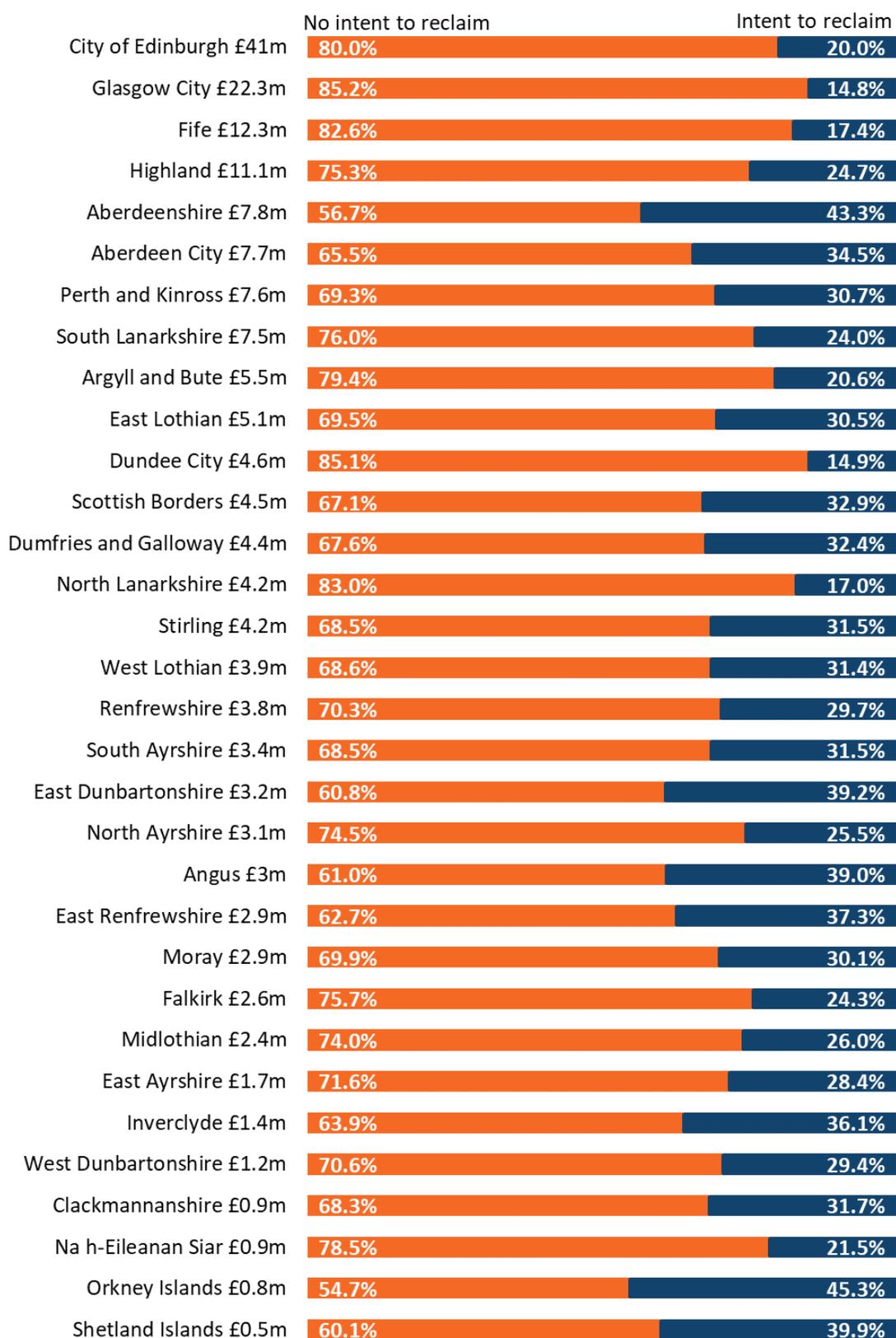
- Na h-Eileanan Siar with an increase of 38%
- Aberdeen City with an increase of 33%
- Aberdeenshire with an increase of 28%.

The council areas with the lowest increase, or a decrease, on the previous year were:

- East Dunbartonshire with a decrease of 5%
- East Lothian with a decrease of 3%
- West Lothian, which increased by only 1%.

## 2.7.2 Sub-Scotland: Additional Dwelling Supplement

Figure 14: Estimates of gross residential ADS declared due (£Millions) by local authority and percentage which is intended to be reclaimed by taxpayer



City of Edinburgh accounted for 22% of gross ADS declared due in 2021/22 with £41 million, an increase of £9 million on the previous year. Glasgow City accounted for the second-largest share of ADS, making up 12% of the total with £22 million. Edinburgh tends to dominate LBTT excluding ADS (30% of total) more than gross ADS. This is because the ADS rate is flat whereas the LBTT rate is progressive, meaning the effective tax rate increases with total consideration.

The council areas with the highest proportion of gross ADS coming from taxpayers who don't intend to reclaim it were Glasgow City and Dundee City at 85% . This figure was lowest in Orkney Islands at 55%.

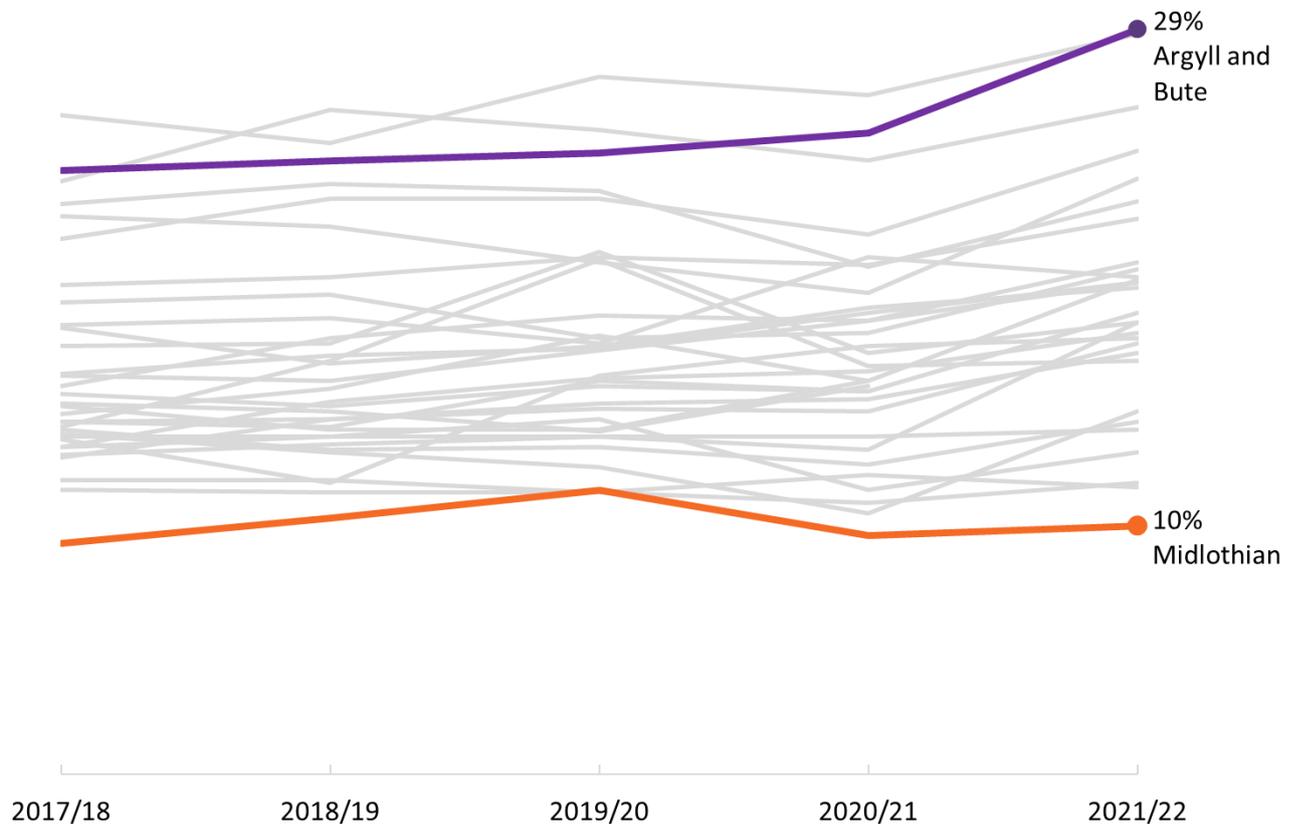
The council areas with the greatest number of returns with ADS declared due were:

- Glasgow City with 3,350
- City of Edinburgh with 3,230
- Fife with 1,600.

At 92%, Glasgow City also had the highest proportion of returns where the stated intention was to not reclaim ADS. The lowest figure was for Orkney Islands, where 65% of returns stated no intention to reclaim ADS.

### 2.7.3 Sub-Scotland: Residential conveyances not replacing a main residence

Figure 15: Estimates of the percentage (%) of all residential conveyance returns received where the taxpayer did not intend to reclaim ADS declared due, by local authority and year



The data shown in **Figure 15** is an indicative measure of the percentage of all residential conveyances where the taxpayer is purchasing an additional property (e.g. buy-to-let dwelling or a second home) rather than replacing their main residence. In 2021/22 this was highest in Argyll and Bute at 29.4% (rounded to 29% in figure 15) and Na h-Eileanan Siar at 29.2%.

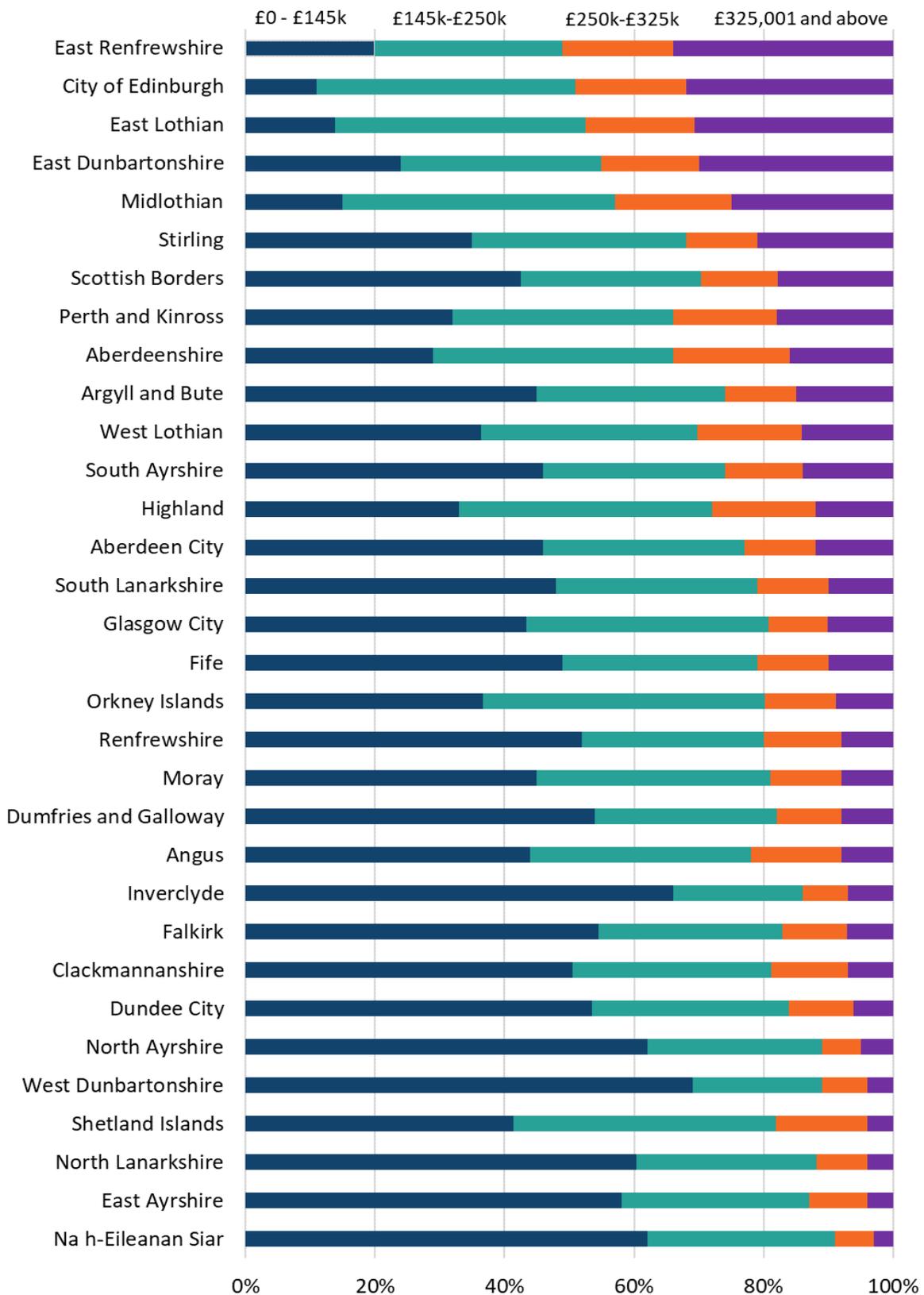
The lowest figure was in Midlothian, where only 10% of residential LBTT returns declared ADS due, which the taxpayer did not intend to reclaim. Midlothian has been lowest in four of the past five years.

For the council areas with the highest numbers of residential returns, the figures were:

- Glasgow City: 25%
- City of Edinburgh: 23%
- South Lanarkshire: 17%

## 2.7.4 Sub-Scotland: Residential tax bands

Figure 16: Distributions of residential LBTT returns by local authority and tax band, 2021/22



**Figure 16** shows the distribution of residential transactions by tax band, with the top two bands (£325,000 to £750,000 and £750,000 and above) combined to protect taxpayer confidentiality.

The council areas with the highest proportion of returns in the top grouped (£325k +) band were:

- East Renfrewshire at 34%
- City of Edinburgh at 32%
- East Lothian at 31%

One in 25 residential returns in City of Edinburgh fell into the highest underlying tax band (£750k+). These 550 returns accounted for nearly half of the 1,140 total returns within the £750k+ tax band in Scotland. East Renfrewshire was the only local authority where fewer than half of transactions were in the bottom two tax bands (49%).

West Dunbartonshire had the highest proportion (69%) of transactions in the nil rate tax band (£0-145k). For 11 of the 32 local authorities, more than half of transactions fell into the nil-rate tax band.

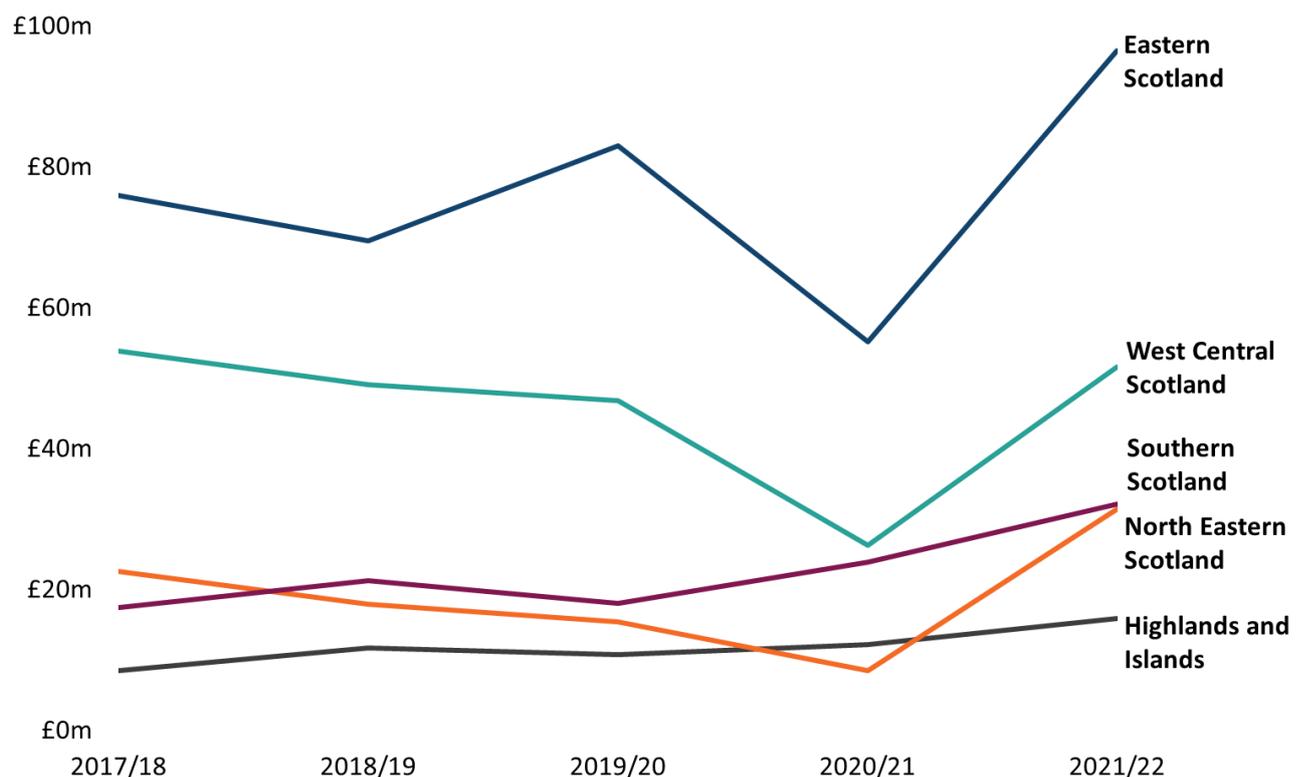
## 2.7.5 Sub-Scotland: Non-residential conveyances

Sub-Scotland LBTT data is analysed by NUTS 2 areas instead of local authorities for non residential returns, to minimise the risk of disclosing protected taxpayer information.

NUTS stands for Nomenclature of Units for Territorial Statistics, these units were originally devised for the purpose of collecting, developing and harmonising European regional statistics.

Scotland is divided into five of these units, mainly by grouping together Council Areas. These five areas are: Highlands and Islands, North Eastern Scotland, Eastern Scotland, West Central Scotland, and Southern Scotland.

**Figure 17: Estimates of non-residential LBTT declared due by NUTS 2 area and year**



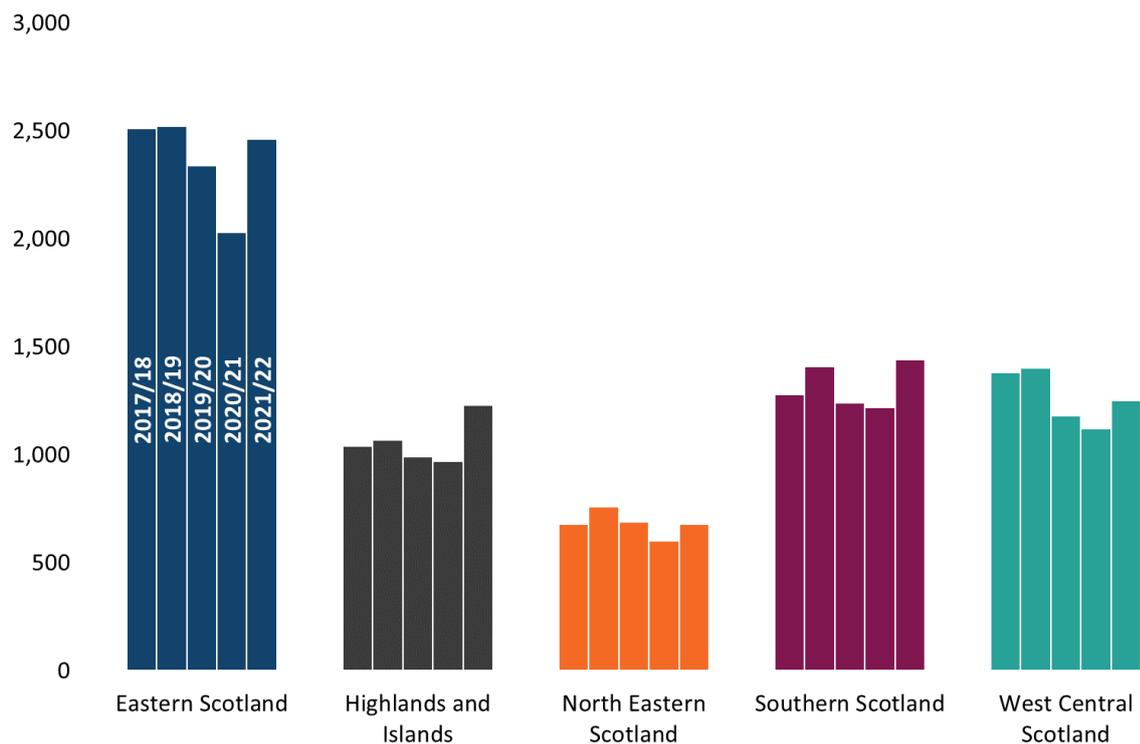
Eastern Scotland consistently makes up the largest share of non-residential LBTT declared due, accounting for £97 million (42%) in 2021/22. The highest number of returns also comes from Eastern Scotland at 2,460 (35%).

All NUTS 2 areas saw an increase in the number of non-residential returns and LBTT due in 2021/22 compared with the previous year. Eastern Scotland, West Central Scotland and North Eastern Scotland all saw significant increases in LBTT due following a dip in 2020/21

due to the impact of COVID 19. Southern Scotland and Highlands and Islands saw more gradual increases and did not experience the dip in 2020/21.

North Eastern Scotland saw a 13% increase in the number of returns in 2021/22 while LBTT due increased by 269%. This reflects the fact that for non-residential LBTT, a small number of very high value transactions can greatly affect the total LBTT due. For this reason, care should be taken when interpreting annual trends in non-residential LBTT by NUTS 2 area.

**Figure 18: Estimated number of non-residential returns by NUTS 2 area and year**



## 2.8 Reliefs

There are a number of tax reliefs which provide whole or partial relief from LBTT. Common reliefs include:

- First-Time Buyer relief, which currently relieves LBTT on the first £175,000 of the consideration payable for first time buyers, subject to conditions.
- Charities relief, where the buyer in a land transaction is a charity and certain conditions are met.
- Group relief, where at the effective date of a land transaction the seller and buyer are both companies in the same group.

**Table 10: Estimated LBTT revenue forgone to reliefs and number of LBTT returns received in which some LBTT revenue has been forgone to reliefs, by year**

Year	LBTT forgone (£ millions)			LBTT returns received in which some LBTT revenue has been forgone to reliefs		
	LBTT excluding ADS	ADS <sup>1</sup>	All	LBTT excluding ADS	ADS <sup>1</sup>	All <sup>2</sup>
2017/18	86.6	6.2	92.8	1,950	250	2,020
2018/19	122.4	4.3	126.7	9,940	310	10,020
2019/20	106.2	5.7	111.9	15,390	410	15,530
2020/21	100.8	3.6	104.4	3,020	240	3,030
2021/22	125.5	5.2	130.7	17,660	320	17,700

**Notes:**

1. ADS revenue forgone to reliefs is distinct from claims for repayment of ADS following the sale of the taxpayer's previous main residence.

2. An LBTT return may have LBTT excluding ADS and ADS revenue forgone to reliefs if both are due and relief is claimed. This column counts LBTT returns where LBTT excluding ADS or ADS revenue has been forgone to reliefs and, therefore, will not equal the sum of the previous two columns.

It is estimated that £131 million of LBTT revenue was forgone to reliefs in 2021/22, which represents a £26 million (25%) increase on the previous year. In the same period, total LBTT declared increased 57% and the total number of returns received was up 16%. The number of returns received where some LBTT was foregone to reliefs increased nearly six-fold.

First-time buyer relief was introduced in 2018, and largely accounts for the sharp increase in the number of returns with LBTT foregone to relief in 2018/19 and 2019/20. The steep decline in 2020/21 can be mostly attributed to the temporary increase in the nil-rate tax

band. During this period, a large number of transactions which normally would have qualified for first time buyers relief, simply had no LBTT due, making the relief temporarily redundant.

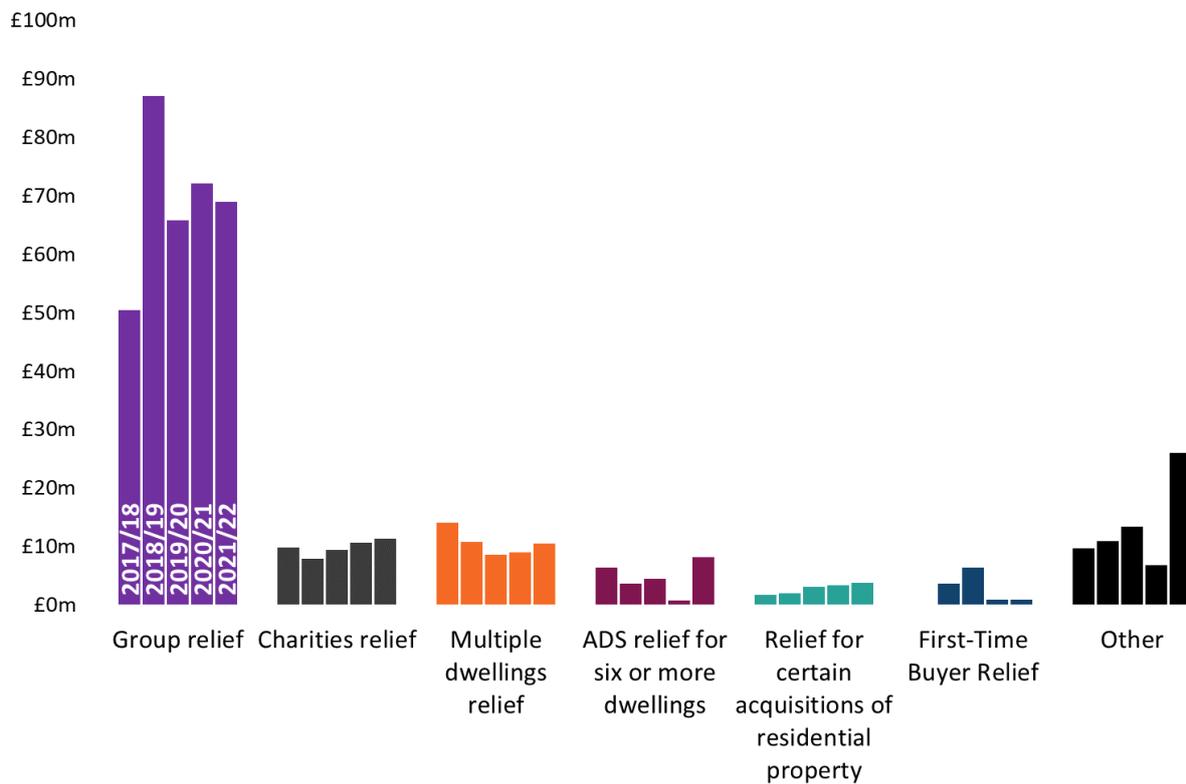
ADS revenue forgone to reliefs is estimated to have accounted for 4% of LBTT revenue forgone to reliefs in the last 5 years.

**Table 11: Estimated LBTT revenue forgone to reliefs and number of LBTT returns received in which some LBTT revenue has been forgone to reliefs by type of property and year**

Year	LBTT forgone (£ millions)			Number of LBTT returns in which some LBTT revenue has been forgone to reliefs		
	Residential	Non-residential	All	Residential	Non-residential	All
2017/18	12.2	80.6	92.8	1,190	840	2,020
2018/19	15.9	110.8	126.7	9,180	840	10,020
2019/20	17.3	94.6	111.9	14,740	790	15,530
2020/21	16.2	88.2	104.4	2,310	730	3,030
2021/22	35.7	95.0	130.7	16,960	740	17,700

Residential returns made up 96% of returns in which some LBTT was forgone to reliefs in 2021/22. However, non-residential returns made up the majority of the total value of LBTT forgone to reliefs (73%). The proportion of the total value of LBTT forgone to reliefs which was attributable to residential reliefs was larger than usual in 2021/22 at 27%. Typically this figure has been somewhere between 11% and 16%. This increase is mainly due to reliefs for a small number of very high value residential transactions.

**Figure 19: Estimated LBTT revenue forgone to reliefs by type of relief and year**



Group relief typically makes up the majority of LBTT forgone to reliefs, accounting for 53% in 2021/22. Changes in the total reliefs are largely driven by changes in group relief. Group relief provides relief from LBTT where the seller and buyer are both companies in the same group. Where certain rules are met, this allows companies to move property within a corporate group structure without a liability for LBTT being incurred.

The second highest proportion of LBTT forgone to relief came from Other reliefs, which groups together all reliefs outside the six biggest single contributors. More information about these reliefs can be found on the Revenue Scotland website. As with residential reliefs, a small number of high value transactions can have a significant impact on the total in this category. Charities relief was next highest, accounting for 9% of revenue forgone to relief.

### First-Time Buyer Relief

First-Time Buyer Relief accounted for 91% of returns received in which some LBTT revenue was forgone to relief in 2021/22. Every year since its introduction, aside from in 2020/21, when there was a temporary increase to the nil-rate tax band, First-Time Buyer Relief has made up the majority of claims for relief.

Despite accounting for the vast majority of claims for relief, **Figure 19** shows that First-Time Buyer relief accounts for only a small portion of the estimated LBTT revenue foregone to reliefs. This is because First-Time Buyer relief provides a maximum of £600 relief from LBTT per transaction, unlike other relief types which can relieve the entire tax liability of potentially much larger transactions.

### 3. Scottish Landfill Tax (SLfT)

Scottish Landfill Tax (SLfT) is a tax on the disposal of waste to a landfill in Scotland, whether to an authorised landfill site or not. SLfT applies to all taxable disposals made in Scotland on or after 1 April 2015.

**Table 12: Declared taxable disposals by SLfT rate and year**

Year	Declared taxable disposals (tonnes)		
	Standard rate	Lower rate	All
2017/18	1,775,100	790,200	2,565,300
2018/19	1,650,100	739,500	2,389,600
2019/20	1,343,600	685,700	2,029,400
2020/21	1,170,200	618,800	1,789,100
2021/22	1,348,600	680,100	2,028,700

Standard rate disposals of 1.35 million tonnes were declared in 2021/22, an increase of 15% on the previous year. Lower rate disposals also increased by 10%. This marks a departure from the long term trend of decreasing tonnage year on year, due in part to facilities returning to normal disposal activities after the previous year was affected by the COVID-19 pandemic.

**Table 13: SLfT declared due, contributions to the Scottish Landfill Communities Fund (SLCF) and credits claimed by year**

Year	£ millions							
	Gross SLfT due			Contributions to SLCF	Credit claimed for			Net SLfT declared due
	Standard rate disposals	Lower rate disposals	All		Contributions to SLCF <sup>1</sup>	Other <sup>2</sup>	All	
2017/18	152.8	2.1	155.0	9.0	8.1	0.3	8.4	<b>146.6</b>
2018/19	146.8	2.1	148.9	8.0	7.2	0.4	7.6	<b>141.3</b>
2019/20	122.7	2.0	124.7	6.3	5.7	0.5	6.2	<b>118.6</b>
2020/21	110.2	1.9	112.0	5.2	4.9	0.9	5.8	<b>106.3</b>
2021/22	130.4	2.1	132.5	6.3	5.7	1.7	7.4	<b>125.2</b>

**Notes:**

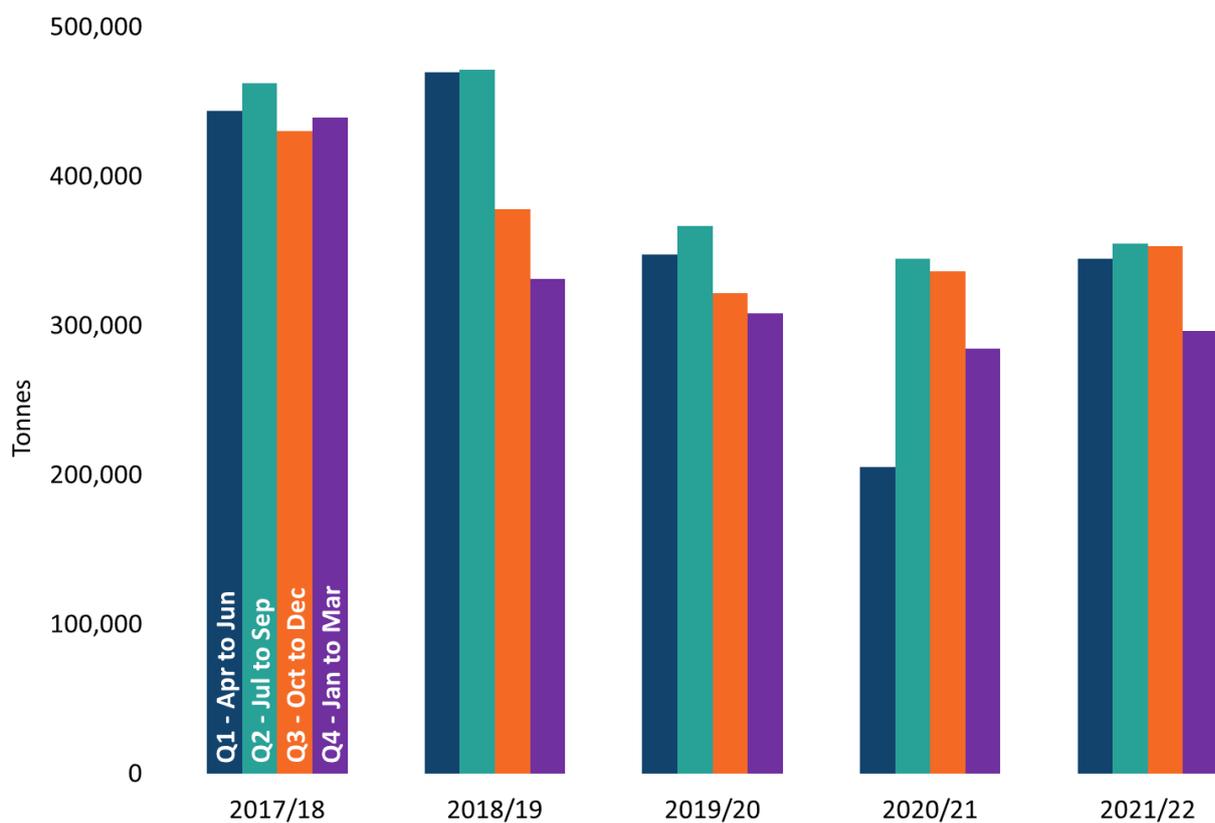
1. Taxpayers can claim a credit equal to 90 percent of their contribution to the SLCF.
2. Credit claimed for bad debt and permanent removals.

Net SLfT declared due was £125 million in 2021/22, an 18% increase on the previous year. The long-term decrease in net SLfT before 2021/22 is mainly due to standard rate disposal tonnages decreasing faster than the standard rate of tax has increased.

Standard rate disposals account for the vast majority of SLfT due. Though typically the tonnages are only about twice as high as lower rate disposals, the tax rate is around 32 times higher.

Net SLfT declared due is mainly dependent on standard rate disposals, lower rate disposals and contributions to the Scottish Landfill Communities Fund (SLCF). The SLCF is a tax credit scheme for SLfT which allows landfill site operators to contribute tax credits to benefit community and environmental projects.

**Figure 20: Declared standard rate disposals by quarter**



Standard rate disposal tonnages were highest in Q1 and Q2 each year up until 2020/21. In Q1 of 2020/21, the effect of the first COVID-19 lockdown can be seen in a greatly reduced tonnage declared. In 2021/22, the tonnages declared were fairly evenly spread in the first 3 quarters of the financial year. Year on year there had been a gradual decrease in total tonnage (standard plus lower rate) until 2021/22, which has increased slightly, close to 2019/20 levels.

**Table 14: Proportion of gross SLfT declared due by EWC code and year**

EWC code	Description	Estimated proportion of total gross SLfT declared due				
		2017/18	2018/19	2019/20	2020/21	2021/22
20 03 01	Mixed municipal waste	63.0%	58.6%	46.3%	52.0%	46.1%
19 12 12	Other wastes (including mixtures of materials) from mechanical treatment of wastes other than those mentioned in 19 12 11	25.2%	28.7%	35.3%	34.2%	39.5%
Other or unknown		11.8%	12.7%	18.4%	13.8%	14.4%

European Waste Catalogue (EWC) codes are a coding system used to describe and categorise waste. Mixed municipal waste the most prevalent waste type, contributing around 46% of SLfT revenue in 2021/22. A further 40% was attributable to disposals of EWC code 19 12 12 – other wastes. Disposals of these two waste streams have accounted for the majority of gross SLfT declared due each year.

Note that as EWC code 19 12 12 constitutes waste “from the mechanical treatment of waste” it will contain other waste types (other EWC codes) that have then been mechanically treated.

**Table 15: Taxable disposals by EWC code and SLfT rate, 2015/16 – 2021/22**

EWC code	Description	Row percentages (%)		Taxable disposals (tonnes)
		Standard rate	Lower rate	
20 03 01	Mixed municipal waste	100.0%	0.0%	6,716,300
19 12 12	Other wastes (including mixtures of materials) from mechanical treatment of wastes other than those mentioned in 19 12 11	69.1%	30.9%	4,290,100
Other or unknown		25.0%	75.0%	5,303,300

Mixed municipal waste has accounted for 6.7 million tonnes of taxable disposals since 2015/16, all of which was subject to the standard rate of SLfT. EWC code 19 12 12 has accounted for 4.3 million tonnes over the same time span. 69% of EWC code 19 12 12 disposals were subject to standard rate tax and 31% were subject to the lower rate.

## Appendix A Date of submission versus effective date

Revenue Scotland's monthly LBTT statistics and the data in this publication are based on the date the LBTT return is submitted to Revenue Scotland. Generally this is different from the effective date (generally the date that a land transaction is completed) as taxpayers have 30 days from the effective date to submit their LBTT return. It can take up to eight weeks from the effective date for the majority (99%) of LBTT returns to be submitted, whereas no such time lag exists for data produced by date of submission. Revenue Scotland is aware of interest in data by effective date but there are good reasons to publish statistics by submission date.

- Publishing data based on the submission date rather than the effective date allows Revenue Scotland to publish monthly LBTT statistics in a timely manner.
- The data will be subject to revision only as a result of changes to the LBTT returns submitted (e.g. a claim for repayment of ADS) and not as a result of the submission of LBTT returns relating to an earlier period (which would be the case for statistics produced by effective date).
- Published statistics include actual values rather than estimates for the most recent months.
- Trends observed in the published data will be broadly the same as those on an effective date basis, with the largest deviations occurring at the ends of the series and near policy changes.

It is worth noting that the Scottish Fiscal Commission (SFC) typically requests data by effective date, which it uses to produce and evaluate forecasts of LBTT revenue. The data provided allows the SFC to more accurately examine the impact of significant events, e.g. policy changes. The data includes LBTT returns with an effective date up to and including the month two months prior to the date on which the data was extracted from the tax system. Revenue Scotland subsequently publishes the data provided to the SFC on the [LBTT data requests](#) section of its website.

## **Appendix B Comparison of Published Statistics with Revenue Scotland's Annual Report and Financial Statements**

The purpose of this appendix is to explain how Revenue Scotland's monthly LBTT statistics, quarterly SLfT statistics, and annual statistics (this publication) relate to the revenue figures that appear in the Devolved Taxes Account in Revenue Scotland's Annual Report and Financial Statements (referred to in this annex as the Annual Report). The figures in the statistics and Annual Report are produced on a different basis.

### **Appendix B (i) - comparison of LBTT statistics with published accounts**

Whereas the figures in the Annual Report are, by their nature, fixed for a given year (at the point at which the accounts are closed), the published statistics are updated on a monthly basis with changes largely reflecting ADS reclaims (and some other amendments) which have been received after the original LBTT tax returns were submitted.

The Annual Report and published statistics are both based on the date the LBTT return is submitted but with some adjustments made to the Annual Report<sup>4</sup> to accrue revenue for LBTT returns (and claims for repayment of ADS) received in April and May (after the end of the financial year) with an effective date (or sale date for the previous main residence) relating to the previous financial year or earlier. These April/May adjustments typically result in relatively small differences between the Annual Report and published statistics, although the difference was more pronounced in the first year of LBTT (2015/16) because there were no reverse accruals relating to the previous year.

Differences in reported figures are mainly due to the different treatments of claims for repayment of ADS in the Annual Report and published statistics. This annex focuses on differences arising due to the different treatments of claims for repayment of ADS and is intended to help the reader make meaningful comparisons between the two sources of financial information.

The published statistics allocate claims for repayment of ADS to the period in which the LBTT return (with ADS declared due) was originally submitted. The accounts published in the Annual Report typically allocate claims for repayment of ADS to the accounting year in which the claim for repayment was received. For example, a claim for repayment of ADS received in June 2019 relating to an LBTT return originally received in March 2019 would be allocated to March 2019 (2018/19) in the published statistics and to 2019/20 in the Annual Report. This repayment could not be allocated to 2018/19 in the accounts because the 2018/19 accounts were closed as at 31 May 2019.

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<sup>4</sup> The Annual Report and Financial Statements are produced to comply with the accounting principles and disclosure requirements of the Government Financial Reporting Manual.

**Table 16: LBTT excluding ADS and gross ADS declared due and the value of ADS repayments claimed by year the LBTT return/claim for repayment was received and the year the claim relates to**

Year	£ millions <sup>3</sup>										Devolved Taxes figure for LBTT <sup>2</sup>
	a) LBTT excluding ADS	b) Gross ADS	Value of ADS repayments claimed							Net LBTT (a + b - c)	
			Year claim relates to <sup>1</sup>								
			2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	c) All		
2015/16	415.8									415.8	424.9
2016/17	389.7	104.5	13.3						13.3	480.9	483.6
2017/18	461.5	124.3	12.3	17.1					29.4	556.4	557.3
2018/19	457.1	130.4	1.6	13.0	18.6				33.1	554.4	554.2
2019/20	478.5	166.4	0.0	1.6	15.2	23.9			40.7	604.2	597.4
2020/21	398.8	156.6	0.0	0.1	2.0	19.3	23.1		44.5	510.9	517.4
2021/22	666.6	192.5	0.0	0.0	0.7	4.6	20.0	27.0	52.2	807.0	807.2

**Notes:**

1. For example, a claim for repayment of ADS received in 2017/18 relating to an LBTT return (with ADS declared due) originally received in 2016/17 would relate to 2016/17 (i.e. the year the LBTT return was received)
2. Revenue Scotland Annual Report and Financial Statements. See: <https://www.revenue.scot/about-us/publications/corporate-documents>
3. All figures are as at the end of the relevant financial year and have not been revised

Key figures in **Table 16** that help illustrate the different treatment of claims for repayment of ADS are the £4.6 million and £20 million of claims for repayment of ADS received in 2021/22 relating to LBTT returns initially received in 2019/20 and 2020/21, respectively (and to a lesser extent, the £0.7 million relating to 2018/19). In the published statistics, these claims do not result in any adjustment to the net ADS declared due in 2021/22. However, the net ADS reported in the statistics against 2019/20 and 2020/21 is revised (reduced) to reflect these claims as they relate to ADS originally declared on LBTT returns received in those financial years.

In the Annual Report, these repayments are reported as reductions in revenue in 2021/22 as they were received after the accounting periods for 2019/20 and 2020/21 were closed, and hence the accounts for 2019/20 and 2020/21 are not revised. Therefore, to compare the published statistics for LBTT relating to 2021/22 (as at the 31<sup>st</sup> March 2022<sup>5</sup>) with the LBTT revenue reported in Revenue Scotland's 2021/22 Annual Report (accounts), the ADS repayment claims received during 2021/22 relating to earlier years (£0.7 million for 2018/19, £4.6 million for 2019/20 and £20 million for 2020/21) should be deducted from the statistics<sup>6</sup>.

<sup>5</sup> See LBTT, March 2022 <https://www.revenue.scot/about-us/publications/statistics/datasets>

<sup>6</sup> Note – the figures of £0.7 million, £4.6 million and £20 million for 2018/19, 2019/20 and 2020/21 can be estimated from the statistics by differencing the net ADS statistics published for March 2022 with the net ADS statistics published for March 2021.

**Table 16** shows that the Devolved Taxes figure for LBTT in Revenue Scotland's accounts and the Net LBTT figure taken from the published statistics (adjusted for ADS reclaims in previous years, as discussed above) can broadly be reconciled. There are some other reasons for differences, but these are generally more minor and it is not practical to adjust the statistics for all possible differences.

The most significant of these is the impact of the accounting accruals process which attributes revenue in the first two months of the accounting year (April and May) to the previous financial year if the effective date of the relevant transaction was before 1 April. For every financial year there is revenue coming in from April and May of the following year (accruals) and revenue subtracted (reverse accruals) from April and May of the year in question which was included in the accounts of the previous year.

The accruals and reverse accruals often roughly cancel out, but for 2015/16, 2019/20 and 2020/21 there were more noticeable difference which in turn resulted in more significant differences between Net LBTT and Devolved Taxes figure for LBTT in **Table 16**.

For 2015/16, no LBTT revenue where the tax returns were received in April or May 2015 were accrued into 2014/15 in the annual accounts (as LBTT was only introduced in April 2015), but 2015/16 included some revenue for returns received in April and May 2016 with effective dates before 1 April 2016.

For 2019-20, accruals from April and May 2020 (into 2019/20) were reduced as a result of the impact of the COVID-19 pandemic which significantly impacted LBTT revenue in late March and April/May 2020. This resulted in a lower figure in the accounts (£597.4 million) than in the net figure shown in **Table 16** (£604.2 million), a difference of nearly £7 million.

The opposite effect is seen for 2020/21 where the accrual into the accounts (from April/May 2021 into 2020/21) outweighs the accrual from April/May 2020 into 2019/20. In this case the figure in the accounts for 2020/21 (£517.4 million) is around £7 million more than the net figure in **Table 16** (£510.9 million).

## Appendix B (ii) – comparison of SLfT statistics with published accounts

**Table 17: Comparison of SLfT declared due reported in Revenue Scotland statistics with SLfT revenue reported in the Revenue Scotland Annual Report and Financial Statements**

Year	£ millions	
	SLfT declared due (in statistics <sup>1</sup> )	SLfT revenue net of repayments, excluding penalties & interest and revenue losses (in accounts <sup>2</sup> )
2015/16	149.3	147.0
2016/17	148.0	149.1
2017/18	146.6	148.0
2018/19	141.3	148.5
2019/20	118.6	119.0
2020/21	106.3	106.5
2021/22	125.2	125.2

**Notes:**

1. Revenue Scotland SLfT Official Statistics.

See <https://www.revenue.scot/about-us/publications/statistics/scottish-landfill-tax-statistics>

2. Revenue Scotland Annual Report and Financial Statements.

See <https://www.revenue.scot/about-us/publications/corporate-documents>

**Table 17** compares the SLfT declared due reported in Revenue Scotland Official Statistics with the SLfT revenue figures reported in Revenue Scotland’s Annual Report.

These statistics are reported in relation to the quarter in which the landfill disposal took place. For example, if a landfill operator submits an SLfT tax return in August 2018 relating to the quarter April - June 2018, the tax declared due is reported against that quarter (i.e. April - June 2018). Landfill operators have 12 months from the relevant date to amend their tax return and Revenue Scotland SLfT Statistics are revised up to 12 months after the quarter in question. If additional tax is declared, or identified through Revenue Scotland compliance activities, after this 12 month period, the statistics are not revised. This is to minimise the risk of disclosing Protected Taxpayer Information by updating tonnages and revenues by quarter, potentially showing changes relating only to single operators, or very small numbers of operators.

The Annual Report (accounts) reports revenue against the year in which the revenue was realised, with accrual adjustments in April and May. Unlike the statistics, any additional revenue (or reductions in revenue) realised during a financial year (but potentially relating

to earlier years) will be reported as revenue in the accounts during that year and may lead to a difference between SLfT reported in the statistics and the accounts.

## Appendix C Data Quality and Further Information

All data were extracted as at 31 May 2022 but, in keeping with Revenue Scotland’s revisions policy, some of the data relating to earlier years has not been updated. For LBTT and SLfT, only data for 2020/21 onwards has been updated (and for sub-Scotland geographies, only the most recent year was updated).

### Reliefs

There are various data quality issues with reliefs information collected from LBTT returns in previous years, although these issues do not affect the total LBTT declared due.

The most common data quality issue affecting total revenue foregone to reliefs is that, prior to the introduction of a new electronic tax system in July 2019, 4% of taxpayers claiming reliefs incorrectly entered the value of the relief claimed as the full consideration - e.g. the total price of the property – rather than the LBTT amount that would be due without reliefs. This means that simply summing the value of reliefs claimed on tax returns would overstate the value of LBTT revenue forgone to reliefs. The LBTT revenue forgone to reliefs needs to be estimated from other information provided by the taxpayer, and hence the results presented are referred to as estimates. Full details of the methods used to produce the estimates can be found on the [LBTT data requests section](#)<sup>7</sup> of the Revenue Scotland website.

From 2015/16 to 2018/19, the relief amount was estimated in this way for 10% of returns claiming a relief. Recent improvements to the tax system have reduced the need to estimate the relief amount, and in 2020/21, the relief amount was estimated for 1% of returns.

It is also worth noting that the estimates are likely to underestimate ADS (and consequently LBTT) revenue forgone to reliefs to some extent. ADS is due on most purchases of a residential property by a non-natural person, such as a company. When a full relief is claimed reducing the LBTT liability to nil, in some cases the ADS has not been declared (rather than declared and reduced to nil by relief). Therefore, although the tax position is correct, it is likely that data on reliefs for residential transactions will underestimate ADS revenues forgone. There is a similar issue where a non-residential transaction contains a mixture of residential and commercial elements (‘mixed’ property transactions are treated as non-residential transactions for LBTT). Again, the overall tax position for the relevant transactions remains correct.

### Notes on LBTT returns

The LBTT legislation prescribes that an LBTT return must be submitted and arrangements made for payment of the LBTT due to Revenue Scotland before the Keeper of the Registers of Scotland can proceed with registration of title. The LBTT return includes a range of

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<sup>7</sup> The relevant file is dated 11 October 2018 and named ‘LBTT – reliefs.xlsx’.

information about the transaction, tax liabilities and reliefs claimed. Amendments and corrections can be made to LBTT returns up to one year following the filing date. This may lead to revisions to the LBTT data in this publication. The vast majority of LBTT returns are submitted online via the Revenue Scotland website by agents acting on behalf of taxpayers.

### **Notes on SLfT returns**

The SLfT data presented in this publication comes from SLfT returns and is based on the period the return relates to. A SLfT return must be submitted and arrangements made for payment of the SLfT due to Revenue Scotland by 44 days after the end of the quarter. The SLfT return includes a range of information about the tax liabilities and credits claimed, along with supplementary information on the type and amount of waste disposed of in the quarter. Amendments and corrections can be made to SLfT returns up to one year following the filing date. This may lead to revisions to the SLfT data in this publication. The vast majority of SLfT returns are submitted online via the Revenue Scotland portal.

### **Other Data Sources**

Users should note that this publication is not a commentary on the volume of waste from all sources or volume of waste landfilled in Scotland. Nor is it a commentary on the volume or value of land and property transactions in Scotland.

The Scottish Environment Protection Agency publishes comprehensive waste data for Scotland on its [website](#).

Registers of Scotland publishes comprehensive property data for Scotland on its [website](#).