

Revenue Scotland

Additional Dwelling Supplement

SSI 2024 changes

Today's Speakers

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What this session will cover

The SSI 2024
Legislation

Importance of
the effective
date

Guidance
updates

Examples

Questions



Sources of information

- [LBTT\(S\)A 2013 Schedule 2A](#)
- [SSI 2024 \(Draft\)](#)
- Schedule 6A - Relief for certain acquisitions by Local Authorities



Purpose of the SSI

The purpose of the SSI is to bring in legislative change to address concerns on when the ADS is applicable and when a repayment can be claimed.

The concerns and proposed changes were highlighted through a Scottish Government call for evidence and consultation on the ADS.



Effective Date

The SSI changes come into effect on 1 April 2024, for transactions with an **effective date** of 1 April 2024 onwards.



The changes will not be retrospective in either the ADS being applicable or repayment conditions being met.

This means any transaction with an **effective date up to and including the 31 March 2024** will be subject to all previous repayment conditions and timings even if the repayment claim is made on or after the 1 April 2024.

Guidance updates



Timelines

Small Shares

Inherited Dwellings

Divorce, separation

Joint buyers

Local Authorities

Timelines

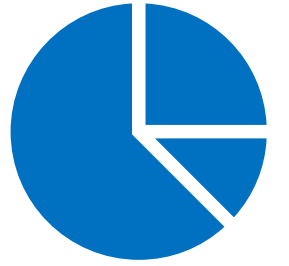


The previous 18-month timeline is now replaced with a 36-month timeline.



A buyer can now sell a Previous Main Residence 36 months before or after the effective date, to be considered as replacing a main residence for ADS purposes.

Small Shares



- Previously if the total value of a dwelling was £40,000 or more this would be counted as ownership of a dwelling for the purposes of the ADS, regardless of your share value.
- This has now changed to look at your share of the ownership. If this is less than £40,000, your share of the dwelling will not be considered as ownership for the purposes of the ADS.
- Spouses, civil partners and children under 16 are counted a single economic unit.

Example – Small Shares – single economic unit

Civil Partners Green and Pink own a dwelling purchased together for £75,000.

The transaction was treated as a purchase by a single economic unit.

When counting the number of dwellings owned for any future transaction as they are a single economic unit it is not their share of the dwelling at £37,500 that will be looked at it but the overall value of the dwelling £75,000.

As this is over £40,000 this will count towards the number of dwellings owned.



Example – Small Shares Inherited

Purple inherits a share of a dwelling along with 3 siblings.

The dwelling is valued at £120,000, with each share being £30,000.

Two years later Purple buys their first main residence.

As they own a share in another dwelling this is looked at for ADS purposes. However, the value of the share at that time is £33,000.

Purple will not be required to count this as ownership of a dwelling as the share is still under £40,000 the ADS will not be applicable.



Inherited Dwellings

Inherited properties exception

If the buyer inherits a dwelling after they have entered into the contract to purchase a new main residence but before the completion date, the inherited dwelling will not count towards the number of dwellings owned for the purposes of the ADS.

However, the dwelling may be counted towards the number of dwellings owned in the future. This will depend on various factors including the share value of the ownership.



Example – Inherited dwelling

Pink has entered into a contract to purchase their first main residence.

Completion is due to take place in 6 weeks.

Pink unexpectedly inherits a dwelling, with transfer of the dwelling a month later.

Although inherited dwellings are not subject to the ADS, they usually count towards the number of dwellings owned.

As the inheritance was between the contract and completion dates the inherited dwelling will not count towards the number of dwellings owned.

As there is only one dwelling to be counted – the new purchase, no ADS is due.



Joint Buyers

Changes now mean only **one buyer** where there are joint buyers are required to meet repayment conditions **a) & b)** where only one of buyers brought the transaction into ADS charge. If more than one buyer brought the transaction into ADS charge condition d) applies:

- a) within the period of 36 months beginning with or ending with the day after the effective date of the transaction, the buyer disposes of the ownership of a dwelling (other than one that was or formed part of the subject-matter of the chargeable transaction)
- b) that dwelling was the buyer's only or main residence at any time during the period of 36 months ending with the effective date of the transaction

All buyers must meet condition C

- c) the dwelling that was or formed part of the subject-matter of the transaction has been occupied as the buyer's only or main residence.
- d) where there are joint buyers, each of whom own a dwelling other than the new main residence which is being purchased, all of the buyers must meet the repayment conditions



Example – Joint Buyers meet repayment conditions

Yellow owns their current main residence (House 1), but will soon be buying a new main residence House 2 with Green jointly. They are not co-habitants, spouses or civil partners. Green currently lives in separate rented accommodation.

The sale of House 1 is delayed until after the effective date. Therefore, at the end of the effective date of the transaction, Yellow owns two dwellings and has not replaced their main residence. If any of the joint buyers own more than one dwelling and have not replaced an only or main residence, the ADS will apply.

House 1 is sold 3 months later and they now wish to claim a repayment of the ADS.

As House 1 was the only dwelling causing the ADS to be charged, a repayment claim can be made.

As Yellow has sold a previous main residence within 36 months of the effective date conditions a) and b) have been met. Yellow and Green are both living in the new main residence which meets repayment condition c).



Example – Joint Buyers repayment conditions not met

Blue and Green are purchasing a dwelling together (House 3).

Blue currently lives in House 1 as their main residence. Green owns a 50% share (valued at £90,000) of a dwelling, House 2, which is used as a holiday let. Green currently lives in rented accommodation.

For both Blue and Green, the new purchase will be an additional dwelling. At the end of the day that is the effective date of the transaction for House 3, Blue and Green will own two dwellings each and be deemed to own each others dwelling as they are joint buyers. The ADS will apply.

If Blue sells their previous main residence they will not be able to claim a refund of the ADS, as the previous main residence is not the only dwelling that brought them into the ADS charge and has not been a main residence for both buyers.



Divorce / separation



Divorce and separation exception if the following conditions are met:

- two dwellings owned at the end of the effective date
- the first dwelling was at any time their previous main residence, with a spouse, civil partner, former spouse, or former civil partner
- the first dwelling remains the main residence of the buyer's spouse, civil partner, former spouse, or former civil partner
- there is no intention to live together again as civil partner or spouse
- the ownership retained in the first dwelling is due to a court order or formal agreement in connection with:
 - dissolution or annulment of the civil partnership
 - separation or divorce

In such cases the dwelling is not counted towards ownership for the purposes of the ADS.

Example – Divorce / separation

Red and Green are married and live together in their main residence (House 1), which is jointly owned.

They separate and Red leaves House 1.

A court order is put in place stating Red is to retain ownership of House 1 for Green and their children to live in until such time as the children reach a specific age or Green is in a position to buy House 1 outright.

Red buys a new main residence as the court order is in place for House 1, this will not be counted as a dwelling owned by Red for the purposes of the ADS. As Red owns no other dwellings there will be no ADS due.



Local Authorities

Local authorities previously were liable to pay the ADS.

Local authority transactions will now be exempt from charge if they meet either of the following qualifying conditions:

The transaction is through powers within section 2 of the Housing (Scotland) Act 1987

The transaction is funded with the assistance of a grant or other financial assistance under section 2 of the Housing (Scotland) Acts 1988



Repayment Claims



Claims for repayment can be made by:

- Original agent – through the online Portal
- Taxpayer – online claims process
- New agent acting for the taxpayer – claims form available through our website.

You must follow the eligibility checker relevant to the ‘effective date’ of the transaction.

Eligibility checker

Effective date up to 31 March 2024

Eligibility checker

Please confirm the following criteria are met in order to proceed with this application

- ADS was paid on the new property purchase
- The previous property was sold within 18 months of buying the new one
- The new property is, or has been the only or main residence of all buyers
- The previous property was the only or main residence of all buyers of the new property at some point in the 18-month period before the new property was purchased

See guidance on LBTT Additional Dwelling Supplement ([opens in a new window](#)) for further details.

If you are unsure whether or not you are eligible for a refund look at the examples ([opens in a new window](#)).

Continue

Eligibility checker

Effective date from 1 April 2024

Eligibility checker

Please confirm the following criteria are met in order to proceed with this application

- ADS was paid on the new property purchase
- The previous property was sold within 36 months of buying the new one
- The new property is, or has been the only or main residence of all buyers
- The previous property was the only or main residence of all relevant buyers of the new property at some point in the 36-month period before the new property was purchased

See guidance on LBT Additional Dwelling Supplement ([opens in a new window](#)) for further details.

If you are unsure whether or not you are eligible for a refund look at the examples ([opens in a new window](#)).

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Revenue Scotland's Role

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