

Revenue Scotland
Statistics
Annual Summary of
Trends in the
Devolved Taxes
2017/18

Executive summary

The data in this publication covers the period 1 April 2015 to 31 March 2018 (unless otherwise stated). The data was extracted on 30 November 2018 and will reflect any claims for repayment of the Additional Dwelling Supplement (ADS) or other amendments to tax returns up to and including this date.

Land and Buildings Transaction Tax (LBTT)

- Since the introduction of ADS in 2016/17, residential conveyances have accounted for 63 per cent of LBTT declared due, non-residential conveyances have accounted for 32 per cent and leases have accounted for 5 per cent.
- Residential conveyances have accounted for 89 per cent of LBTT returns received with non-residential conveyances accounting for 6 per cent and leases accounting for the remaining 5 per cent.

LBTT excluding ADS declared due for residential conveyances

- The LBTT excluding ADS declared due for residential conveyances has increased each year since its introduction in 2015/16 and was £260 million in 2017/18 representing an increase of £46 million (21 per cent) on the previous year. This was mainly due to an increase in average residential property prices.
- Approximately 51 per cent of returns received have total consideration less than or equal to £145,000 and, therefore, have zero tax liabilities.
- The residential LBTT band £325,001 to £750,000 accounts for approximately 8 per cent of returns received and 55 per cent of LBTT excluding ADS declared due.
- City of Edinburgh has accounted for 30 to 33 per cent of residential LBTT excluding ADS declared due in each of the last three years. No other local authority has accounted for more than 9 per cent in any year.
- Since 2015/16, residential LBTT excluding ADS declared due for Aberdeenshire and Aberdeen City has decreased by 33 and 23 per cent, respectively. This contrasts with the 29 per cent increase for Scotland as a whole.

ADS for residential conveyances

- £122 million gross ADS was declared due in 2017/18 representing an increase of £19 million (19 per cent) on the previous year.
- City of Edinburgh accounted for most gross ADS declared due in 2017/18 with £28 million (23 per cent).

- 23,500 residential conveyances received in 2017/18 had ADS declared due representing an increase of 2,700 (13 per cent) on the previous year. This equates to 23 per cent of all residential conveyances received in 2017/18.
- The gross ADS reclaimed rises from 1 per cent for the most recent month (November 2018) to around 23 to 31 per cent for the earliest 14 months (April 2016 to May 2017). This is a reflection of the fact that taxpayers have 18 months from the effective date of the transaction subject to ADS to sell their previous main residence and reclaim ADS.
- Approximately 8 per cent of claims for repayment of ADS are received within four weeks, half of all claims are received within 20 weeks and approximately 90 per cent of all claims are received within a year.
- In 2016/17 approximately two-thirds of taxpayers who stated that they intended to reclaim ADS subsequently went on to do so. Only 1 per cent of taxpayers who stated that they did not intend to reclaim ADS subsequently went on to do so.
- In 2017/18, the percentage of LBTT returns received with ADS declared due where the taxpayer indicated that they do not intend to reclaim ADS was highest in Glasgow City (84 per cent) and lowest in East Renfrewshire (58 per cent).
- Residential conveyances with ADS declared due where the taxpayer does not intend to reclaim ADS tend to be lower value transactions. This is likely to reflect the fact that these transactions involve buy-to-let properties and second homes.

LBTT declared due for non-residential conveyances and leases

- The LBTT declared due for non-residential conveyances and leases is volatile due to fluctuations in the small number of high-value transactions seen in each year.
- LBTT from non-residential conveyances was £178 million in 2017/18, a decrease of £12 million (6 per cent) from 2015/16 but an increase of £23 million (15 per cent) on the previous year. LBTT from leases was £25 million in 2017/18.

LBTT revenue forgone to reliefs

- It is estimated that £93 million of LBTT revenue was forgone to reliefs in 2017/18. The estimated LBTT revenue forgone to reliefs has been decreasing year-on-year (by approximately £15 million per year).
- Group relief is estimated to have accounted for the majority (55 to 73 per cent) of revenue forgone each year. However, the revenue forgone to group relief has been decreasing each year (by approximately £19 million per year), driving the decrease in LBTT revenue forgone to reliefs.

Scottish Landfill Tax (SLfT)

- Standard rate disposals of 1.8 million tonnes were declared in 2017/18. Standard rate disposals have decreased each year. Since 2015/16 standard rate disposals have decreased by approximately 100,000 tonnes (5 per cent).
- The net SLfT declared due was £147 million in 2017/18. The net SLfT declared due has decreased each year since 2015/16 by approximately £1 million (1 per cent) per year due to standard rate disposals decreasing faster than the increase in the rate at which standard rate disposals are taxed.
- Disposals of two waste streams, namely mixed municipal waste (65 to 67 per cent) and waste derived from mechanical treatment of waste (23 to 27 per cent), have accounted for the majority (88 to 94 per cent) of gross SLfT declared due each year.
- All taxable disposals of mixed municipal waste have been declared as subject to the standard rate of SLfT. However, taxable disposals of waste derived from mechanical treatment of waste (European Waste Catalogue code 19 12 12) have been declared as split between the standard (70 per cent) and lower (30 per cent) rates of SLfT.

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1. Introduction

Revenue Scotland is a Non-Ministerial Department responsible for the management and collection of Scotland's devolved taxes – currently Land and Buildings Transaction Tax (LBTT) and Scottish Landfill Tax (SLfT).

Revenue Scotland began tax collection operations on 1 April 2015.

Revenue Scotland operates according to Adam Smith's principles of taxation to ensure equity, certainty, convenience and efficiency in administering and managing devolved taxes.

The four principles:

- **Equity** – proportionality to the ability of a taxpayer to pay;
- **Certainty** – maximising tax compliance, minimising tax avoidance and evasion;
- **Convenience** – ensuring tax systems and processes are open and accessible;
- **Efficiency** – ensuring tax systems are efficient and effective and represent value for money for Scotland.

Revenue Scotland has statutory powers in addition to the management and collection of the devolved taxes. These include:

- providing information, advice and assistance on tax matters for Scottish Ministers;
- providing information and assistance to taxpayers and agents;
- efficiently resolving devolved tax disputes;
- protecting tax revenue from tax fraud and avoidance.

This is Revenue Scotland's first annual statistics publication summarising trends in the devolved taxes, namely Land and Buildings Transaction Tax (LBTT) and Scottish Landfill Tax (SLfT).

Revenue Scotland publishes monthly and quarterly official statistics on LBTT and SLfT.

Revenue Scotland's monthly LBTT publication provides information on the LBTT declared due and number of LBTT returns received by month of submission, type of transaction (conveyance/lease), type of property (residential/non-residential) and total consideration. Information on the Additional Dwelling Supplement (ADS) declared due, the number of LBTT returns received with ADS declared due and the value and number of claims for repayment of ADS received is also provided.

<https://www.revenue.scot/about-us/publications/statistics/land-and-buildings-transaction-tax-statistics-0>

Revenue Scotland's monthly LBTT publication is also available from [statistics.gov.scot](https://www.statistics.gov.scot).

Revenue Scotland's quarterly SLfT publication provides information on the SLfT declared due, declared taxable disposals by SLfT rate and contributions to the Scottish Landfill Communities Fund (SLCF).

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

The purpose of this annual publication is to summarise and provide commentary on Revenue Scotland's official statistics publications and also to provide information that is not available in the monthly and quarterly official statistics publications, e.g.

- 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

This publication is distinct from Revenue Scotland's Annual Report and Financial Statements.

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

Appendix B explains how Revenue Scotland's official statistics publications relate to its Annual Report and Financial Statements.

As is the case with Revenue Scotland's monthly LBTT publication, the LBTT data presented in this publication comes from LBTT returns and is based on the date the return was received by Revenue Scotland. Appendix A explains how data on this basis relates to data on an effective date¹ basis.

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 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 date². 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.

¹ Typically the effective date of a land transaction is the date that the land transaction is completed. For further information on the effective date see the guidance published by Revenue Scotland.

<https://www.revenue.scot/land-buildings-transaction-tax/guidance/lbtt-legislation-guidance/how-tax-works/lbtt1004>

² <https://www.legislation.gov.uk/asp/2014/16/section/83>

Users should note that this publication is not a commentary on the volume or value of land and property transactions in Scotland. Registers of Scotland publish comprehensive property data for Scotland.

<https://www.ros.gov.uk/data-and-statistics>

Similarly 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.

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. The Scottish Environmental Protection Agency publish comprehensive waste data for Scotland.

<https://www.sepa.org.uk/environment/waste/waste-data/>

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. Both undergo regular quality assurance reviews to ensure that they meet customer needs and are produced free from any political interference.

<https://www.statisticsauthority.gov.uk/code-of-practice/>

The figures and tables in this publication can be downloaded from the Revenue Scotland website.

<https://www.revenue.scot/about-us/publications/statistics>

Unless otherwise stated all data is as at 30 November 2018.

If you need any further information or have any comments or suggestions on how this publication or the official statistics Revenue Scotland produce can be improved then please contact us using the details below.

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2. Land and Buildings Transaction Tax (LBTT)

Land and Buildings Transaction Tax (LBTT) came into effect on 1 April 2015. It is a replacement for the UK Stamp Duty and Land Tax (SDLT) which ceased to apply in Scotland on the same date. LBTT is administered by Revenue Scotland with support from Registers of Scotland which performs specific delegated functions.

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 (such as acquisitions by the Crown or transactions in connection with a court order relating to divorce or dissolution of civil partnership). A full list of exempt transactions can be found in the LBTT guidance.

<https://www.revenue.scot/land-buildings-transaction-tax/guidance/lbtt-legislation-guidance/exemptions-reliefs/lbtt3002>

For more information about LBTT, please see the relevant sections on our website.

<https://www.revenue.scot/land-buildings-transaction-tax>

The biggest change to LBTT since it came into effect is the Additional Dwelling Supplement (ADS) which was introduced on 1 April 2016. The ADS is an additional charge which is applicable when the taxpayer is not replacing their main residence. The most common scenario in which taxpayers are likely to pay the ADS will be where they are purchasing a buy-to-let dwelling or a second home (or holiday home) in addition to their main residence.

Taxpayers have 18 months from the effective date of the transaction subject to the ADS to sell their previous main residence and reclaim the ADS.

For more information about ADS, please see the relevant sections on our website.

<https://www.revenue.scot/land-buildings-transaction-tax/guidance/lbtt-legislation-guidance/lbtt10001-lbtt-additional-dwelling>

Throughout this publication 'gross ADS' refers to the ADS declared due and 'net ADS' refers to the ADS declared due minus any repayments of ADS claimed.

The current rates for LBTT (and ADS) are set by the Scottish Government and approved by the Scottish Parliament.

<https://www.revenue.scot/land-buildings-transaction-tax/guidance/calculating-tax-rates-and-bands>

2.1 Overview

Figure 1: LBTT declared due by type of transaction and year

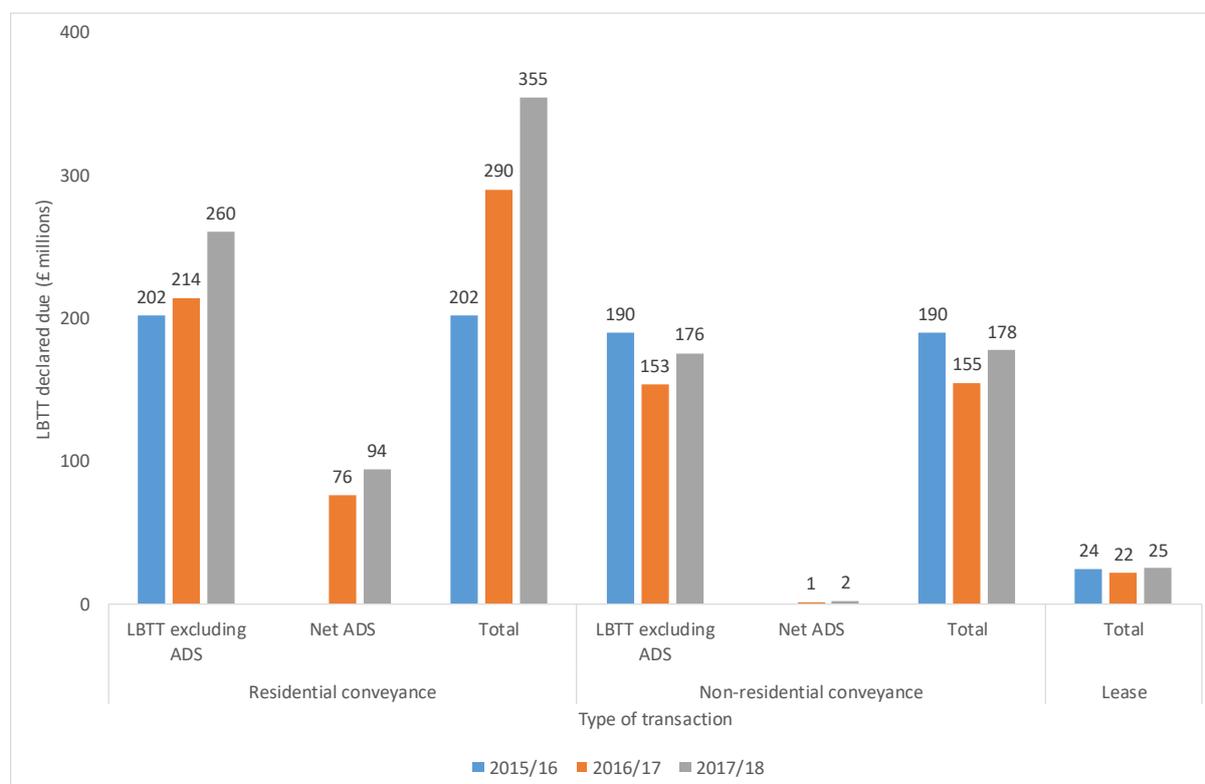


Figure 1 shows LBTT declared due by type of transaction and year. In each year residential conveyances have accounted for more LBTT than non-residential conveyances and leases. In the (one) year prior to the introduction of the Additional Dwelling Supplement (ADS) on 1 April 2016, residential and non-residential conveyances accounted for similar amounts of LBTT. Since the introduction of ADS residential conveyances have accounted for almost two times more LBTT than non-residential conveyances. This reflects the introduction of ADS (residential conveyances have accounted for 98 per cent of net ADS declared due), an increase in LBTT excluding ADS from residential conveyances and a decrease in LBTT from non-residential conveyances. Leases account for much less LBTT than residential and non-residential conveyances.

Since 2016/17, residential conveyances have accounted for 63 per cent of LBTT, non-residential conveyances have accounted for 32 per cent of LBTT and leases have accounted for 5 per cent of LBTT.

In total, LBTT (as at 30 November 2018) has increased from £416 million for tax returns originally received in 2015/16 to £467 million in 2016/17 and £557 million in 2017/18. The relationship between these figures and those published in Revenue Scotland's Annual Report and Financial Statements is described in Appendix B

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

Type of transaction	Number of LBTT returns received		
	2015/16	2016/17	2017/18
Residential conveyance	103,680	100,500	103,930
Non-residential conveyance	6,220	6,810	6,880
Lease	5,280	5,740	5,590
All	115,180	113,060	116,390

Table 1 shows the number of LBTT returns received by type of transaction and year. The number of LBTT returns received by type of transaction is more consistent than the corresponding LBTT declared due. Residential conveyances have accounted for the majority (89 per cent) of LBTT returns received. Non-residential conveyances have accounted for 6 per cent of LBTT returns received with leases accounting for the remaining 5 per cent. It is worth noting that non-residential conveyances account for a much higher proportion of LBTT declared due (32 per cent since 2016/17) than LBTT returns received (6 per cent). This is because small numbers of high-value non-residential conveyances typically account for a relatively large proportion of LBTT.

2.2 Residential LBTT excluding Additional Dwelling Supplement (ADS)

In this section we summarise the trends in LBTT excluding the Additional Dwelling Supplement (ADS) declared due for residential conveyances and the number of residential conveyances received. There are good reasons for including analysis of LBTT excluding ADS separately from analysis of ADS. Analysing trends in total LBTT declared due for residential conveyances is complicated by the introduction of the ADS on 1 April 2016 which introduces a break in the LBTT revenues time series. This is less problematic for non-residential conveyances as net ADS revenue accounts for a very small proportion of LBTT revenue from non-residential conveyances. (See **Figure 1**.) Furthermore, as the ADS may be reclaimed when the taxpayer sells their previous main residence, the series is subject to large revisions for many months.

Table 2: LBTT excluding ADS declared due and number of LBTT returns received by year for residential conveyances

	2015/16	2016/17	2017/18
LBTT excluding ADS (£ millions)	202.0	214.2	260.3
Annual percentage change in LBTT excluding ADS		6.1%	21.5%
LBTT returns received	103,680	100,500	103,930
Annual percentage change in LBTT returns received		-3.1%	3.4%
LBTT excluding ADS per return received ¹ (£)	1,900	2,100	2,500

Notes:

1. Rounded to the nearest £100.

Table 2 shows the LBTT excluding ADS declared due and the number of LBTT returns received by year for residential conveyances. The tax has increased each year and was £260 million in 2017/18. The tax increased by 6 per cent (£12 million) between 2015/16 and 2016/17 despite a 3 per cent decrease in the number of returns received. The tax increased by 21 per cent (£46 million) between 2016/17 and 2017/18 and the number of returns received increased by 3 per cent.

Figure 2: LBTT excluding ADS declared due by month and year for residential conveyances

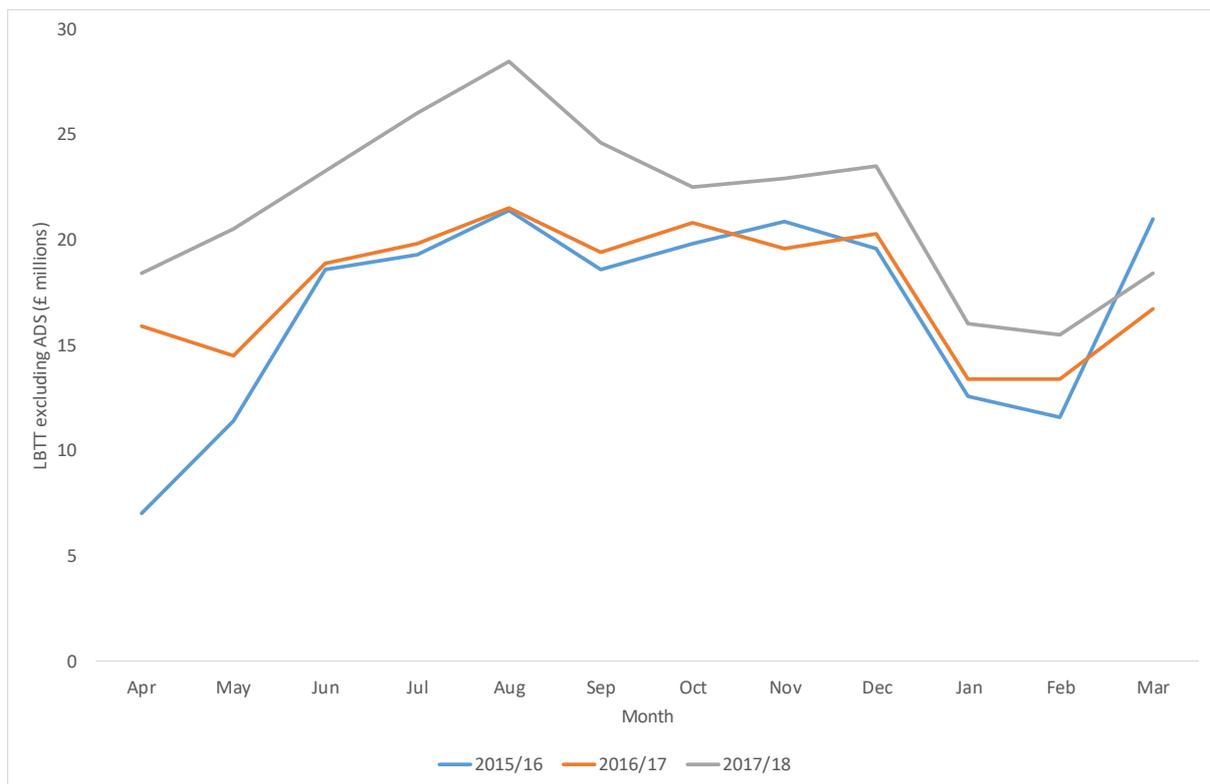


Figure 3: Number of residential conveyances received by month and year

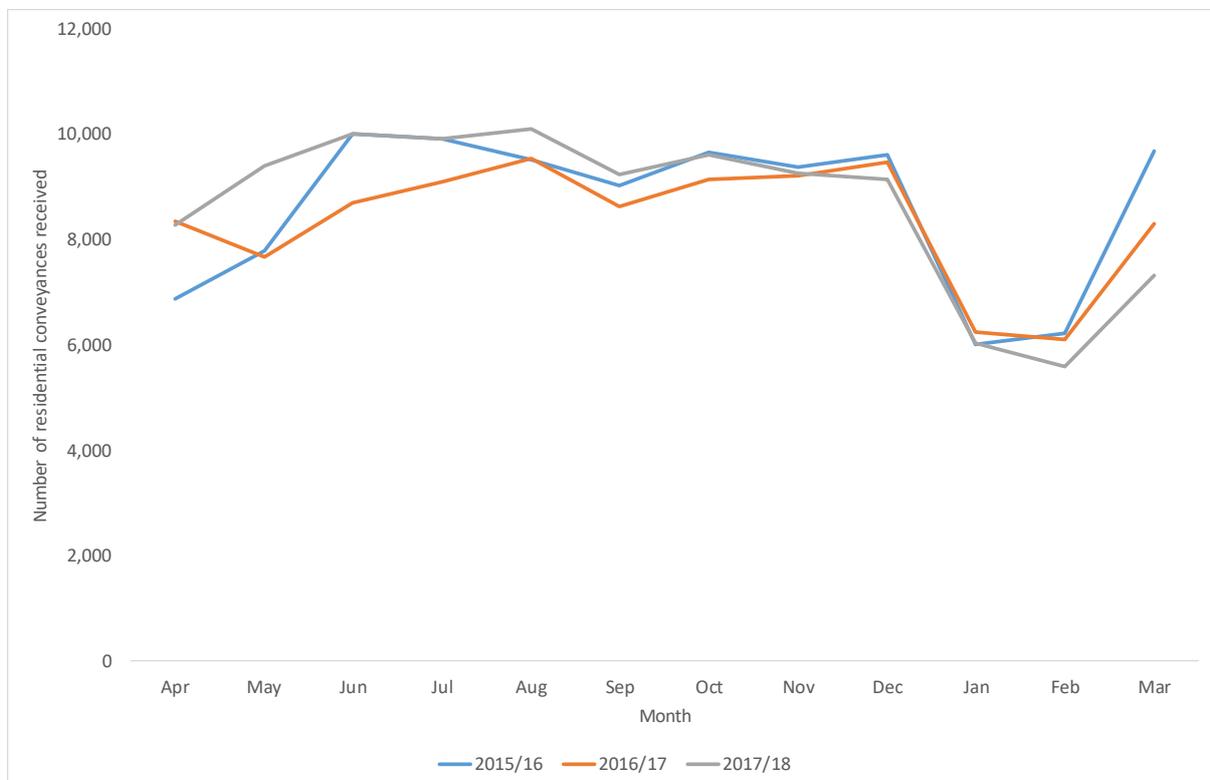


Figure 2 shows LBTT excluding ADS declared due by month and year for residential conveyances and **Figure 3** shows the number of residential conveyances received by month

and year. In 2015/16 and 2016/17 the tax was fairly constant from June to December (ranging from £19 to 21 million) before dropping off in the quieter months of January and February (ranging from £12 to 13 million). The period from March to May was more variable and this is likely to have been influenced by behavioural changes ahead of the introduction of tax changes on 1 April (e.g. the introduction of LBTT on 1 April 2015 and the introduction of ADS on 1 April 2016). The number of residential conveyances received exhibited similar seasonal variation to the tax declared due.

The seasonal trends in 2017/18 were similar to those observed in 2015/16 and 2016/17 but the tax was generally higher. For each month of 2017/18 the tax was higher than in 2016/17 by an average of £4 million per month.

Figure 4: Distribution of residential conveyances received by residential LBTT band and year

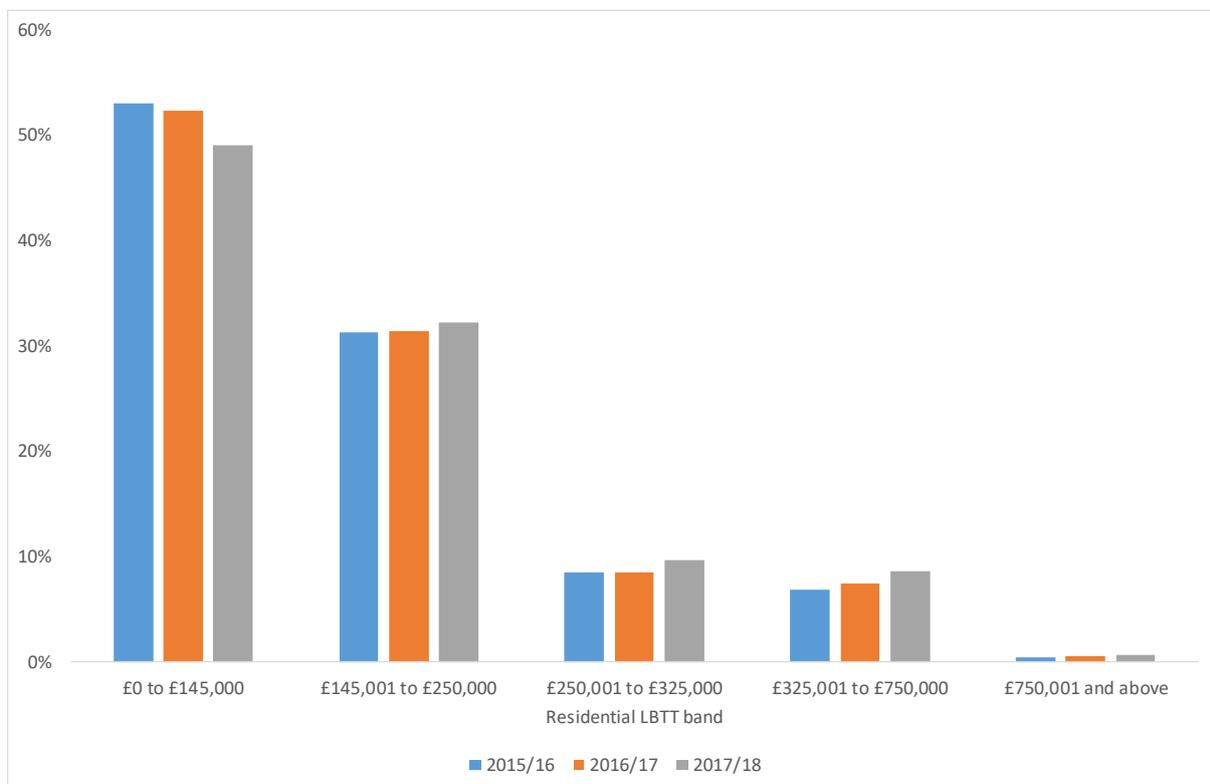


Figure 5: Distribution of LBTT excluding ADS by residential LBTT band and year for residential conveyances

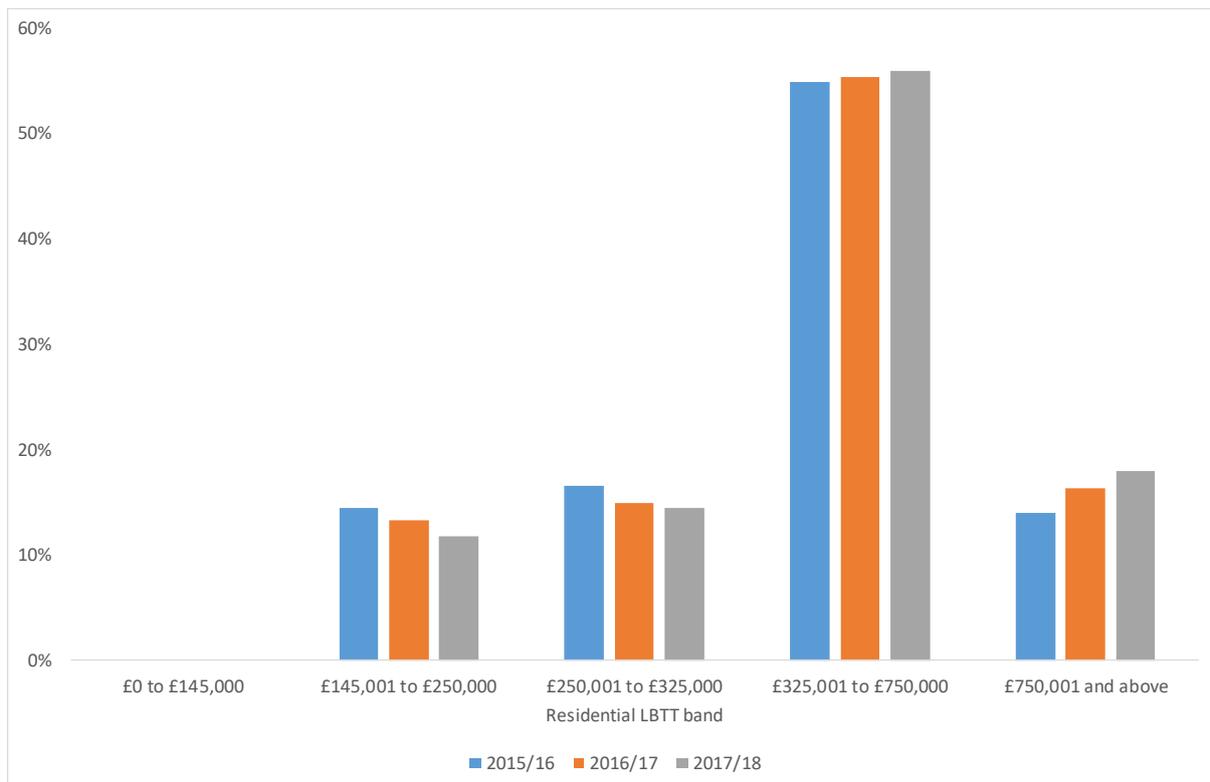


Figure 4 shows the distribution of residential conveyances received by residential LBTT band and year and **Figure 5** shows the LBTT excluding ADS declared due by residential LBTT band and year. Approximately 51 per cent of returns received have total consideration less than or equal to £145,000 and, therefore, have zero tax liabilities. Approximately 32 per cent of returns received have total consideration between £145,001 and £250,000 and these returns account for approximately 13 per cent of tax. The residential LBTT bands £250,001 to £325,000 and £325,001 to £750,000 each account for approximately 8 to 9 per cent of returns received. The former of these accounts for approximately 15 per cent of tax and the latter accounts for the approximately 55 per cent of tax. The residential LBTT band £750,001 and above accounts for less than one per cent of returns received (approximately 500 returns per year) and approximately 16 per cent of tax.

Figure 4 shows that there has been a rightward shift in the distribution of residential conveyances in each year, i.e. a lower proportion of returns received in the £0 to £145,000 residential LBTT band and a higher proportion of returns received in all other bands. This is consistent with the increase in average residential property prices reported by Registers of Scotland and explains the increase in tax observed between 2015/16 and 2016/17 (despite a decrease in the number of residential conveyances received) and 2016/17 and 2017/18. Due to the structure of the tax, a small shift in residential property prices typically results in a larger change in tax revenues.

2.3 Additional Dwelling Supplement (ADS)

Table 3: Gross ADS declared due, number of LBTT returns received with ADS declared due and value and number of repayments claimed by year for residential conveyances

	Gross ADS declared due (£ millions)			LBTT returns received with ADS declared due		
	Total	Reclaimed ¹	Reclaimed ¹ (%)	Total	Repayments claimed ¹	Repayments claimed ¹ (%)
2016/17	103.1	27.1	26.3%	20,830	3,640	17.5%
2017/18	122.2	27.8	22.8%	23,530	3,600	15.3%

Notes:

1. The data reflects claims for repayment of ADS received up to and including 30 November 2018 and will be revised over time as more claims for repayment of ADS are received. We would expect most claims for repayment of ADS to be received within 18 months of the LBTT return with ADS declared due being received by Revenue Scotland. Therefore, the scale of the revisions is likely to be minimal for 2016/17.

Table 3 shows the gross ADS declared due, the number of LBTT returns received with ADS declared due and the value and number of repayments claimed by year for residential conveyances. Approximately £122 million in gross ADS was declared due in 2017/18. This represents an increase of approximately £19 million (19 per cent) on the previous year. Approximately 23,500 of residential LBTT returns received in 2017/18 had ADS declared due, equating to 23 per cent of all residential conveyances received in 2017/18. This represents an increase of approximately 2,700 (13 per cent) on the previous year.

It should be noted that 2016/17 is likely to have been affected by forestalling ahead of the introduction of ADS in April 2016 and, therefore, for some metrics comparison between 2016/17 and 2017/18 may not be appropriate.

The reclaim rates for 2016/17 are higher than for 2017/18. However, the reclaim rates for 2017/18 will increase over time as more claims for repayment of ADS are received. The reclaim rates for 2016/17 may also increase but we would expect to have received most claims for repayment of ADS relating to an LBTT return received in 2016/17. Approximately 17 per cent of taxpayers who submitted LBTT returns with ADS declared due in 2016/17 have subsequently claimed repayment of ADS. These repayment claims accounted for approximately 26 per cent of the gross ADS declared due which indicates that claims are more likely to relate to higher value transactions. A similar trend has been observed for the repayment claims received to date that relate to 2017/18.

Figure 6: 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

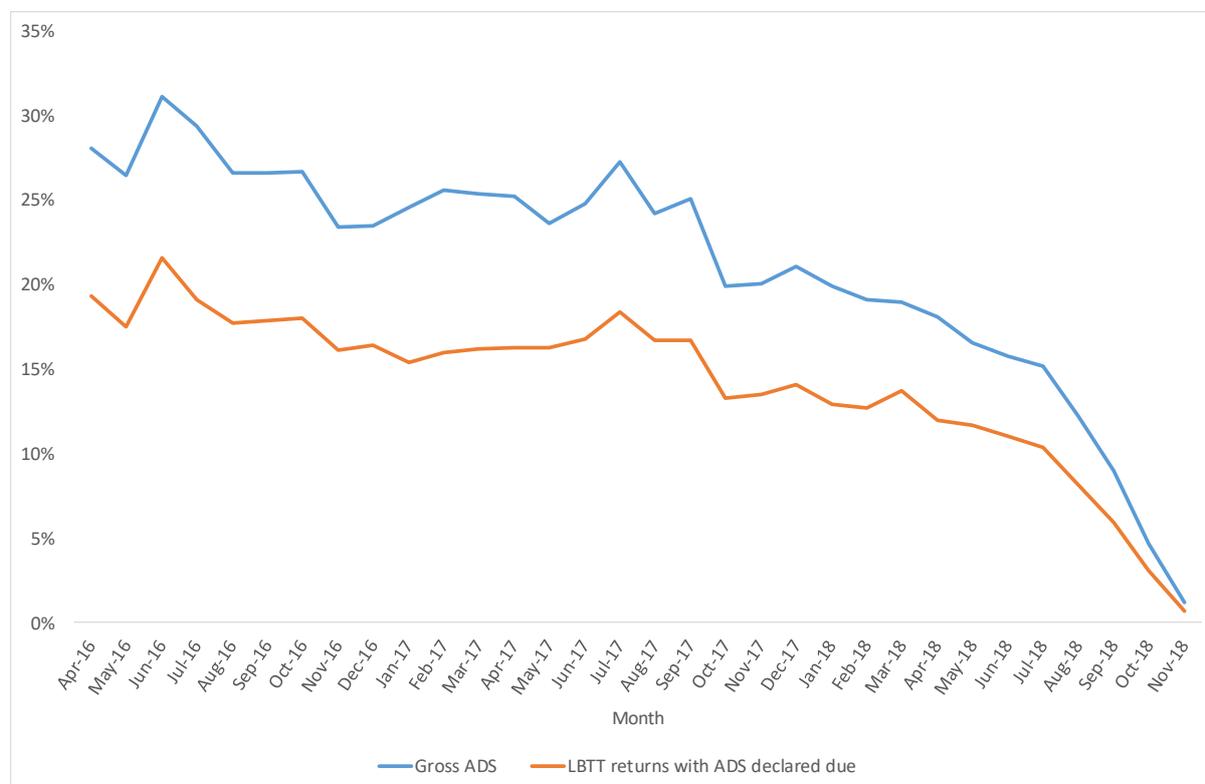


Figure 6 shows the proportion of gross ADS declared due subsequently reclaimed and the proportion of LBTT returns received with ADS declared due and a subsequent claim for repayment by month (of the original return) for residential conveyances. The gross ADS reclaimed rises from 1 per cent for the most recent month (November 2018) to around 23 to 31 per cent for the earliest 14 months (April 2016 to May 2017). This is a reflection of the fact that taxpayers have 18 months from the effective date³ of the transaction subject to ADS to sell their previous main residence and reclaim ADS. Similarly, the number of claims for repayment of ADS rises from 1 per cent for the most recent month (November 2018) to around 15 to 22 per cent for the earliest 14 months (April 2016 to May 2017).

Though taxpayers have 18 months from the effective date of the transaction subject to ADS to sell their previous main residence and reclaim ADS, it should be noted that the majority of claims for repayment of ADS are received well within this 18 month period.

³ 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 filing date.

<http://www.legislation.gov.uk/asp/2014/16/section/115>

However, it is likely that most claims for repayment of ADS will be received shortly after the taxpayer has sold their previous main residence.

Figure 7: Proportion of ADS reclaimed and reclaims received by the number of weeks between the claim for repayment and submission of the LBTT return with ADS declared due

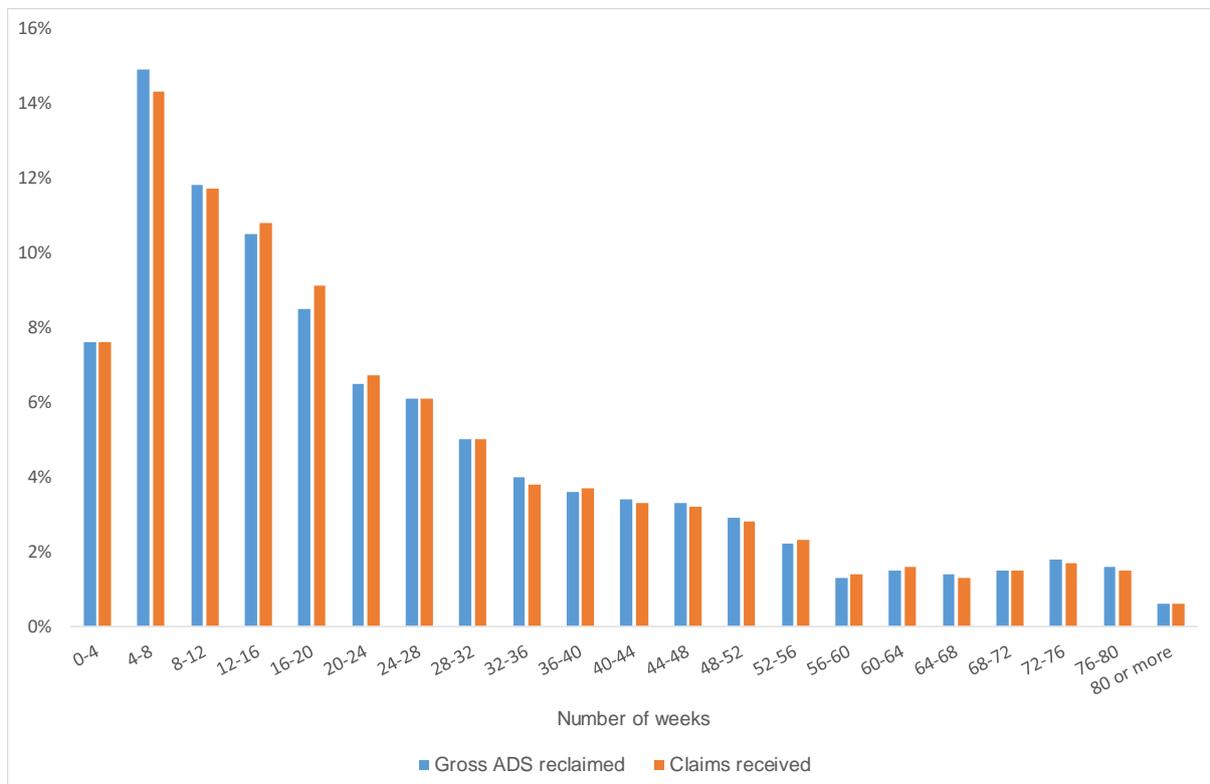


Figure 7 shows the proportion of ADS (tax) reclaimed and the proportion of reclaims (transactions) received by the number of weeks between the claim for repayment and (original) submission of the LBTT return. Approximately 8 per cent of claims are received within four weeks, half of all claims are received within 20 weeks and approximately 90 per cent of all claims are received within a year. There is no obvious distinction between the distributions for claims received and gross ADS reclaimed. This suggests that claims for repayment associated with higher value transactions are no more likely to be received earlier (or later) than those for lower value transactions.

The LBTT return asks taxpayers declaring ADS due about their intention to reclaim ADS, i.e. do they intend to reclaim ADS or do they not.

Table 4: Number of LBTT returns received with ADS declared due and the proportion with a subsequent claim for repayment by year and the taxpayer’s stated intention to reclaim ADS for residential conveyances

	LBTT returns received with ADS declared due			Proportion with a subsequent claim for repayment		
	Did the taxpayer state that they intend to reclaim ADS?			Did the taxpayer state that they intend to reclaim ADS?		
	Yes	No	All	Yes	No	All
2016/17	5,300	15,530	20,830	64.5%	1.4%	17.5%
2017/18	5,930	17,600	23,530	59.0%	0.6%	15.3%

Notes:

1. The data reflects claims for repayment of ADS received up to and including 30 November 2018 and will be revised over time as more claims for repayment of ADS are received. We would expect most claims for repayment of ADS to be received within 18 months of the LBTT return with ADS declared due being received by Revenue Scotland. Therefore, the scale of the revisions is likely to be minimal for 2016/17.

Table 4 shows the number of LBTT returns received with ADS declared due and the proportion with a subsequent claim for repayment by year and the taxpayer’s stated intention to reclaim ADS for residential conveyances. For LBTT returns received with ADS declared due in 2016/17 approximately two-thirds of taxpayers who stated that they intended to reclaim ADS subsequently went on to do so. Only 1 per cent of taxpayers who stated that they did not intend to reclaim ADS subsequently went on to do so. This suggests that a substantial proportion (approximately one-third in 2016/17) of taxpayers who state that they intend to reclaim ADS will not subsequently do so. However when a taxpayer states that they do not intend to reclaim ADS then it is unlikely that they will subsequently submit a claim for repayment.

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

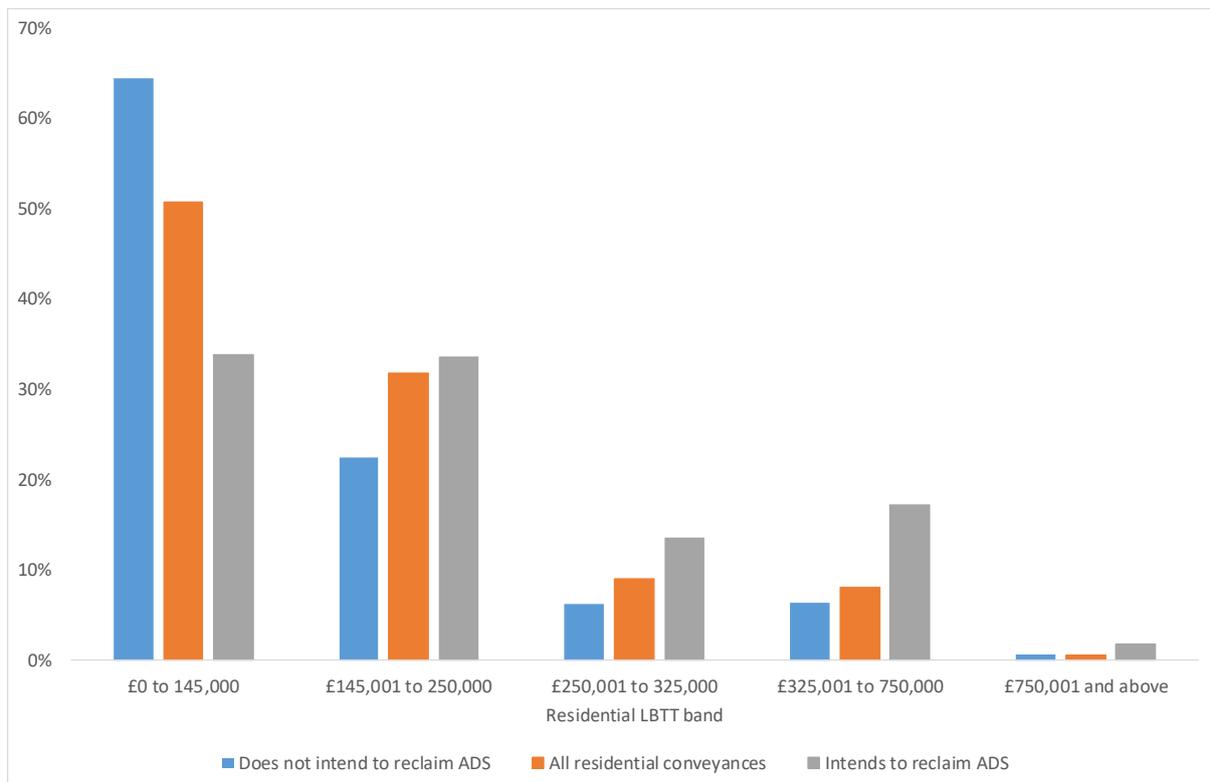


Figure 8 shows the distributions of all residential conveyances, residential conveyances with ADS declared due where the taxpayer does not intend to reclaim ADS and residential conveyances with ADS declared due where the taxpayer intends to reclaim ADS by residential LBTT band. There is a clear divergence between the distributions. Residential conveyances with ADS declared due where the taxpayer does not intend to reclaim ADS are more likely to be lower value transactions. This is likely to reflect the fact that these transactions involve buy-to-let properties and second homes. Residential conveyances with ADS declared due where the taxpayer intends to reclaim ADS are more likely to be higher value transactions. This is likely to reflect the fact that these transactions involve taxpayers moving up the property ladder (as they intend to replace their previous main residence).

2.4 Non-residential conveyances

In this section we summarise the trends in LBTT declared due for non-residential conveyances and the number of non-residential conveyances received. Non-residential transactions also include leases, but leases are analysed separately in section 2.5.

Table 5: LBTT declared due and number of LBTT returns received by year for non-residential conveyances

	2015/16	2016/17	2017/18
LBTT declared due (£ millions)	189.6	154.9	177.7
Annual percentage change in LBTT declared due		-18.3%	14.8%
LBTT returns received	6,220	6,810	6,880
Annual percentage change in LBTT returns received		9.6%	0.9%
LBTT declared due per return received ¹ (£)	30,500	22,700	25,800

Notes:

1. Rounded to the nearest £100.

Table 5 shows the LBTT declared due and number of LBTT returns received by year for non-residential conveyances. Though accounting for only approximately 6 per cent of LBTT returns received, non-residential conveyances have accounted for approximately 32 per cent of LBTT declared due in the last two years.

LBTT from non-residential conveyances was £178 million in 2017/18, a decrease of £12 million (6 per cent) from 2015/16 but an increase of £23 million (15 per cent) on the previous year. Note that LBTT decreased 18 per cent in 2016/17 despite the number of LBTT returns received increasing 10 per cent. The volatility in LBTT from non-residential conveyances is due to fluctuations in the small number of very high-value transactions seen in each year.

Figure 9: LBTT declared due by month and year for non-residential conveyances

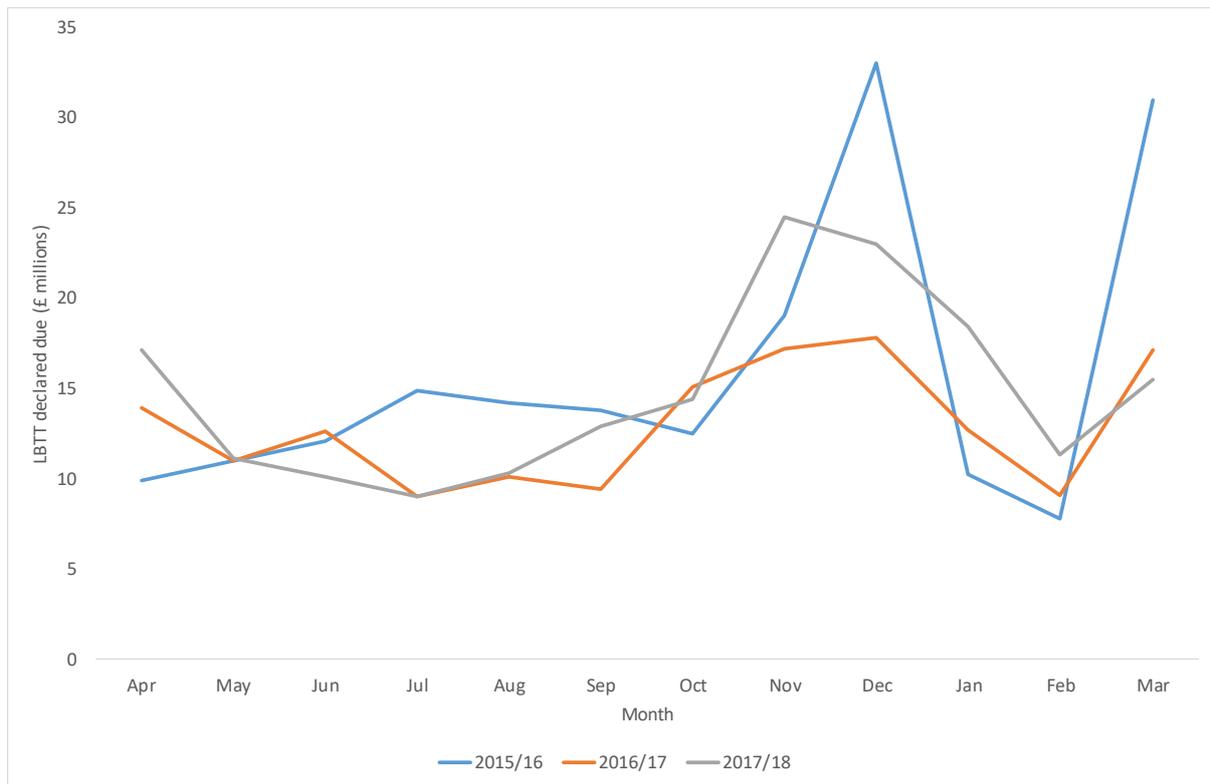


Figure 10: Number of non-residential conveyances received by month and year

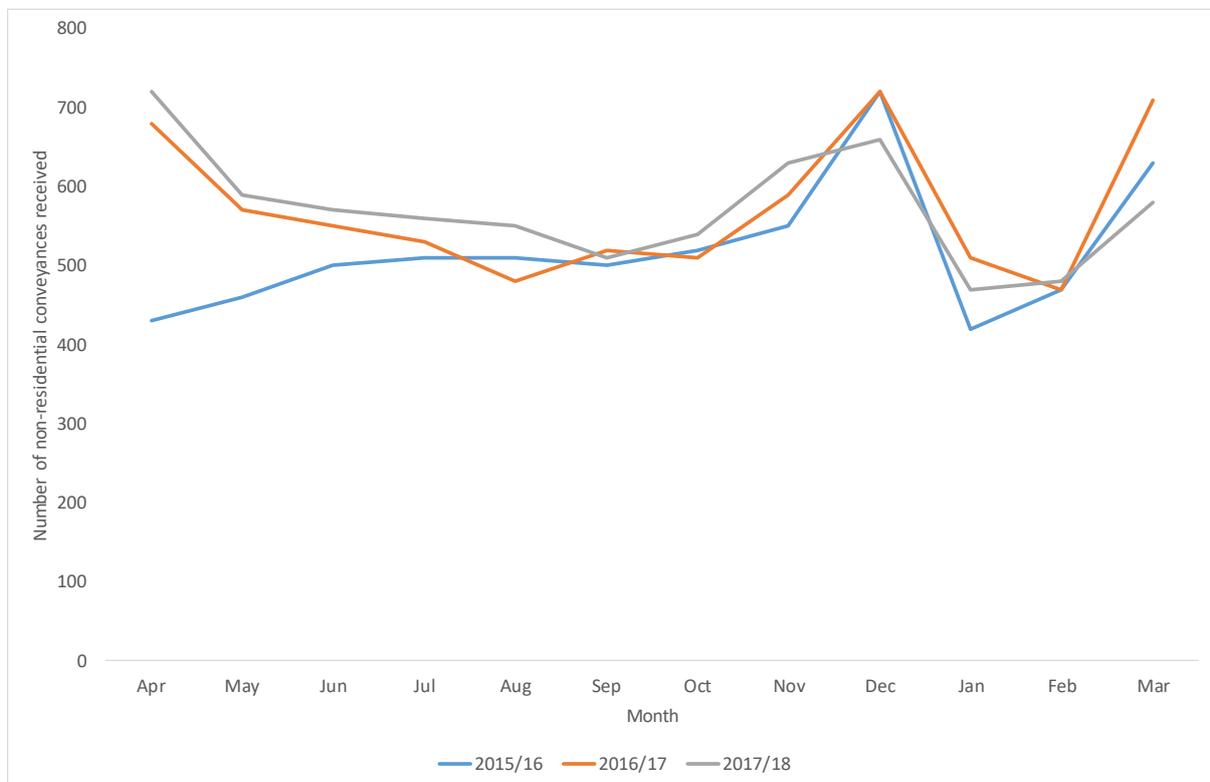


Figure 9 shows LBTT declared due by month and year for non-residential conveyances and **Figure 10** shows the number of non-residential conveyances received by month and year. The number of non-residential conveyances received is relatively stable, with moderate peaks in November and December and March and April (perhaps linked to the ends of the calendar and financial years) and a slightly quieter period in January and February.

The number of non-residential conveyances received in April and May 2015 is much less than the numbers of non-residential conveyances in those months in later years. This reflects the fact that transactions which concluded prior to 1 April 2015 were subject to UK Stamp Duty Land Tax. Therefore, no LBTT returns corresponding to non-residential conveyances with an effective date prior to 1 April 2015 were received in April or May 2015. Furthermore, some taxpayers may have chosen to conclude transactions prior to 1 April 2015 so that they were subject to UK Stamp Duty Land Tax rather than LBTT (or vice versa) depending on the tax amount due.

LBTT declared due for non-residential conveyances 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. This explains the spikes seen in December 2015, March 2016, November 2017 and December 2017.

Figure 11: LBTT declared due by vigintile and year for non-residential conveyances

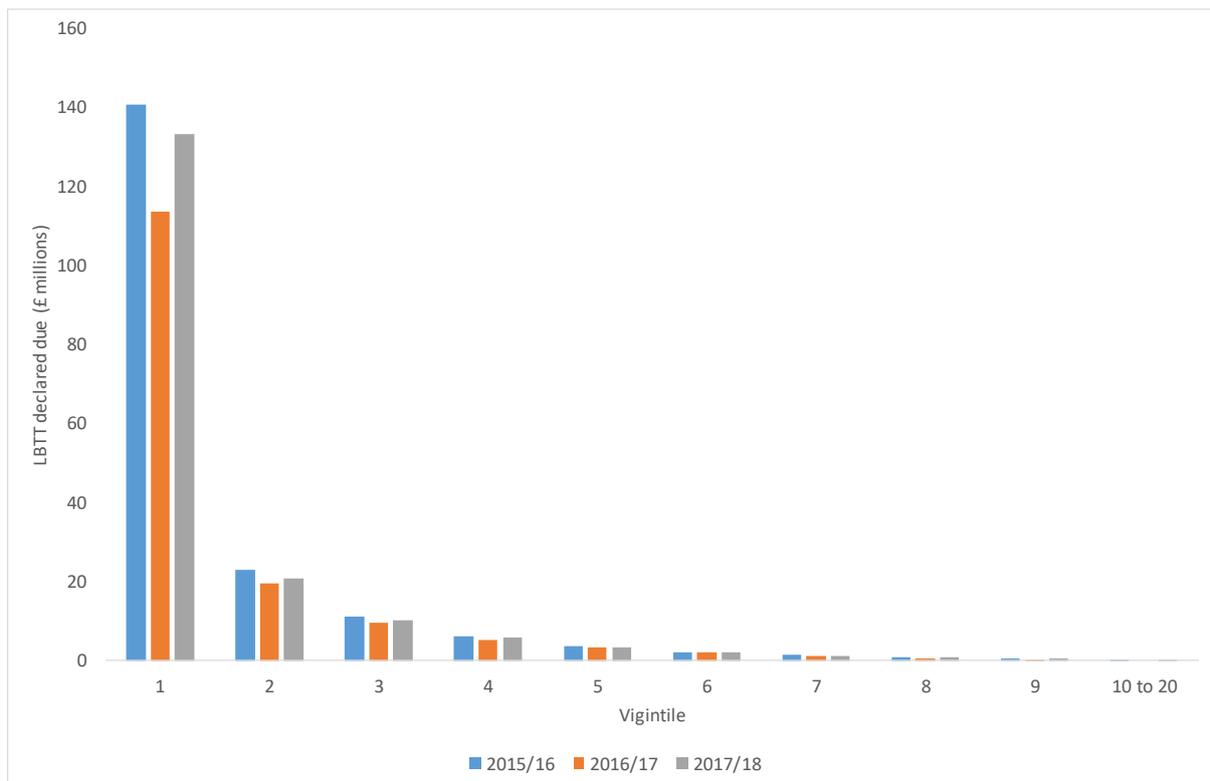


Figure 11 shows LBTT declared due by vigintile⁴ and year for non-residential conveyances. Each year the first vigintile (i.e. the top five per cent of transactions in terms of LBTT declared due) accounts for approximately 73 to 75 per cent of LBTT declared due. In fact, in each year the first four vigintiles (i.e. the top 20 per cent of transactions in terms of LBTT declared due) have accounted for over 95 per cent of LBTT declared due.

There are large annual variations in the value of LBTT declared due for the first vigintile and these variations account for the majority of the change in LBTT declared due. Between 2015/16 and 2016/17 the LBTT declared due for the first vigintile decreased by approximately £27 million and accounted for 78 per cent of the decrease in LBTT declared due. Similarly, between 2016/17 and 2017/18 the LBTT declared due for the first vigintile increased by approximately £20 million and accounted for 86 per cent of the increase in LBTT declared due.

⁴ Vigintiles divide data into 20 groups of equal frequency. The vigintiles for each year have been created by ordering the data by descending LBTT declared due. The first vigintile corresponds to the top five per cent of transactions (in terms of LBTT declared due) and so on.

2.5 Leases

In this section we summarise the trends in LBTT declared due for leases and the number of leases received. The vast majority (99 per cent) of leases are non-residential but users should note that the analysis in this section includes a small number of leases which taxpayers have classified as residential on their tax returns. This may be a data quality issue as we would only expect a very small number of leases (close to zero) subject to LBTT to be classified for LBTT purposes as residential. Regardless, the overall tax position remains correct as the LBTT due for a lease transaction is the same whether it is a non-residential or residential lease.

For more information about leases, please see the relevant sections on our website.

<https://www.revenue.scot/land-buildings-transaction-tax/leases>

Table 6: LBTT declared due and number of LBTT returns received by year for leases

	2015/16	2016/17	2017/18
LBTT declared due (£ millions)	24.3	22.0	25.0
Annual percentage change in LBTT declared due		-9.4%	13.7%
LBTT returns received	5,280	5,740	5,590
Annual percentage change in LBTT returns received		8.7%	-2.7%
LBTT declared due per return received ¹ (£)	4,600	3,800	4,500

Notes:

1. Rounded to the nearest £100.

Table 6 shows the LBTT declared due and number of LBTT returns received by year for leases. Leases account for approximately 5 per cent of LBTT declared due and LBTT returns received.

The trends observed for leases are similar to those for non-residential conveyances on a smaller scale. LBTT from leases was £25 million in 2017/18, an increase of £3 million (14 per cent) on the previous year. Note that LBTT decreased 9 per cent in 2016/17 despite the number of LBTT returns received increasing 9 per cent. This is similar to the trend observed for non-residential conveyances (see **Table 5**). Similar to non-residential conveyances, the volatility in LBTT from leases is due to fluctuations in the small number of high-value transactions seen in each year.

Figure 12: LBTT declared due by month and year for leases



Figure 13: Number of leases received by month and year

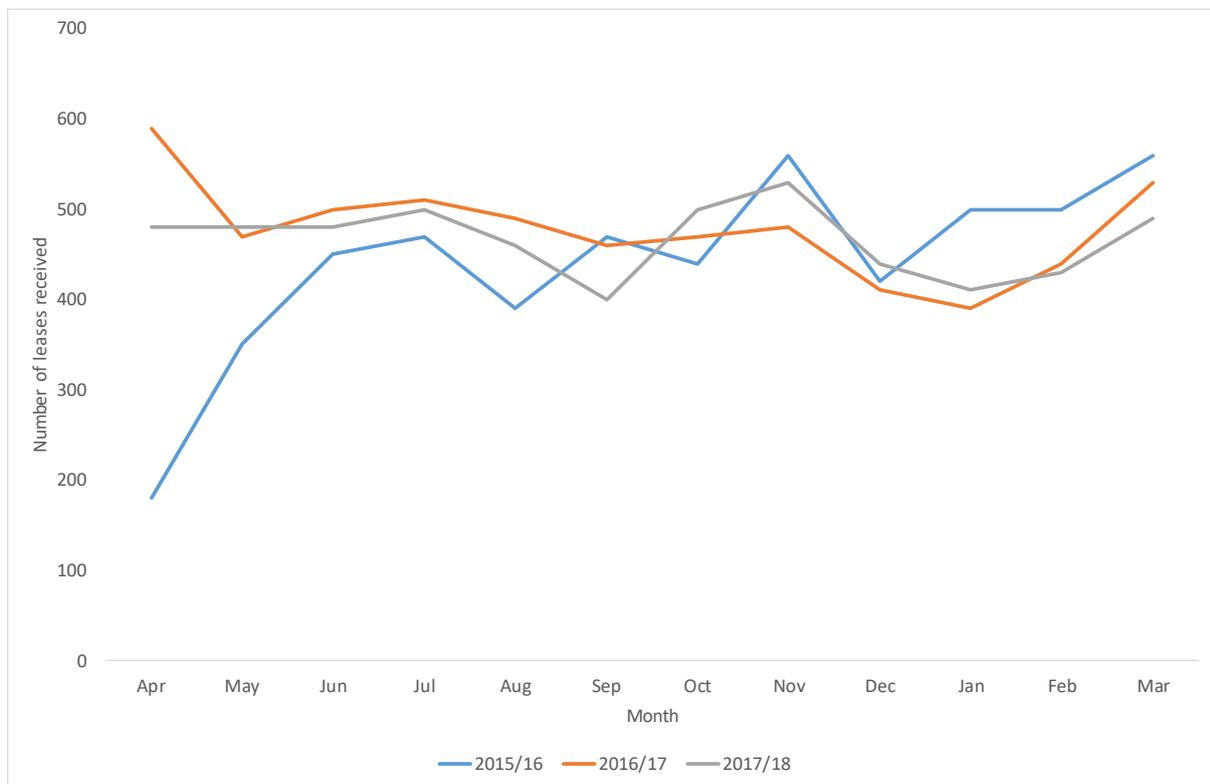


Figure 12 shows LBTT declared due by month and year for leases and the **Figure 13** shows the number of leases received by month and year. Similarly to non-residential conveyances, the number of leases received tends to peak slightly in November and March/April (perhaps linked to the ends of the calendar and financial years). Unlike conveyances for which there is clearly a quieter period in January and February, it is difficult to identify any obvious trend with regards to a quieter period for leases. In the last three financial years the months in which the least number of leases have been received are April 2015, January 2017 and September 2017.

Similarly to non-residential conveyances (see **Figure 10**), the number of leases received in April and May 2015 is much less than in future years. This reflects the fact that transactions which concluded prior to 1 April 2015 were subject to UK Stamp Duty Land Tax. Therefore, no LBTT returns corresponding to lease transactions which concluded prior to 1 April 2015 were received in April or May 2015. Furthermore some taxpayers may have chosen to conclude transactions prior to 1 April 2015 so that they were subject to UK Stamp Duty Land Tax rather than LBTT (or vice-versa) depending on the tax due, although in many cases the tax due would have been the same under both taxes.

LBTT declared due for leases exhibits similar variability to non-residential conveyances and a small number of high-value transactions can have a significant impact on the overall tax. This explains the spikes seen in July 2015, November 2015, June 2016 and October to December 2017.

Figure 14: LBTT declared due by vigintile and year for leases

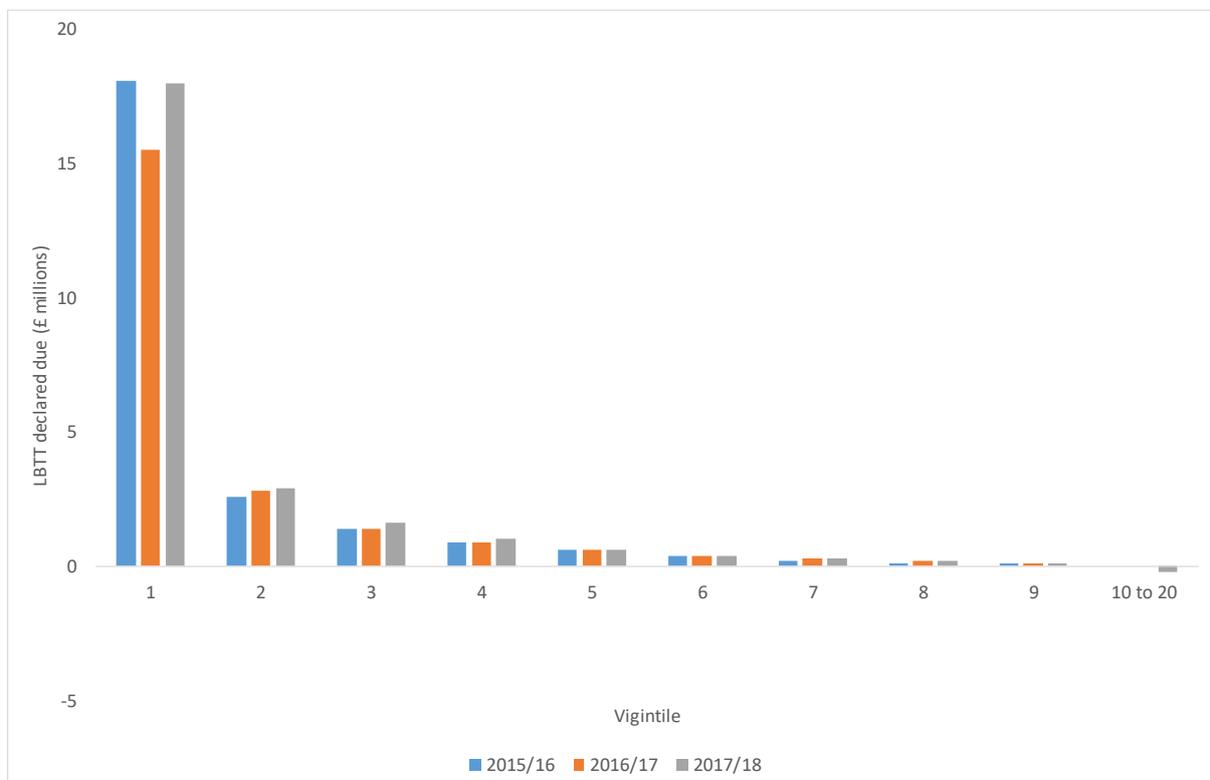


Figure 14 shows LBTT declared due by vigintile and year for leases. Each year the first vigintile (i.e. the top five per cent of transactions in terms of LBTT declared due) accounts for approximately 70 to 74 per cent of LBTT declared due. In fact, in each year the first five vigintiles (i.e. the top 25 per cent of transactions in terms of LBTT declared due) have accounted for over 95 per cent of LBTT declared due.

Similarly to non-residential conveyances, there are large annual variations in the value of LBTT declared due for the first vigintile and these variations account for the majority of the change in LBTT declared due. Between 2015/16 and 2016/17 the LBTT declared due for the first vigintile decreased by £3 million and accounted for 113 per cent of the decrease in LBTT declared due. Similarly, between 2016/17 and 2017/18 the LBTT declared due for the first vigintile increased by £3 million and accounted for 83 per cent of the increase in LBTT declared due.

2.6 Sub-Scotland

Revenue Scotland does not routinely (i.e. as part of its monthly LBTT official statistics publication) publish information on LBTT revenue declared due and returns received by sub-Scotland geographies. However, Revenue Scotland has published information it was asked to provide to the Scottish Government for monitoring. The data was published on the LBTT data requests section of the Revenue Scotland website on 18 January 2019 (i.e. on the same date as this publication).

<https://www.revenue.scot/about-us/publications/statistics/land-and-buildings-transaction-tax-statistics-0#overlay-context=about-us/publications/statistics>

Revenue Scotland is aware of a wider interest in this data and so the main results up to and including 2017/18 are summarised in this publication. It is Revenue Scotland's intention to publish annual information on LBTT revenue declared due and returns received by sub-Scotland geographies via future editions of this publication.

To produce these data, Revenue Scotland has had to overcome data quality issues with the raw sub-Scotland information collected by Revenue Scotland.

The main issue is that the property postcode is not a mandatory field. For example, in 2017/18 a valid property postcode was provided for only 82 per cent of residential conveyances and 55 per cent of non-residential conveyances.

The second issue is that there are significant data quality issues with the mandatory local authority information collected by Revenue Scotland. Revenue Scotland asks taxpayers for the local authority that the property is located in. Comparing this information with the property postcode when a valid property postcode is provided indicates that 60 per cent of conveyances where the taxpayer has stated that the mandatory local authority is Midlothian are actually located in City of Edinburgh. There are similar issues with Angus/Dundee City and Stirling/Falkirk. The quality of the mandatory local authority information varies by local authority but there are clearly significant data quality issues when a current local authority name corresponds to the name of a historic county.

Revenue Scotland cannot simply disaggregate the data it collects because of these data quality issues – details of the estimation method used to provide robust data are given below. It is also worth noting that Revenue Scotland is actively pursuing steps to improve the quality of geographical information collected.

In order to provide estimates of LBTT revenue declared due and returns received by sub-Scotland geographies, Revenue Scotland has adopted the following method.

- The property postcode from the LBTT return is used when a valid property postcode is provided.
- If this is not possible then the LBTT return is matched to data on land and property registrations provided by Registers of Scotland and the geographical information associated with the registration is used.

- If neither of the above are possible then the geographical information is imputed by finding a suitable donor who provided a valid property postcode in their LBTT return based on the information the recipient provided in their LBTT return.

This method provides robust estimates for residential and non-residential conveyances. The estimates for residential conveyances will be more reliable because of the higher proportion of residential conveyances with a valid property postcode and the fact that the match rate between LBTT returns and data on land and property registrations provided by Registers of Scotland is higher for residential conveyances. For example, estimates of residential conveyances received by local authority in 2017/18 (see **Figure 16**) are based on data with an imputation rate of 2 per cent. The equivalent figure for non-residential conveyances⁵ is 14 per cent.

The method does not work for leases as the Registers of Scotland data does not include information on these transactions. Therefore, estimates are only provided for residential and non-residential conveyances.

Full details of the method used to produce the estimates can be found on the [LBTT data requests section](#) of the Revenue Scotland website.

Revenue Scotland would like to thank Registers of Scotland for the support provided during this work.

Users should again note that these estimates are not a commentary on the volume or value of land and property transactions in Scotland. Registers of Scotland publish comprehensive property data for Scotland and is the definitive source of data on the property market.

<https://www.ros.gov.uk/data-and-statistics>

⁵ This data is not provided to minimise the risk of disclosing personal taxpayer information.

Figure 16: Estimates of the number of residential conveyances received by local authority and year

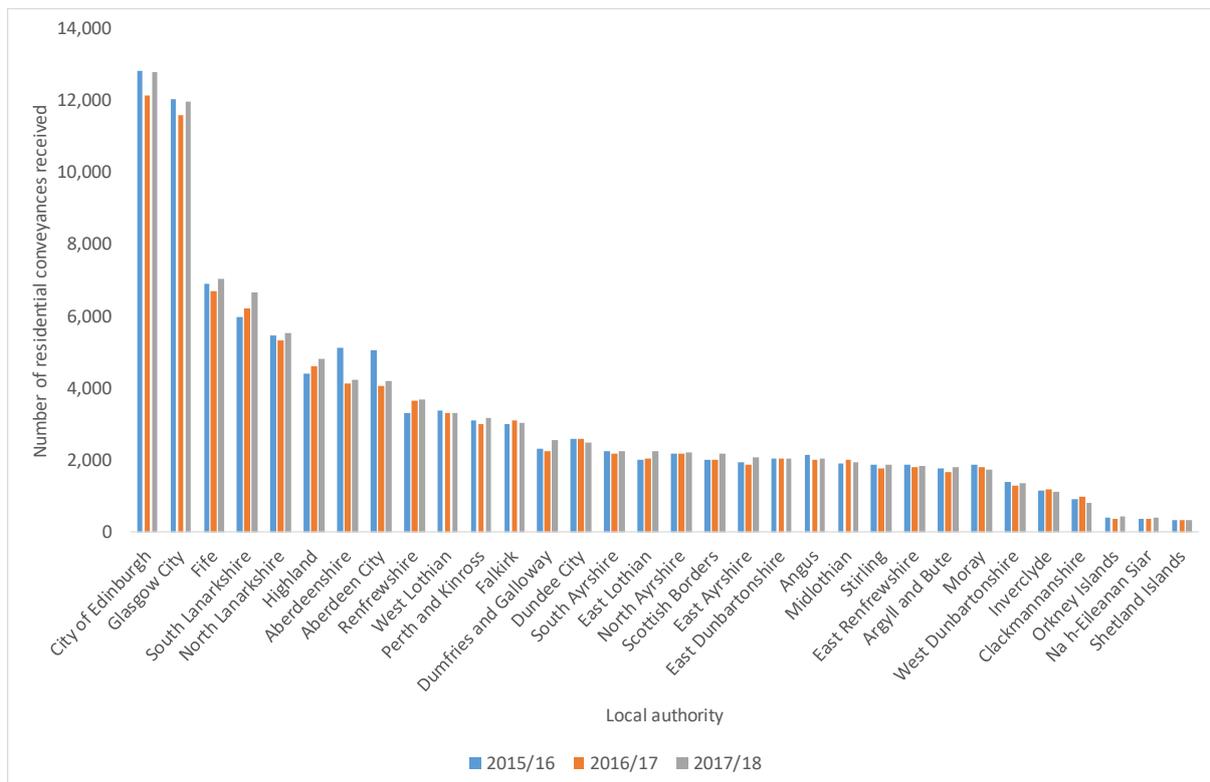


Figure 16 shows estimates of the number of residential conveyances received by local authority and year. City of Edinburgh accounted for most residential conveyances received in 2017/18 with 12,800 (12 per cent) returns ahead of Glasgow City with 12,000 (12 per cent) returns. The largest percentage (and absolute) decreases in residential conveyances received since 2015/16 have occurred in Aberdeenshire (18 per cent) and Aberdeen City (17 per cent). The largest percentage increases in residential conveyances received since 2015/16 have occurred in Renfrewshire (11 per cent), South Lanarkshire (11 per cent) and East Lothian (11 per cent).

Figure 18: Estimates of the number of LBTT returns received with ADS declared due by local authority, intention to reclaim ADS and year for residential conveyances

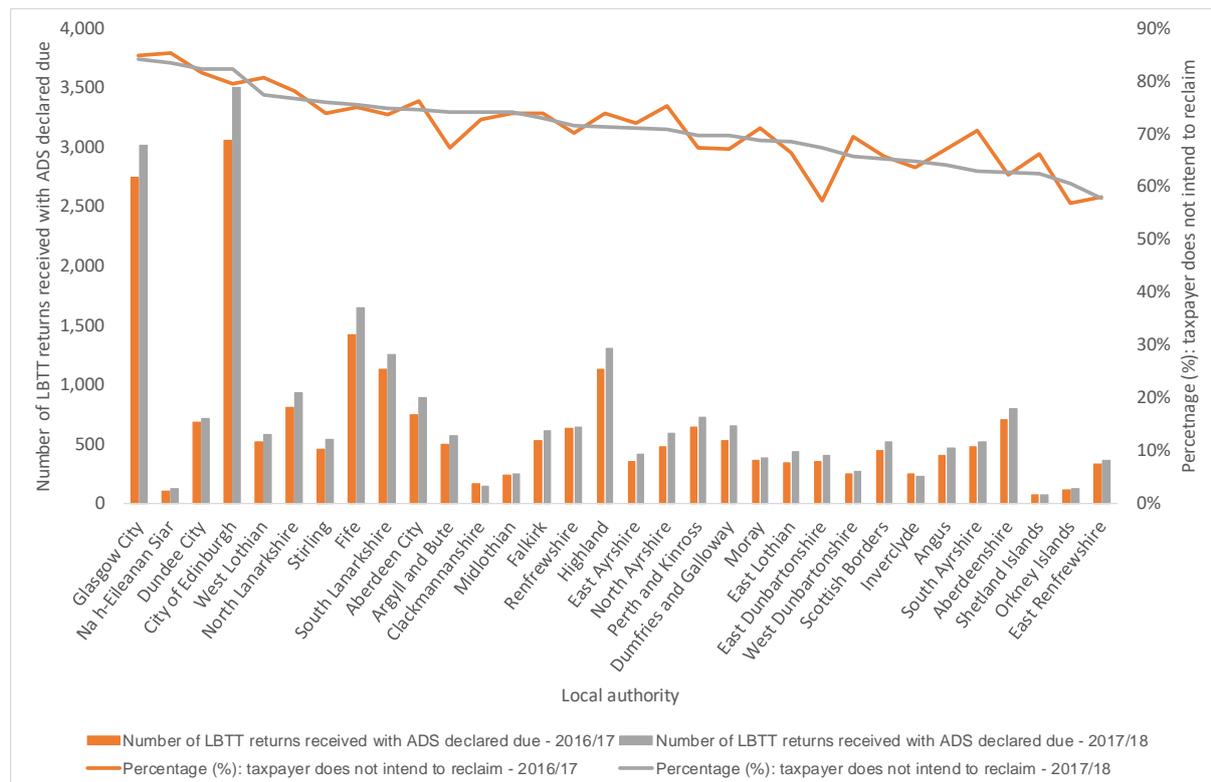


Figure 18 shows estimates of the number of LBTT returns received with ADS declared due by local authority, intention to (not) reclaim ADS and year for residential conveyances. City of Edinburgh accounted for most residential conveyances received with ADS declared due in 2017/18 with 3,500 (15 per cent) returns ahead of Glasgow City with 3,000 (13 per cent) returns. In 2017/18, the percentage of LBTT returns received with ADS declared due where the taxpayer indicated that they do not intend to reclaim ADS was highest in Glasgow City (84 per cent) and lowest in East Renfrewshire (58 per cent).

Figure 19: Estimates of LBTT declared due by NUTS 2 area and year for non-residential conveyances

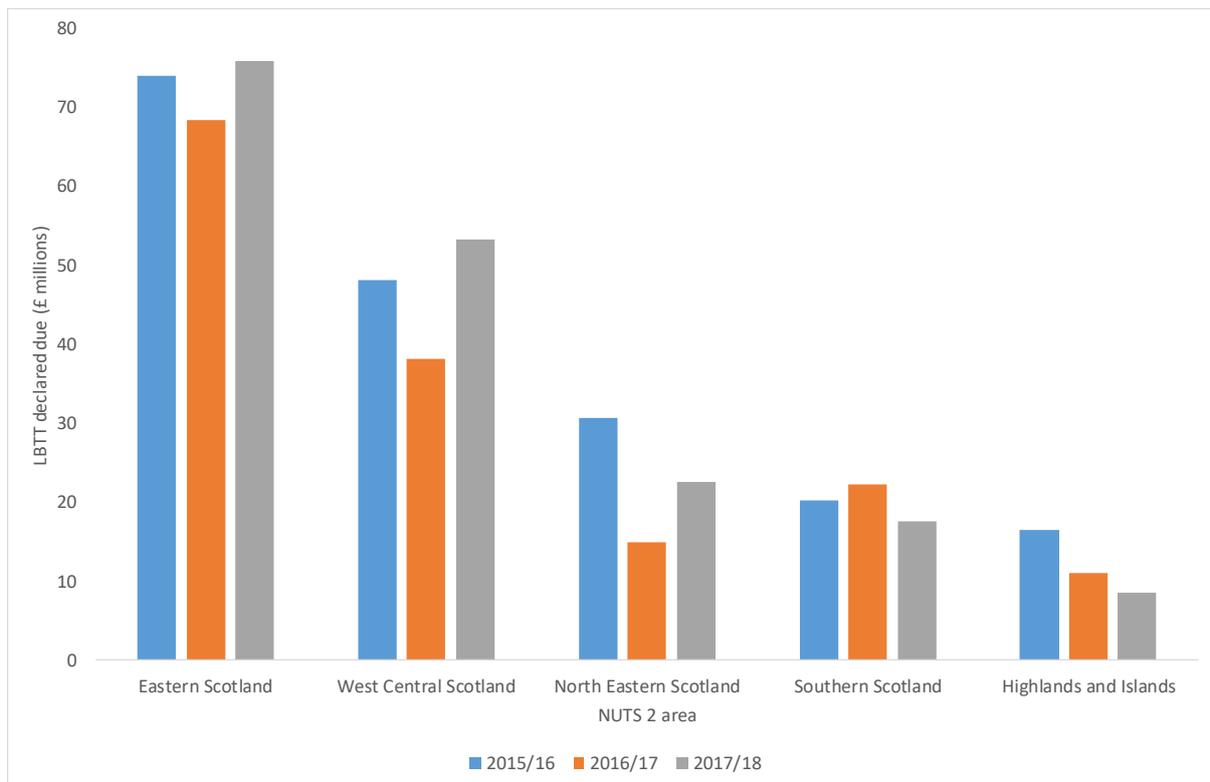


Figure 20: Estimates of the number of non-residential conveyances received by NUTS 2 area and year

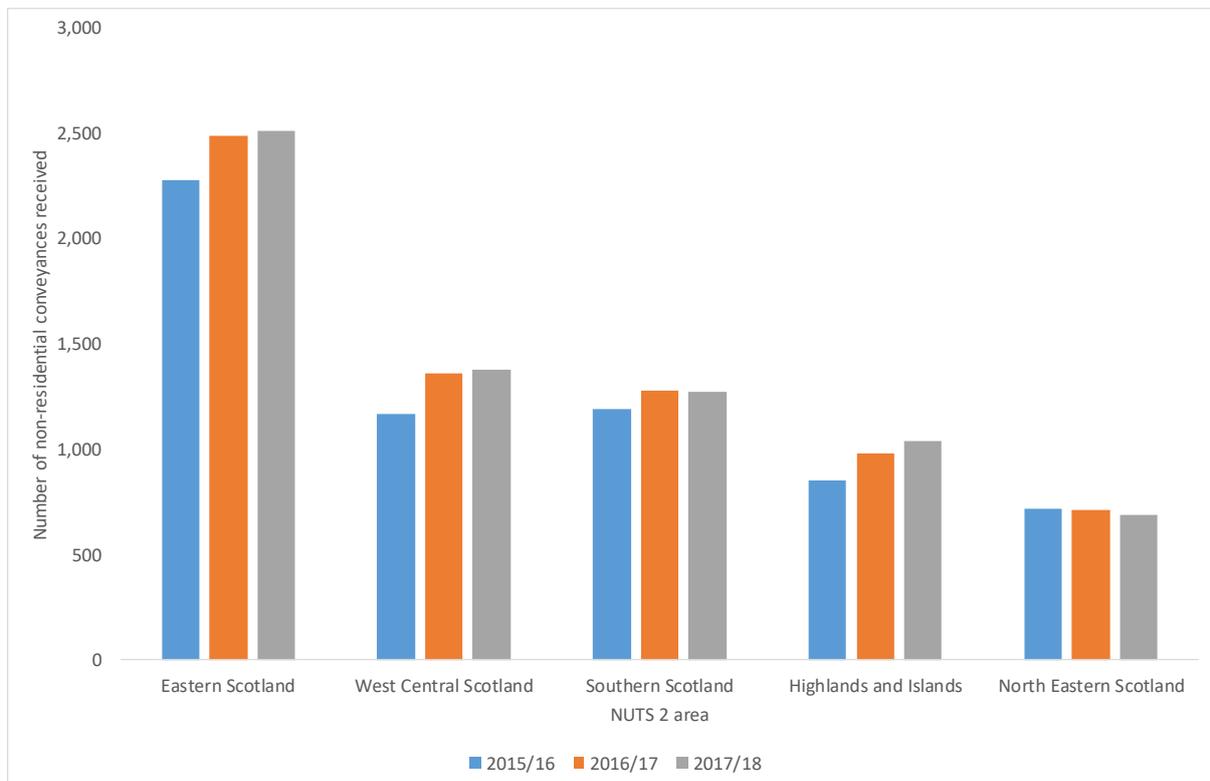


Figure 19 shows estimates of LBTT declared due by NUTS 2 (geographical) area and year for non-residential conveyances and **Figure 20** shows estimates of the number of non-residential conveyances received by NUTS 2 area and year. Sub-Scotland estimates of LBTT declared due and the number of LBTT returns received for non-residential conveyances are provided by NUTS 2 areas instead of local authority areas to minimise the risk of disclosing protected taxpayer information. Eastern Scotland has accounted for the majority of LBTT declared due (39 to 44 per cent) and transactions (36 to 37 per cent) in each of the last three years. Care should be taken when interpreting annual changes in LBTT declared due by NUTS 2 areas as revenues can be influenced by small numbers of very large transactions.

2.7 Reliefs

Revenue Scotland does not routinely publish information on LBTT revenue forgone to reliefs and the number of LBTT returns received in which LBTT revenue has been forgone to reliefs. However, Revenue Scotland has published information it was asked to provide to the Scottish Fiscal Commission and the Scottish Government for forecasting and monitoring. The data is published on the data requests section of the Revenue Scotland website.

<https://www.revenue.scot/about-us/publications/statistics/land-and-buildings-transaction-tax-statistics-0#overlay-context=about-us/publications/statistics>

Revenue Scotland is aware of a wider interest in this data and so the main results up to and including 2017/18 are summarised in this publication. It is Revenue Scotland's intention to publish annual information on reliefs via future editions of this publication.

There are data quality issues with the information on reliefs collected by Revenue Scotland although these issues do not affect the tax declared for the relevant transactions. The main issue is that roughly one in ten taxpayers enter the value of the relief claimed as the full consideration – not the LBTT due gross of reliefs. This means that simply summing the value of reliefs claimed on tax returns would overstate the value of LBTT revenue forgone to reliefs. Therefore, the LBTT revenue forgone to reliefs needs to be estimated from other information provided by the taxpayer and hence why 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](#) of the Revenue Scotland website.

Revenue Scotland is actively pursuing steps to improve the quality of reliefs information collected.

It is worth noting that the estimates are likely to underestimate ADS (and consequently LBTT) revenue forgone to reliefs. ADS is due on every purchase of a residential property by a non-natural person, such as a company. When a full relief is claimed that eliminates the LBTT liability then Revenue Scotland's guidance on how to make a return advises that the return should be submitted without the ADS being declared as due. Therefore, 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.

Table 7: Estimated LBTT revenue forgone to reliefs and the number of LBTT returns received in which LBTT revenue has been forgone to reliefs by year

Year	LBTT revenue forgone (£ millions)			Number of LBTT returns received in which LBTT revenue has been forgone to reliefs		
	LBTT excluding ADS	ADS ¹	All	LBTT excluding ADS	ADS ¹	All ²
2015/16	123.0	0.0	123.0	1,590	0	1,590
2016/17	99.5	3.0	102.5	1,780	210	1,820
2017/18	86.5	6.2	92.7	1,950	250	2,020

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.

Table 7 shows the estimated LBTT revenue forgone to reliefs and the estimated number of LBTT returns received in which LBTT revenue has been forgone to reliefs by year. It is estimated that £93 million of LBTT revenue was forgone to reliefs in 2017/18. The estimated LBTT revenue forgone to reliefs has been decreasing year-on-year and this represents a decrease of £10 million (10 per cent) on the previous year and a decrease of £30 million (25 per cent) compared with 2015/16. This is in contrast to the number of LBTT returns received in which LBTT revenue has been forgone to reliefs which is estimated to have increased each year. In 2017/18 there were approximately 2,000 LBTT returns received in which LBTT revenue has been forgone to reliefs and this represents an increase of approximately 200 (11 per cent) on the previous year and an increase of approximately 400 (27 per cent) compared with 2015/16.

ADS revenue forgone to reliefs⁶ is estimated to have accounted for 5 per cent of LBTT revenue forgone to reliefs in 2016/17 and 2017/18. Furthermore, in 2016/17 and 2017/18, 12 per cent of LBTT returns received in which LBTT revenue has been forgone to reliefs have ADS revenue forgone to reliefs.

Table 8: Estimated LBTT revenue forgone to reliefs and number of LBTT returns received in which LBTT revenue has been forgone to reliefs by type of property and year

Year	LBTT revenue forgone (£ millions)			Number of LBTT returns received in which LBTT revenue has been forgone to reliefs		
	Residential	Non-residential	All	Residential	Non-residential	All
2015/16	15.3	107.7	123.0	890	700	1,590
2016/17	12.0	90.5	102.5	1,050	770	1,820
2017/18	12.1	80.6	92.7	1,180	840	2,020

Table 8 shows the estimated LBTT revenue forgone to reliefs and the estimated number of LBTT returns received in which LBTT revenue has been forgone to reliefs by type of property and year. Non-residential transactions have accounted for the majority of LBTT revenue forgone to reliefs with residential transactions having accounted for only 12 per cent of LBTT revenue forgone to reliefs. In contrast, residential transactions have accounted for the

⁶ ADS revenue forgone to reliefs is distinct from claims for repayment of ADS following the sale of the taxpayer's previous main residence.

majority of LBTT returns received in which LBTT revenue has been forgone to reliefs having accounted for 57 per cent of such returns.

Figure 21: Estimated LBTT revenue forgone to reliefs by type of relief and year

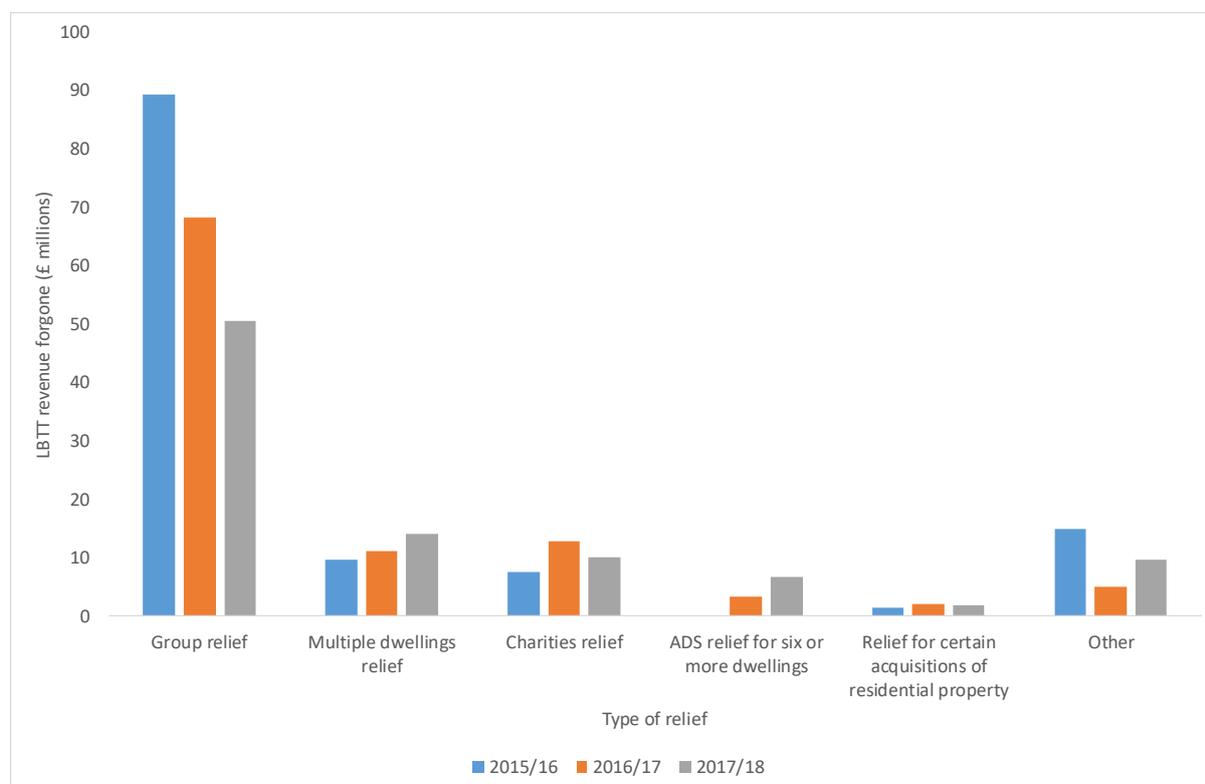


Figure 21 shows the estimated LBTT revenue forgone to reliefs by type of relief and year. Group relief is estimated to have accounted for the majority (55 to 73 per cent) of revenue forgone each year. However, the revenue forgone to group relief has been decreasing each year by approximately £19 million per year, driving the decrease in LBTT revenue forgone to reliefs.

Subject to certain rules, group relief provides relief from LBTT where, at the effective date, the seller and buyer are both companies in the same group. Where the rules are met, this allows companies to move property within a corporate group structure for commercial reasons without a liability to LBTT being incurred. For further information on group relief see the guidance published by Revenue Scotland.

<https://www.revenue.scot/land-buildings-transaction-tax/guidance/lbtt-legislation-guidance/exemptions-reliefs/lbtt3010/lbtt3025>

Users of this data should note that if group relief was unavailable it is likely that many of the transactions that benefit from the relief would not take place.

Multiple dwellings relief was second behind group relief in terms of LBTT revenue forgone to reliefs in 2017/18 and accounted for 15 per cent of the revenue forgone. LBTT revenue

forgone to multiple dwellings relief has increased each year. For further information on multiple dwellings relief see the guidance published by Revenue Scotland.

<https://www.revenue.scot/land-buildings-transaction-tax/guidance/lbtt-legislation-guidance/exemptions-reliefs/lbtt3010/lbtt3015>

Figure 22: Estimated number of LBTT returns received in which LBTT revenue has been forgone to relief by type of relief and year

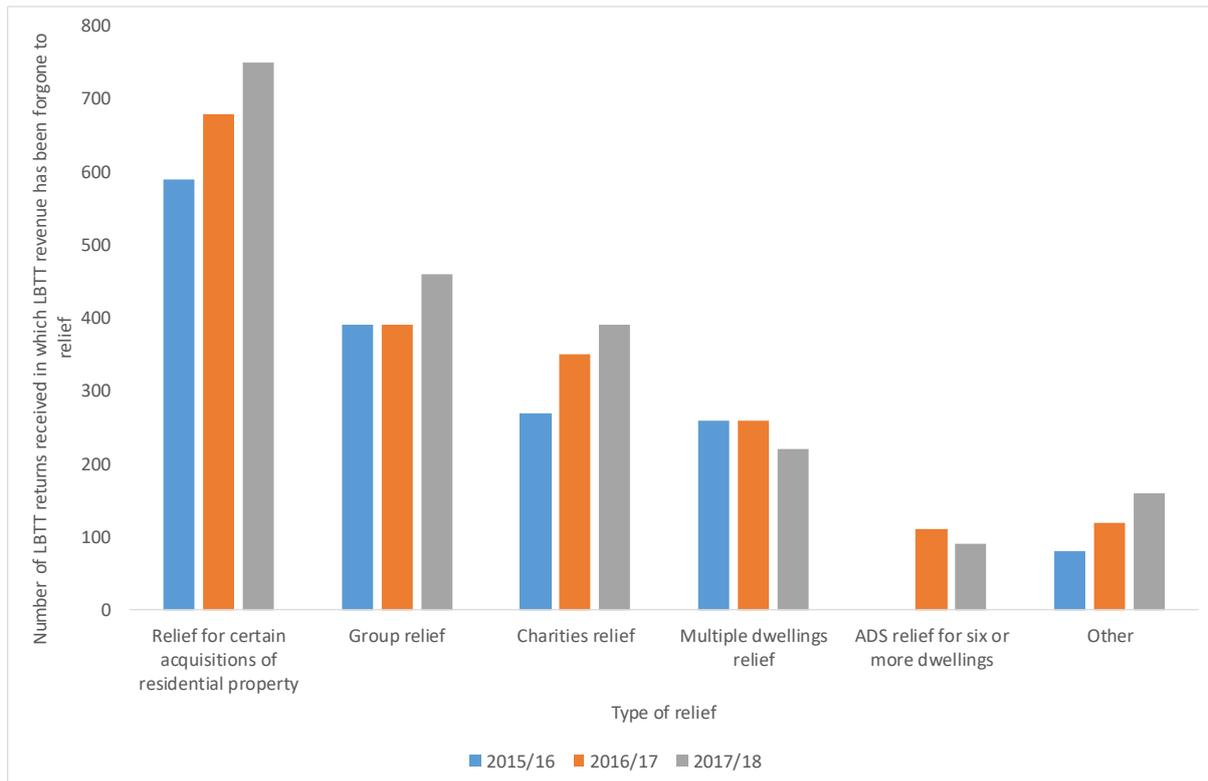


Figure 22 shows the estimated number of LBTT returns received in which LBTT revenue has been forgone to relief by type of relief and year. Relief for certain acquisitions of residential property is the most frequently claimed relief in each year, accounting for 36 to 37 per cent of LBTT returns received in which LBTT revenue has been forgone to relief. This relief includes

- relief where a house building company buys a home from a person who is buying a new home,
- relief where a property trader buys a home from a person who is buying a new home from a house building company, and
- relief where a property trader buys a home to avoid a chain of transactions breaking down.

For further information see the guidance published by Revenue Scotland.

<https://www.revenue.scot/land-buildings-transaction-tax/guidance/lbtt-legislation-guidance/exemptions-reliefs/lbtt3010-tax>

Group relief is the second most frequently claimed relief in each year, accounting for 21 to 24 per cent of LBTT returns received in which LBTT revenue has been forgone to relief. Despite the LBTT revenue forgone to group relief decreasing each year, the number of LBTT returns received in which LBTT revenue has been forgone to group relief increased by 18 per cent between 2016/17 and 2017/18.

3. Scottish Landfill Tax (SLfT)

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

SLfT also applies to the prescribed landfill activities relating to the use of material on site that are listed in the Scottish Landfill Tax (Prescribed Landfill Site Activities) Order 2014.

<http://www.legislation.gov.uk/ssi/2014/367/made>

For more information about SLfT, please see the relevant sections on our website.

<https://www.revenue.scot/scottish-landfill-tax>

The current rates for SLfT are set by the Scottish Government and approved by the Scottish Parliament.

<https://www.revenue.scot/scottish-landfill-tax/guidance/slft-legislation-guidance/determining-tax/slft2002>

Table 9: Declared taxable disposals by SLfT rate and year

Year	Declared taxable disposals (tonnes)		
	Standard rate	Lower rate	All
2015/16	1,869,300	1,050,300	2,919,600
2016/17	1,816,400	771,600	2,588,000
2017/18	1,775,100	790,200	2,565,300

Table 9 shows declared taxable (waste) disposals by SLfT rate and year. Standard rate disposals of 1.8 million tonnes were declared in 2017/18. Standard rate disposals have decreased each year. Since 2015/16 standard rate disposals have decreased by approximately 100,000 tonnes (5 per cent). Lower rate disposals of 800,000 tonnes were declared in 2017/18. Since 2015/16 lower rate disposals have decreased by approximately 300,000 tonnes (25 per cent). This decrease in lower rate disposals occurred mainly between 2015/16 and 2016/17 and the main reason for the decrease was the cessation of taxable activity by a small number of operators.

Table 10: SLfT declared due and contributions to the Scottish Landfill Communities Fund (SLCF) by year

Year	£ millions				
	Gross SLfT declared due			Contributions to SLCF	Net SLfT declared due ²
	Standard rate disposals	Lower rate disposals	All ¹		
2015/16	154.4	2.7	157.7	9.1	149.3
2016/17	153.3	2.0	156.3	8.9	148.0
2017/18	152.8	2.1	155.0	9.0	146.6

Notes:

1. For 2015/16 and 2016/17 this column will not equal the sum of the previous two columns. This is because of a small number of operators who have not reported the tonnages associated with taxable disposals subject to a partial water discount. The disposals were included in the gross SLfT declared due and, therefore, do not have any tax implications.

2. Taxpayers can claim a credit equal to 90 percent of their contribution to the SLCF. Therefore the net SLfT declared due will be approximately equal to the difference between the gross SLfT declared due and 90 per cent of the contributions to the SLCF. The equivalence is approximate as other credits can be claimed by taxpayers (e.g. credit for bad debt and/or permanent removals) but these are small in value.

Table 10 shows SLfT declared due and contributions to the Scottish Landfill Communities Fund (SLCF) by year. Net SLfT declared due was £147 million in 2017/18.

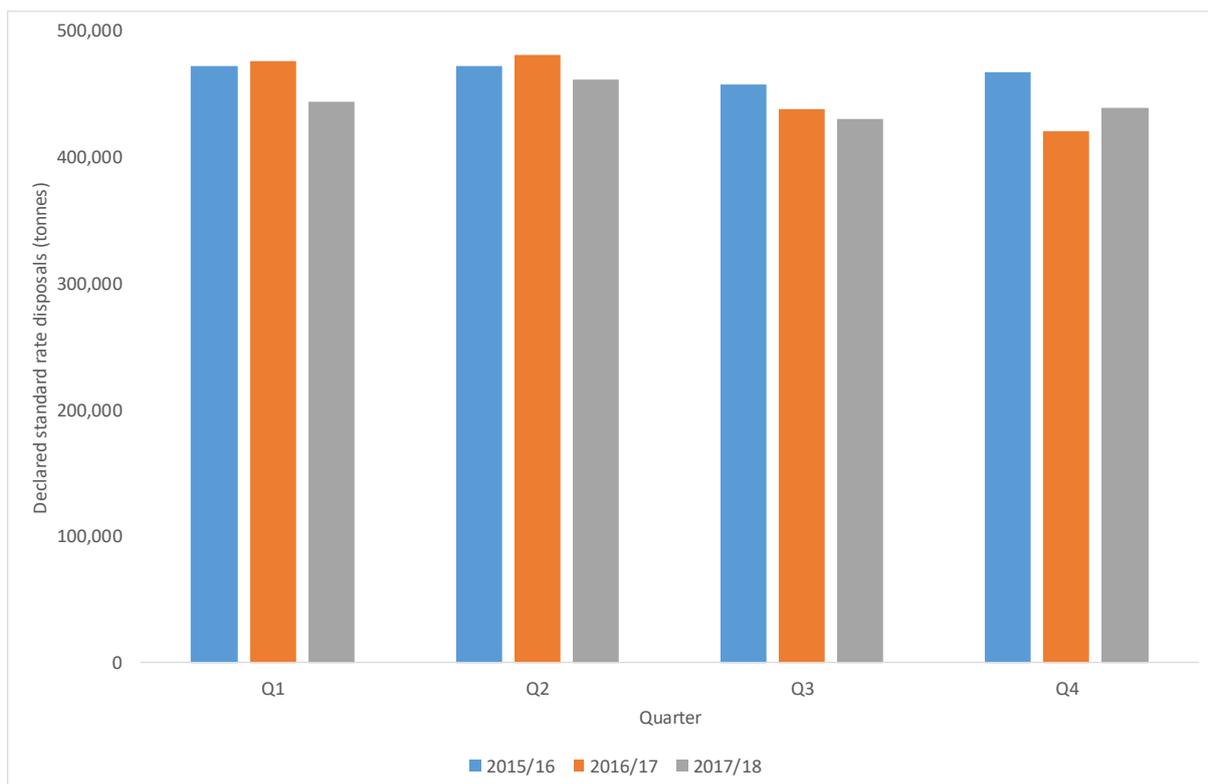
The net SLfT declared due is mainly dependent on standard rate disposals, lower rate disposals and contributions to the SLCF⁷. The rates at which standard and lower rate disposals are taxed are set by the Scottish Government and vary each year. For further information on SLfT rates see the guidance published by Revenue Scotland.

<https://www.revenue.scot/scottish-landfill-tax/guidance/slft-legislation-guidance/determining-tax/slft2002>

Since 2015/16 the tax rate for standard rate disposals has been around 32 times higher than that for lower rate disposals. Gross SLfT liabilities are, therefore, dominated by standard rate disposals.

The net SLfT declared due has decreased each year since 2015/16 by approximately £1 million (1 per cent) per year. Contributions to the SLCF have been stable at around £9 million per year. The decrease in net SLfT is, therefore, due to standard rate disposals decreasing faster than the increase in the rate at which standard rate disposals are taxed.

Figure 23: Declared standard rate disposals by quarter and year



⁷ Taxpayers can claim a credit of 90 per cent of their contribution to the SLCF which is then deducted from their gross SLfT liability.

Figure 24: SLfT declared due by quarter and year

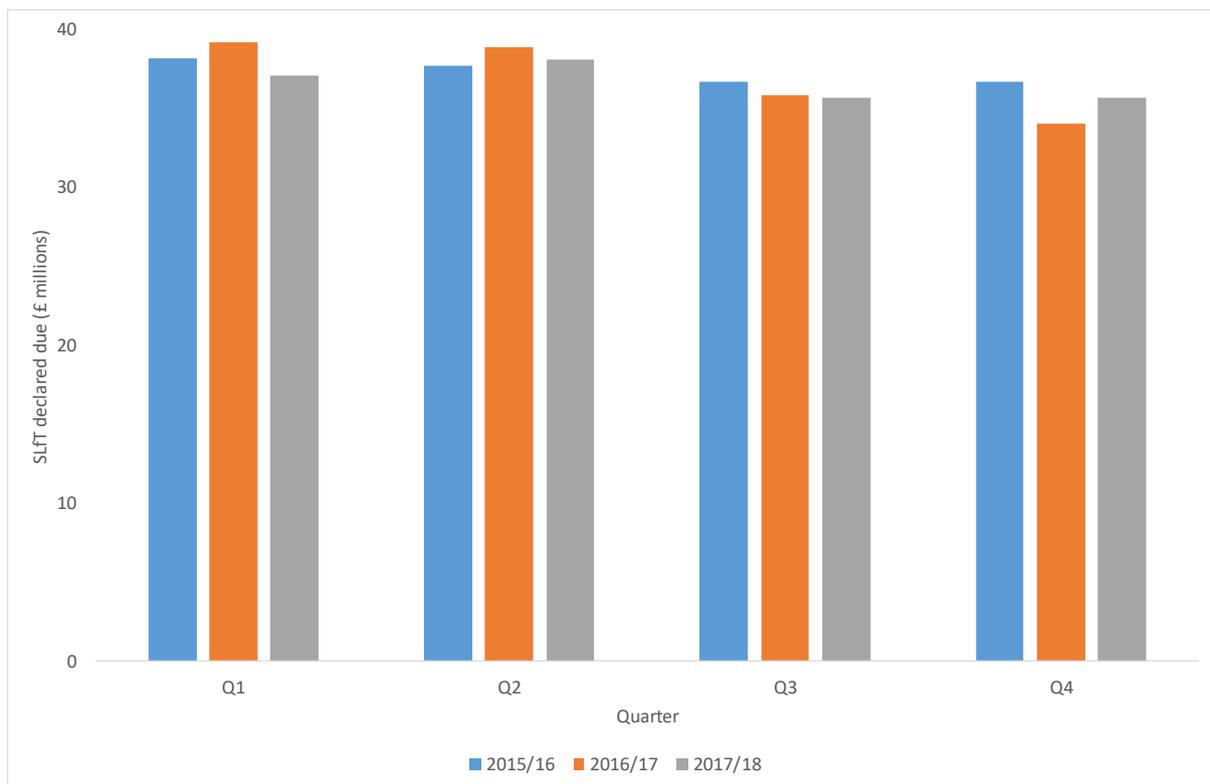


Figure 23 shows declared standard rate disposals by quarter and year and **Figure 24** shows the (net) SLfT declared due by quarter and year. **Figure 23** shows that the standard rate disposals declared in Q1 (April to June) and Q2 (July to September) tend to be higher than in Q3 (October to December) and Q4 (January to March). Since 2015/16 the standard rate disposals declared in Q1 and Q2 have been 6 per cent higher than those declared in Q3 and Q4. As expected, **Figure 24** shows that the seasonality observed in standard rate disposals is similar to that observed in the SLfT declared due as this is dominated by standard rate disposals. **Figure 24** shows that the SLfT declared due in Q1 and Q2 tends to be higher than in Q3 and Q4. Since 2015/16 the SLfT declared due in Q1 and Q2 has been 7 per cent higher than that declared in Q3 and Q4.

Figure 25: Declared taxable disposals by SLfT rate and quarter

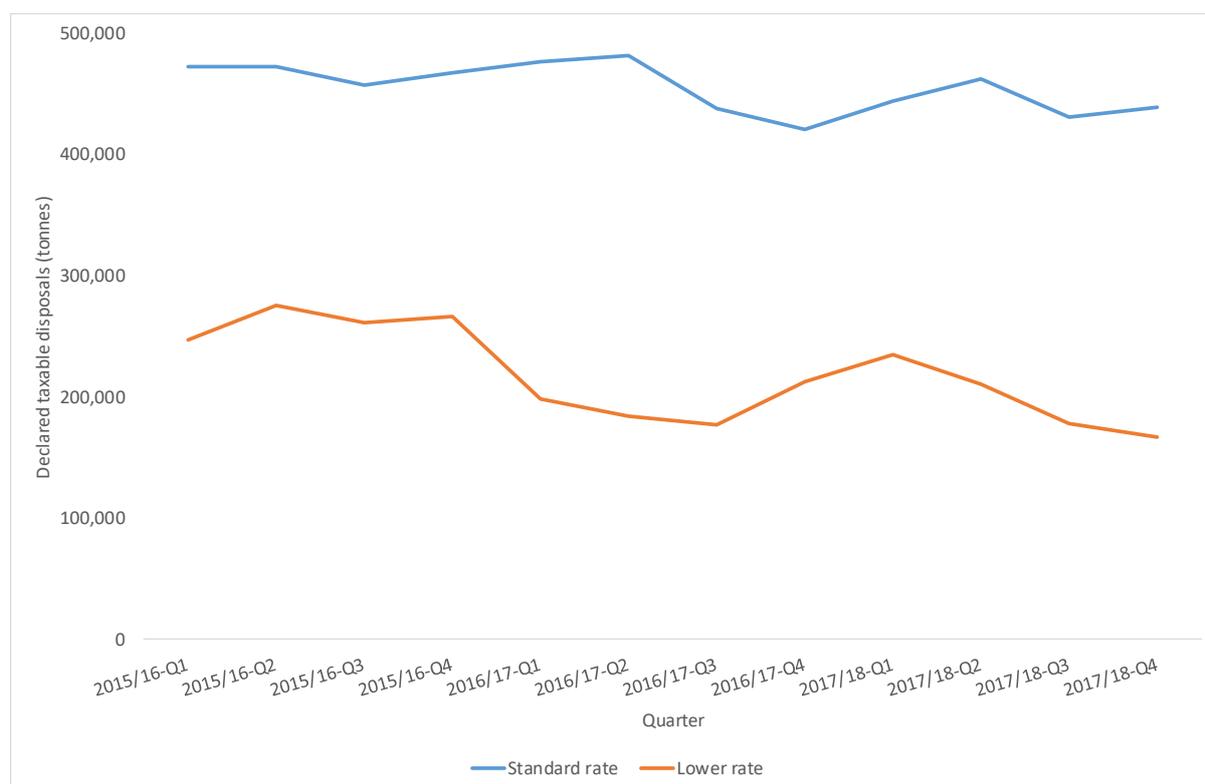


Figure 25 shows declared taxable disposals by SLfT rate and quarter. In addition to the seasonality discussed above, **Figure 25** shows a gradual downward trend in standard and lower rate disposals.

Revenue Scotland collects information on the types of waste constituting the taxable disposals in the supplementary spreadsheets submitted with SLfT returns. The waste is categorised using European Waste Catalogue (EWC) codes. For further information on EWC codes see the guidance published by the Scottish Environmental Protection Agency.

https://www.sepa.org.uk/media/163421/ewc_guidance.pdf

Table 11: Proportion of gross SLfT declared due by EWC code and year

EWC code	Description	Proportion of gross SLfT declared due		
		2015/16	2016/17	2017/18
20 03 01	mixed municipal waste	64.9%	65.4%	66.8%
19 12 12	other wastes (including mixtures of materials) from mechanical treatment of wastes other than those mentioned in 19 12 11	22.7%	25.0%	26.7%
Other or unknown		12.4%	9.6%	6.5%

Table 11 shows the proportion of gross SLfT declared due by EWC code and year. Each year between 65 to 67 per cent of the gross SLfT declared due is attributable to disposals of EWC code 20 03 01 - mixed municipal waste. A further 23 to 27 per cent of the gross SLfT due is attributable to disposals of EWC code 19 12 12 – other wastes (including mixtures of materials) from mechanical treatment of wastes other than those mentioned in 19 12 11. Disposals of these two waste streams have accounted for the majority (88 to 94 per cent) of gross SLfT declared due each year.

Users of this data should note that as EWC code 19 12 12 constitutes wastes from the mechanical treatment of waste then it may contain EWC code 20 03 01 mixed municipal waste that has been mechanically treated.

Table 12: Taxable disposals by EWC code and SLfT rate

EWC code	Description	Row percentages (%)		Taxable disposals (tonnes)
		Standard rate	Lower rate	
20 03 01	mixed municipal waste	100.0%	0.0%	3,460,000
19 12 12	other wastes (including mixtures of materials) from mechanical treatment of wastes other than those mentioned in 19 12 11	70.0%	30.0%	1,837,700
Other or unknown		25.8%	74.2%	2,775,300

Table 12 shows taxable disposals by EWC code and SLfT rate. EWC code 20 03 01 – mixed municipal waste has, on average, accounted for 1.2 million tonnes of taxable disposals per year. All taxable disposals of mixed municipal waste have been declared as subject to the standard rate of SLfT. EWC code 19 12 12 has, on average, accounted for 0.6 million tonnes of taxable disposals per year. However, taxable disposals of EWC code 19 12 12 have been declared as split between the standard and lower rates of SLfT. Table 12 shows that 70 per cent of taxable disposals of EWC code 19 12 12 have been declared as subject to the standard rate of SLfT and the remaining 30 per cent have been declared as subject to the lower rate.

Users of this data should note that it is expected that taxable disposals of EWC code 19 12 12 may be split between the standard and lower rates of SLfT. For further information see the guidance published by Revenue Scotland on determining the amount of tax (SLfT) payable.

<https://www.revenue.scot/scottish-landfill-tax/guidance/slft-legislation-guidance/determining-tax/slft2002>

Appendix A Date of submission versus effective date

The purpose of this appendix is to explain the basis on which Revenue Scotland's LBTT statistics are produced and to demonstrate that data based on the date of submission is similar in value and trend to data on an effective date⁸ basis, except at the ends of time series and near policy changes. Furthermore, it will be demonstrated that it can take up to eight weeks from the effective date for the majority (99 per cent) of LBTT returns to be submitted, whereas no such time lag exists for data produced by date of submission.

Revenue Scotland's monthly LBTT statistics and the data in this publication are based on the date the LBTT return is submitted. Generally this is different from the effective date as taxpayers have 30 days from the effective date to submit their LBTT return. Revenue Scotland is aware of interest in data by effective date but there are good reasons why Revenue Scotland chooses to publish statistics by the date the LBTT return is submitted.

- Publishing data based on the date of submission rather than the effective date allows Revenue Scotland to publish monthly LBTT statistics in a timely manner (within approximately 3 weeks of the month end).
- The data will be subject to revision only as a result of changes to the LBTT return 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).
- 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.

⁸ Typically the effective date of a land transaction is the date that the land transaction is completed. For further information on the effective date see the guidance published by Revenue Scotland.

<https://www.revenue.scot/land-buildings-transaction-tax/guidance/lbtt-legislation-guidance/how-tax-works/lbtt1004>

Figure 26: Proportion of LBTT returns received by the number of weeks between the date of submission and effective date

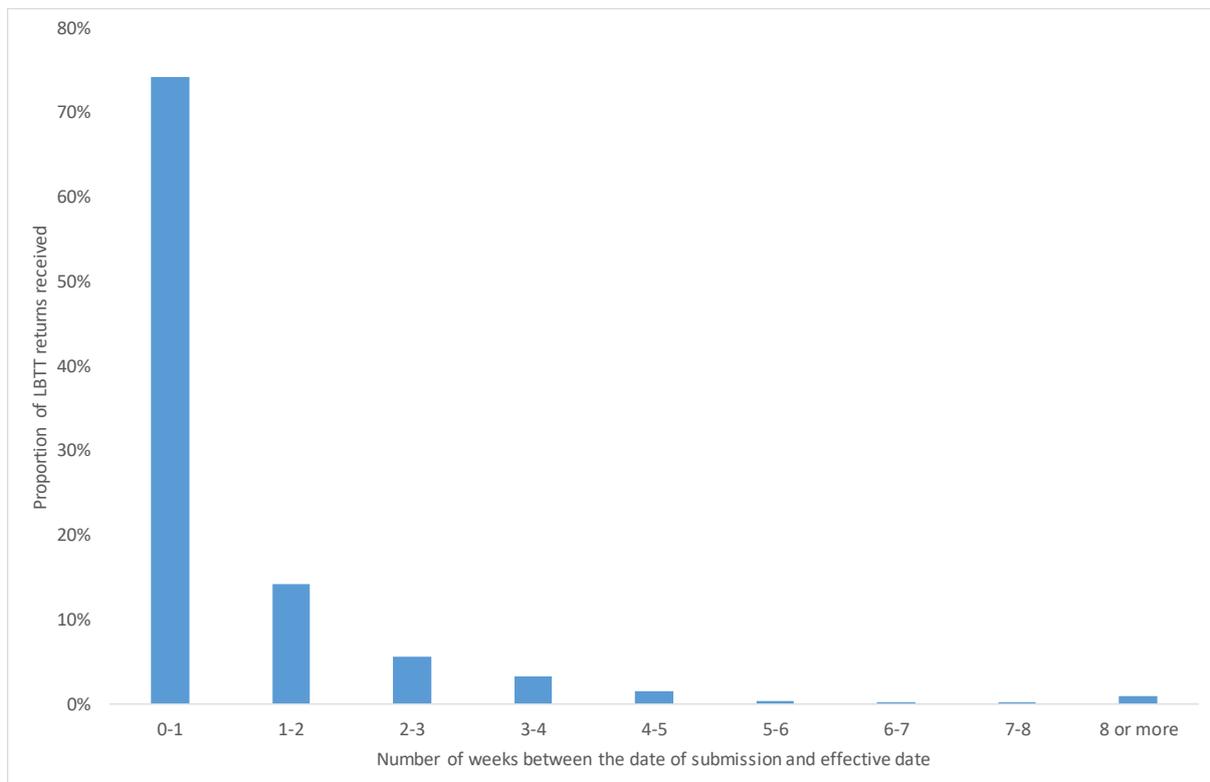


Figure 26 shows the proportion of LBTT returns received by the number of weeks between the date of submission and effective date. **Figure 26** shows that 74 per cent of LBTT returns are submitted within one week of the effective date, 97 per cent of LBTT returns are received within four weeks of the effective date and 99 per cent are received within eight weeks of the effective date.

If Revenue Scotland was to publish data by effective date then to minimise revisions (due to submission of LBTT returns) it would seem reasonable that two months would need to be allowed to pass from the month end before statistics relating to that month could be published. This would ensure that 99 per cent of LBTT returns with an effective date relating to that month had been received. For example, Revenue Scotland could be reasonably certain that 99 per cent of LBTT returns with an effective date in November 2018 had been received by February 2019. A small number of LBTT returns with an effective date in November 2018 would be submitted in February 2019 or later which would result in revisions to the data for November 2018 published in February 2019.

Figure 27: Number of LBTT returns received by month of submission and the month relating to the effective date



Figure 27 shows the number of LBTT returns received by month of submission and the month relating to the effective date. There are some large differences between the series, particularly near the introduction of policy changes, in the early months and the most recent months, which can be explained but otherwise the series are similar in terms of values and trends and follow closely with no obvious time lag.

There are large differences between the series in March and April 2016. This is likely to have been due to forestalling ahead of the introduction of ADS in April 2016. The number of LBTT returns with an effective date in March 2016 is approximately 2,100 higher than the number of LBTT returns submitted in March 2016 and the number with an effective date in April 2016 is approximately 1,600 lower than the number submitted. This reflects the fact there was an incentive for taxpayers to conclude property transactions in March 2016 before the introduction of ADS. Consequently fewer transactions concluded in April 2016 than would otherwise have been expected. However, the effect on the number of LBTT returns received in April 2016 was less pronounced due to a proportion of transactions concluded in March 2016 where the tax return was not submitted until April 2016.

In the first month of the series, namely April 2015, the number of returns on an effective date basis is higher than the number of returns based on the date of submission. This reflects the introduction of LBTT in April 2015. There were no LBTT returns submitted in April 2015 with an effective date in March 2015 as these property transactions were subject to UK Stamp Duty Land Tax.

In the latest month of the series, namely March 2018, the number of returns based on the date of submission is higher than the number of returns on an effective date basis. This reflects the fact that the data excludes LBTT returns received after 31 March 2018 and there will be a number of property transactions with an effective date in March 2018 for which the LBTT return was received after 31 March 2018.

It is worth noting that the Scottish Fiscal Commission (SFC) requests data by effective date which it uses to produce and evaluate forecasts of LBTT revenue and Revenue Scotland publishes this data on the LBTT data requests section of its website.

<https://www.revenue.scot/about-us/publications/statistics/land-and-buildings-transaction-tax-statistics-0#overlay-context=about-us/publications/statistics>

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. For example, the data provided to SFC extracted by Revenue Scotland on 31 October 2018 includes LBTT returns with an effective date up to and including August 2018.

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 relate to the figures for LBTT revenue that appear in the Devolved Taxes Account in Revenue Scotland's Annual Report and Financial Statements as the figures are produced on a different basis.

Whereas the figures in the Annual Report and Financial Statements are, by their nature, fixed for a given year, the published statistics are updated on a monthly basis with changes largely reflecting ADS reclaims which have subsequently been received. 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 Report⁹ 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 adjustments result in only small differences between the Annual Report and published statistics. Differences 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 initially submitted. The Annual Report typically allocates claims for repayment of ADS to the period in which the claim for repayment was received. For example, a claim for repayment of ADS received in June 2017 relating to an LBTT return (with ADS declared due) initially received in March 2017 would be allocated to March 2017 (2016/17) in the published statistics and to 2017/18 in the Annual Report.

⁹ The Annual Report and Financial Statements are produced to comply with the accounting principles and disclosure requirements of the Government Financial Reporting Manual.

Table 13: 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						
	a) LBTT excluding ADS	b) Gross ADS	Value of ADS repayments claimed			Net LBTT (a + b - c)	Devolved Taxes figure for LBTT ²
			Year claim relates to ¹				
			2016/17	2017/18	c) All		
2015/16	415.8					415.8	424.9
2016/17	389.7	104.7	13.3		13.3	481.1	483.6
2017/18	461.0	124.4	12.4	17.1	29.5	555.9	557.3

Notes:

1. For example, a claim for repayment of ADS received in 2017/18 relating an LBTT return (with ADS declared due) 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>

Table 13 shows 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.

The key figure in **Table 13** that illustrates the different treatment of claims for repayment of ADS is the £12.4 million of claims for repayment of ADS received in 2017/18 relating to LBTT returns (with ADS declared due) initially received in 2016/17. In the published statistics, these claims do not result in any adjustment to the net ADS declared due in 2017/18. The net ADS declared due in 2016/17 is revised to reflect these claims as they relate to LBTT returns (with ADS declared due) initially received in this period. In summary, the published statistics relating to 2016/17 are adjusted to reflect these claims but they are reflected in the 2017/18 Annual Report as they were received after the accounting period for 2016/17 was closed. Therefore, if one was to compare the published statistics for LBTT relating to 2017/18 (as at the end of 2017/18) with the figure for LBTT revenue in the 2017/18 Annual Report then they would observe a discrepancy of around £12.4 million¹⁰. The published statistics would be higher than the Annual Report because reclaims of ADS relating to 2016/17, but received in 2017/18, appear in the statistics as a reduction in 2016/17 revenue rather than a reduction in 2017/18 revenue.

Table 13 shows that the published statistics and Annual Report can broadly be reconciled when presented on a similar basis. The larger difference in 2015/16 is due to the accruals process. No LBTT revenue where the tax returns were received in April or May 2015 were accrued into 2014/15 (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. The accounting accruals process also results in other differences between the statistics and the accounts but these are generally far more minor.

¹⁰ The actual difference is £11.6 million. See <https://www.revenue.scot/about-us/publications/statistics/land-and-buildings-transaction-tax-statistics-0#overlay-context=about-us/publications/statistics>