

Revenue Scotland Statistics

# Annual Summary of Trends in the Devolved Taxes

2019/20

# Executive summary

This report describes trends in Land and Buildings Transaction Tax (LBTT) and Scottish Landfill Tax (SLfT) declared due during the first five years of devolved tax collection in Scotland, from **April 2015 to March 2020**.<sup>1</sup>

## Land and Buildings Transaction Tax

- £619 million in LBTT revenues were declared due during 2019/20, including £139 million net Annual Dwelling Supplement (ADS) payments, some portion of which may later be reclaimed.
- In 2019/20, residential conveyances accounted for around 68 per cent (£424 million) of total LBTT declared due, non-residential conveyances accounted for 28 per cent (£174 million) and leases accounted for 3 per cent (£20 million).
- LBTT revenues from residential conveyances have increased steadily from 2015/16 to 2019/20, while revenue from non-residential conveyances and leases have remained roughly stable, and although the number of residential returns received has not increased.
- Residential LBTT revenue excluding ADS is dominated by transactions in the £325,000 to £750,000 band, which in 2019/20 contributed 55 per cent of revenue while making up 9 per cent of returns. 45 per cent of residential returns received in 2019/20 fell into the nil rate tax band (total consideration up to £145,000), down from 53 per cent in 2015/16.

## Additional Dwelling Supplement

- £163 million gross ADS was declared due in 2019/20, a 28 per cent increase on the previous year, largely due to the increase in ADS rate from 3 per cent to 4 per cent effective from January 2019.
- ADS was declared due for 22 per cent of all residential conveyances. Among ADS returns submitted up to and including 2018/19, 26 per cent of gross ADS declared due has since been reclaimed, relating to 17 per cent of all ADS returns in that period.
- Taxpayers state their intention to reclaim an ADS payment on the tax return. For 79 per cent of ADS returns submitted in 2019/20, the taxpayer did not intend to reclaim the ADS declared due, an increase from 75 per cent in earlier years. Transactions where the taxpayer does not intend to reclaim the ADS are more likely to be lower in

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<sup>1</sup> Information on taxes declared due after March 2020 can be found in the monthly LBTT statistics publication and quarterly SLfT statistics publication: <https://www.revenue.scot/about-us/publications/statistics>

value compared to transactions where no ADS is declared due, or where the taxpayer intends to reclaim ADS.

- The majority of ADS reclaims (87 per cent) are made within one year of the original transaction.

### **Non-Residential Transactions**

- £174 million LBTT was declared due for 6,450 non-residential conveyances in 2019/20.
- LBTT revenues from non-residential conveyances and leases are volatile due to fluctuations in small numbers of very high value transactions. Each year so far the largest 5 per cent of transactions have contributed 71 to 75 per cent of total LBTT revenues from non-residential conveyances, with a similar distribution for leases (64 per cent to 74 per cent).
- Leases contributed £20 million LBTT revenue in 2019/20, the lowest annual total so far and a 30 per cent decrease on the previous year, largely due to fluctuations in small numbers of high value leases.
- Three-year lease reviews resulted in net LBTT declared due of £1.2 million in 2019/20. This value was partially offset by other review types (assignments and terminations) so that the net LBTT declared due for all reviews of a lease was £0.8 million.
- 4,600 LBTT returns for reviews of a lease were received in 2019/20, of which 78 per cent declared no change in LBTT due from the original lease, 15 per cent declared additional LBTT due and 8 per cent resulted in a claim for repayment of LBTT. Three year lease reviews accounted for 84 per cent of reviews of a lease.

### **Sub-Scotland**

- The City of Edinburgh accounted for £98 million in residential LBTT revenues (excluding ADS) in 2019/20, 34 per cent of the total. The second largest contributor, Glasgow City, accounted for £19 million (7 per cent), although there were similar numbers of residential conveyances in both local authorities (around 12,000).
- The proportion of all residential LBTT returns where the taxpayer does not intend to reclaim the ADS that was declared due has increased overall from 2016/17 to 2019/20 in all local authorities. In 2019/20, this ranged from 11 to 28 per cent of all residential transactions, highest in Na-h-Eileanan Siar (28 per cent) and Dundee City (25 per cent).

## **Reliefs**

- £112 million potential LBTT revenues were foregone to reliefs in 2019/20, with around 15,500 returns receiving relief.
- Non-residential transactions account for the majority (87 per cent) of revenue forgone to reliefs over the past 5 years, primarily group relief (54 to 73 per cent).
- The vast majority (85 per cent) of relief claims in 2019/20 were for First Time Buyer Relief, although the total value of this relief (£6.6 million) was only 6 per cent of total revenue foregone to reliefs in 2019/20.

## **Scottish Landfill Tax**

- £119 million SLfT was declared due in 2019/20, a decrease of 16 per cent on the previous year and the continuation of a five-year downward trend, driven by decreases in the disposal of standard rate waste to landfill (1.34 million tonnes in 2019/20, down 19 per cent from the previous year).

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# 1. Introduction

Revenue Scotland is 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 are:

- **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 third annual statistics publication summarising trends in the devolved taxes, namely Land and Buildings Transaction Tax (LBTT) and Scottish Landfill Tax (SLfT). This publication covers the period from 1 April 2015 to 31 March 2020.

Since 31 March 2020, some of the trends described in this publication have been significantly disrupted by the impacts of COVID-19.

Revenue Scotland also publishes monthly official statistics on LBTT and quarterly official statistics on SLfT. More up-to-date statistics showing the impact of COVID-19 on LBTT and SLfT collection during 2020 are available from these two publications.

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/review of a 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 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>

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

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 date<sup>2</sup> 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

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<sup>2</sup> 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.

up to one year following the filing date<sup>3</sup>. 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.

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 Environment 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 31 May 2020.

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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<sup>3</sup> <https://www.legislation.gov.uk/asp/2014/16/section/83>

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<http://www.nationalarchives.gov.uk/doc/open-government-licence/version/3/>

## 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 an additional property – for example, a buy-to-let dwelling or a second home (or holiday home) – in addition to their main residence.

In cases where, for example, a taxpayer buys a new main residence before selling their previous main residence, the taxpayer initially pays ADS but then has 18 months<sup>4</sup> from the effective date of the original transaction 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.

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<sup>4</sup> Under the Coronavirus (Scotland) (No.2) Act 2020, introduced in May 2020, taxpayers who had bought a new main residence before 25 March 2020 (with an effective date for the purchase between 24 September 2018 and 24 March 2020) have 36 months from the effective date of the original transaction to sell their previous main residence and reclaim the ADS.

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>

The first three-yearly reviews of lease transactions were received from 1 April 2018. Three-yearly reviews of lease transactions are required in order to capture any changes in the LBTT due through, for example, rent reviews and extensions. The LBTT legislation requires that, unless the lease has been terminated or assigned, a further LBTT return must be submitted by the tenant at every third anniversary of the effective date of the lease (i.e. year 3, year 6, year 9 etc.) and any additional LBTT paid or overpaid LBTT reclaimed.

For more information on three-yearly reviews of lease transactions please see the relevant sections on our website.

<https://www.revenue.scot/land-buildings-transaction-tax/guidance/lbtt-legislation-guidance/leases/lbtt6014>

Where a lease has been notified to Revenue Scotland and is later assigned, the assignor (the outgoing tenant) must make a further LBTT return to Revenue Scotland within 30 days of the day after the lease was assigned. Where a lease has been notified to Revenue Scotland and is later terminated for any reason (including a renunciation of the lease), the tenant at the point of termination must make a further LBTT return to Revenue Scotland within 30 days of the day after the lease is terminated. Assignations and terminations were received prior to 1 April 2018 but they were not distinguished in the statistics from lease transactions prior to this date.

For more information on assignations and terminations please see the relevant sections on our website.

<https://www.revenue.scot/land-buildings-transaction-tax/guidance/lbtt-legislation-guidance/leases/lbtt6017>

Throughout this publication 'reviews of a lease' refers to three-yearly reviews, assignations and terminations. LBTT from reviews of a lease is the additional LBTT declared due minus any repayments claimed. This net figure may be positive or negative.

## 2.1 Overview

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

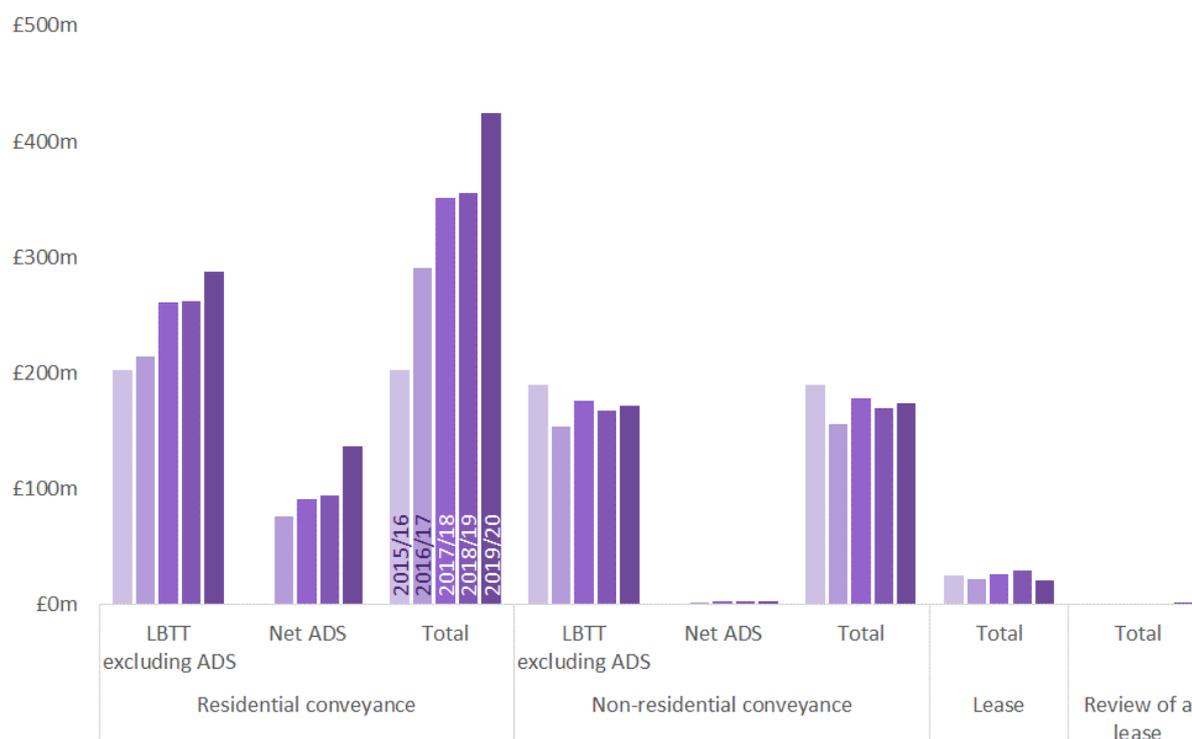


Figure 1 shows LBTT declared due by type of transaction and year. In each year residential conveyances have accounted for more LBTT than each of the other transaction types - non-residential conveyances, leases and reviews of a lease. Prior to the introduction of the Additional Dwelling Supplement (ADS) on 1 April 2016, residential and non-residential conveyances accounted for similar amounts of LBTT. ADS almost exclusively affects residential transactions, although a small number of non-residential conveyances with a residential component pay ADS. Since the introduction of ADS, residential conveyances have accounted for approximately twice the revenue of non-residential conveyances. This reflects the introduction of ADS, and an increase in LBTT excluding ADS from residential conveyances (e.g. due to house price increases) while LBTT from non-residential conveyances has remained around the same. Leases account for much less LBTT than residential and non-residential conveyances.

Since 2016/17, residential conveyances have accounted for 65 per cent of LBTT, non-residential conveyances have accounted for 31 per cent of LBTT and leases have accounted for 4 per cent of LBTT. Reviews of a lease have accounted for less than 0.1 per cent of LBTT since taking effect in 2018.

In total, LBTT (as at 31 May 2020) has increased from £416 million for tax returns originally received in 2015/16 to £619 million in 2019/20. 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	2018/19	2019/20
Residential conveyance	103,680	100,500	103,930	103,760	105,140
Non-residential conveyance	6,220	6,810	6,880	7,160	6,450
Lease	5,260	5,690	5,570	5,140	4,940
Review of a lease				4,230	4,560
<b>All</b>	<b>115,150</b>	<b>113,000</b>	<b>116,380</b>	<b>120,280</b>	<b>121,090</b>

**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 (88 per cent) of LBTT returns received since 2015. Non-residential conveyances have accounted for 6 per cent of LBTT returns received with leases accounting for 5 per cent. Reviews of a lease have accounted for 4 per cent of all returns in the two years since taking effect in 2018/19.

It is worth noting that non-residential conveyances account for a much higher proportion of LBTT declared due (31 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.

Reviews of a lease account for a much higher proportion of LBTT returns received (4 per cent since April 2018) than LBTT declared due (less than 0.1 per cent).

## 2.2 Residential LBTT excluding Additional Dwelling Supplement (ADS)

In this section we summarise the trends in LBTT excluding Additional Dwelling Supplement (ADS) declared due for residential conveyances and the number of residential conveyance returns received. There are good reasons for presenting analysis of LBTT 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 revenue time series. Furthermore, as the ADS may be reclaimed when the taxpayer sells their previous main residence, the series is subject to large downward revisions for many months. 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 (due to the few non-residential transactions with a residential component subject to ADS) (See **Figure 1**).

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

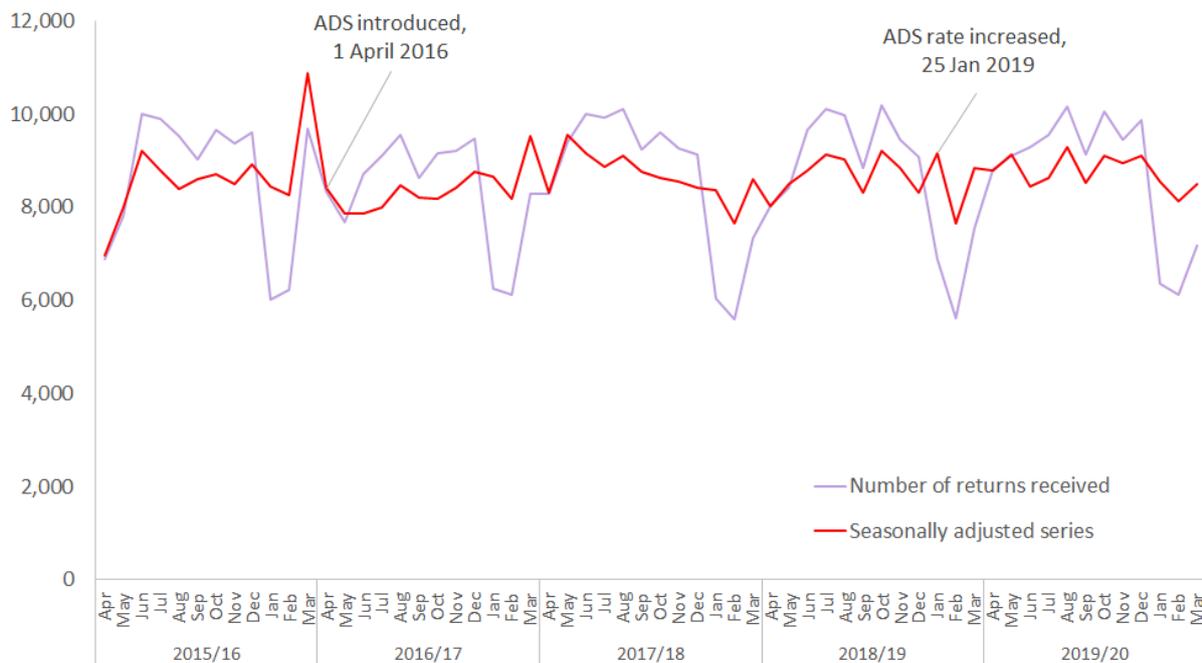
	2015/16	2016/17	2017/18	2018/19	2019/20
LBTT excluding ADS (£ millions)	202.0	214.3	260.2	261.3	287.7
Annual percentage change in LBTT excluding ADS		6.1%	21.4%	0.4%	10.1%
LBTT returns received	103,680	100,500	103,930	103,760	105,140
Annual percentage change in LBTT returns received		-3.1%	3.4%	-0.2%	1.3%
LBTT excluding ADS per return received <sup>1</sup> (£)	1,900	2,100	2,500	2,500	2,700

**Notes:**

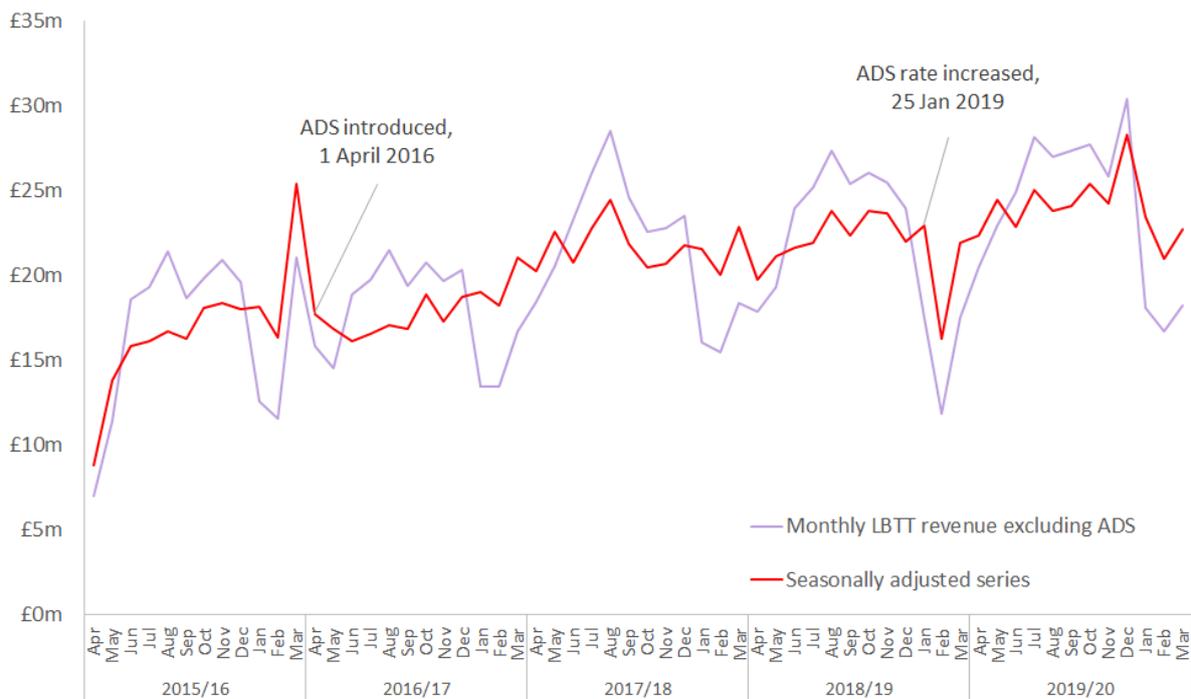
1. Rounded to the nearest £100.

**Table 2** shows LBTT excluding ADS declared due and the number of LBTT returns received by year for residential conveyances. Revenue excluding ADS from residential conveyances has increased each year, from £202 million in 2015/16 to £288 million in 2019/20, while the number of returns received has remained relatively stable.

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



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



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

Both number of residential LBTT returns and revenue excluding ADS show consistent seasonal, monthly, and weekly patterns. Fewer returns are received in January and February (6,100 per month on average compared to 9,100 on average for other months), and these months are also associated with lower average house prices<sup>5</sup>. More returns are received on Fridays than other weekdays (570 compared to 350 per day), and the last Friday of each month typically sees the highest residential returns (590 per day).

After accounting for the seasonal cycle and calendar effects, the number of residential LBTT returns received has remained relatively constant from 2015/16 to 2019/20, with some variation from month to month remaining unexplained. LBTT revenues excluding ADS from residential returns increased over the same period, from around £15 million per month in 2015 to around £24 million, consistent with year on year increases in average property values.

During March 2016, seasonally adjusted residential LBTT return volumes and revenue excluding ADS were higher than otherwise expected, as some buyers rushed to complete transactions before the introduction of ADS on 1 April 2016. When the ADS rate was increased from 3 per cent to 4 per cent on 25 January 2016, taxpayers and agents had just over 6 weeks to prepare for the change<sup>6</sup>, compared to 15 weeks' notice of the introduction of ADS<sup>7</sup>. LBTT revenues excluding ADS showed a reduction from normal levels in February 2019, but with a less marked change in transaction numbers. This suggests forestalling ahead of the 25 January 2019 rate change may have been less widespread than in April 2016, but more concentrated in a relatively small number of higher value residential transactions subject to ADS.

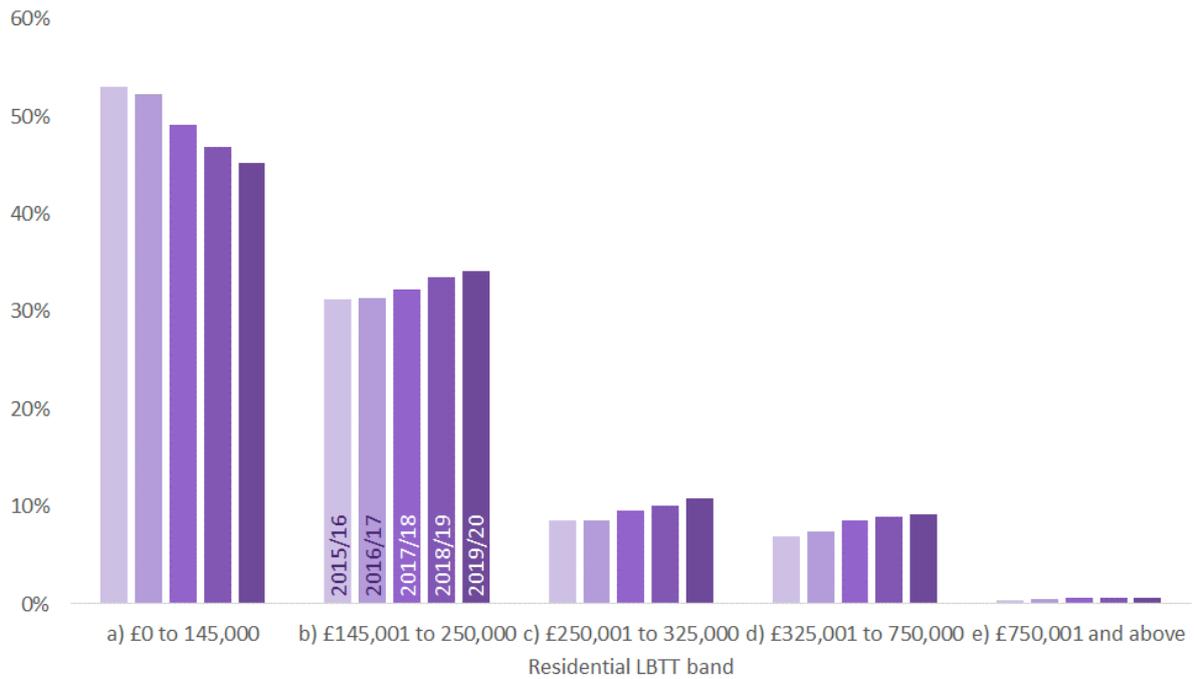
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<sup>5</sup> See Registers of Scotland monthly house price statistics: <https://www.ros.gov.uk/data-and-statistics/house-price-statistics>

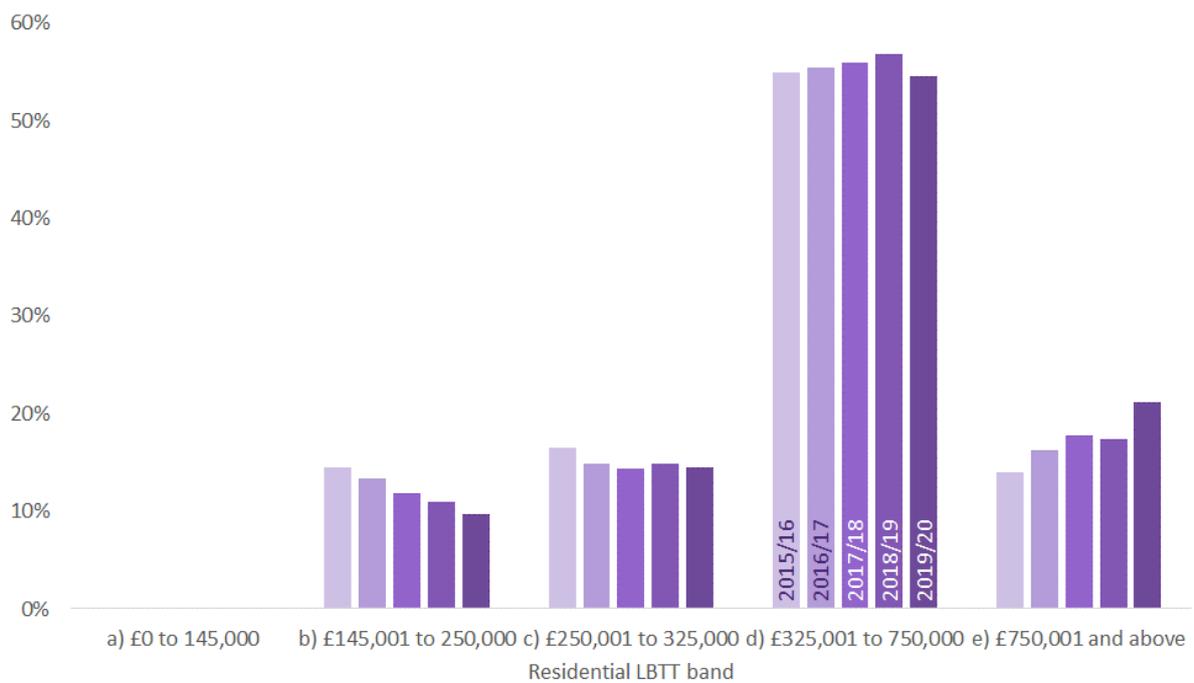
<sup>6</sup> <https://www.revenue.scot/news/news/scottish-budget-sets-out-proposed-changes-devolved-taxes>

<sup>7</sup> <https://www.revenue.scot/news/news/changes-lbtt-and-slft>

**Figure 4: Distribution of residential conveyance returns 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 conveyance returns received by residential LBTT band and year and **Figure 5** shows the LBTT excluding ADS declared due by residential LBTT band and year. 45 per cent of returns received in 2019/20 had total consideration less than or equal to £145,000 and, therefore, had zero tax liabilities<sup>8</sup>. LBTT revenue is dominated by the £325,000 to £750,000 band, which contributes 55 per cent of LBTT while making up only 9 per cent of returns. The highest band (£750,001 and above) accounts for less than one per cent of returns received and 21 per cent of tax.

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

Due to the structure of the tax, a small shift in residential property prices typically results in a larger change in tax revenues.

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<sup>8</sup> Residential conveyance transactions under £145,000 can incur tax liability if they are linked.

## 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 <sup>1</sup>	Reclaimed <sup>1</sup> (%)	Total	Repayments claimed <sup>1</sup>	Repayments claimed <sup>1</sup> (%)
2016/17	103.0	27.1	26.3%	20,830	3,640	17.5%
2017/18	122.1	31.5	25.8%	23,530	4,050	17.2%
2018/19	128.1	33.8	26.4%	23,600	4,150	17.6%
2019/20	163.4	26.2	16.1%	23,220	2,440	10.5%

**Notes:**

1. The data reflects claims for repayment of ADS received up to and including 31 May 2020 and will be revised over time as more claims for repayment of ADS are received. In May 2020, the period for reclaiming ADS was extended for buyers who bought a new main residence with effective date between 24 September 2018 and 25 March 2020. ADS reclaims relating to transactions in 2018/19 and 2019/20 can therefore be expected to rise in 2020/21 and 2021/22.

**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 £163 million in gross ADS was declared due in 2019/20, an increase of approximately £35 million (28 per cent) on the previous year, due largely to the increase in the ADS rate from 3 per cent to 4 per cent effective from 25 January 2019.

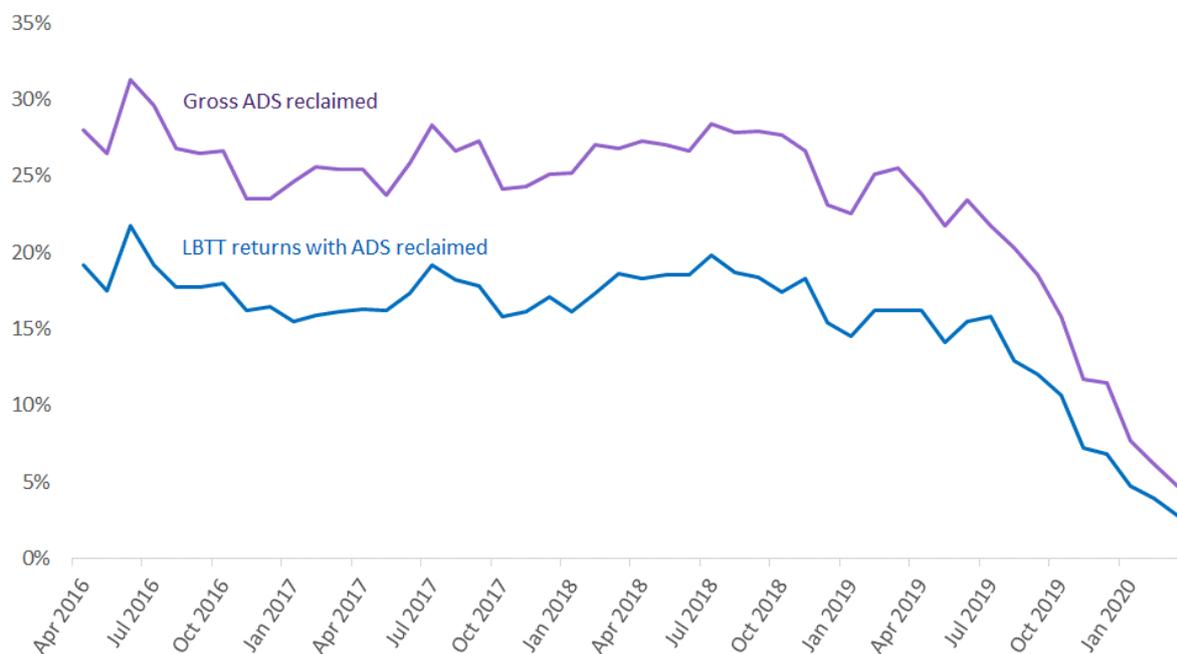
Approximately 23,200 residential LBTT returns received in 2019/20 had ADS declared due, equating to 22 per cent of all residential conveyances received in 2019/20. This represents a small decrease on the previous year.

The ADS reclaim rate for 2019/20 appears lower than previous years. However, this figure will continue to increase over time as more claims for repayment are made. Only minimal revisions are expected to repayment claims relating to returns made up to 2018/19. Of these, approximately 18 per cent of ADS returns have since been reclaimed, accounting for 26 per cent of the gross ADS declared due. This indicates that claims are more likely to relate to higher value transactions.

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

Approximately 10 per cent of taxpayers who submitted LBTT returns with ADS declared due in 2019/20 have subsequently claimed repayment of ADS, accounting for 16 per cent of the gross ADS declared due.

**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 5 per cent for the most recent month (5 per cent of ADS declared due in March 2020 was reclaimed by end May 2020) to around 26 per cent for the first 32 months (April 2016 to November 2018). This is a reflection of the fact that taxpayers have had 18 months from the effective date<sup>9</sup> of the transaction subject to ADS to sell their previous main residence and then reclaim ADS. Similarly, the number of claims for repayment of ADS rises from 3 per cent for the most recent month (March 2020) to around 18 per cent for the first 32 months (April 2016 to November 2018).

<sup>9</sup> Provided the taxpayer sells their previous main residence within 18 months of the effective date, they may submit their claim for repayment of ADS up to five years from the filing date.

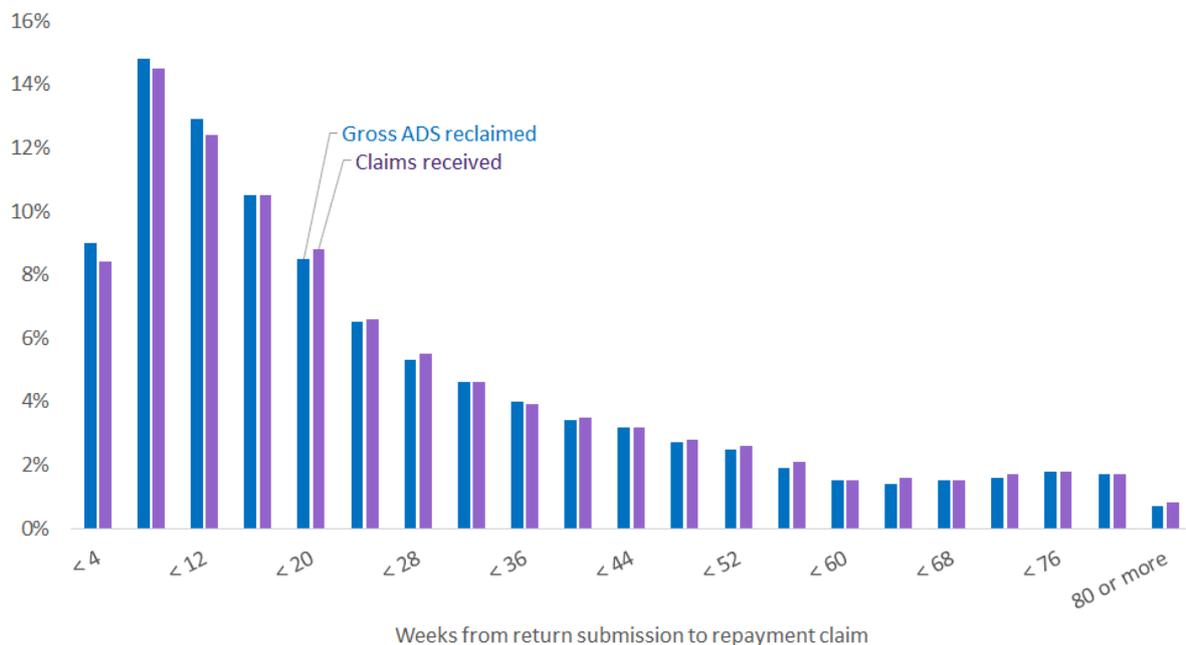
<http://www.legislation.gov.uk/asp/2014/16/section/115>

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

Taxpayers who paid ADS on transactions with effective date from 25 September 2018 and 24 March 2020 have 36 months to reclaim ADS rather than the usual 18.

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.

**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, for returns submitted 2016/17 to 2019/20**



**Figure 7** shows the proportion of gross ADS (tax) reclaimed and the proportion of claims (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, over half of all claims are received within 20 weeks and approximately 87 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 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**

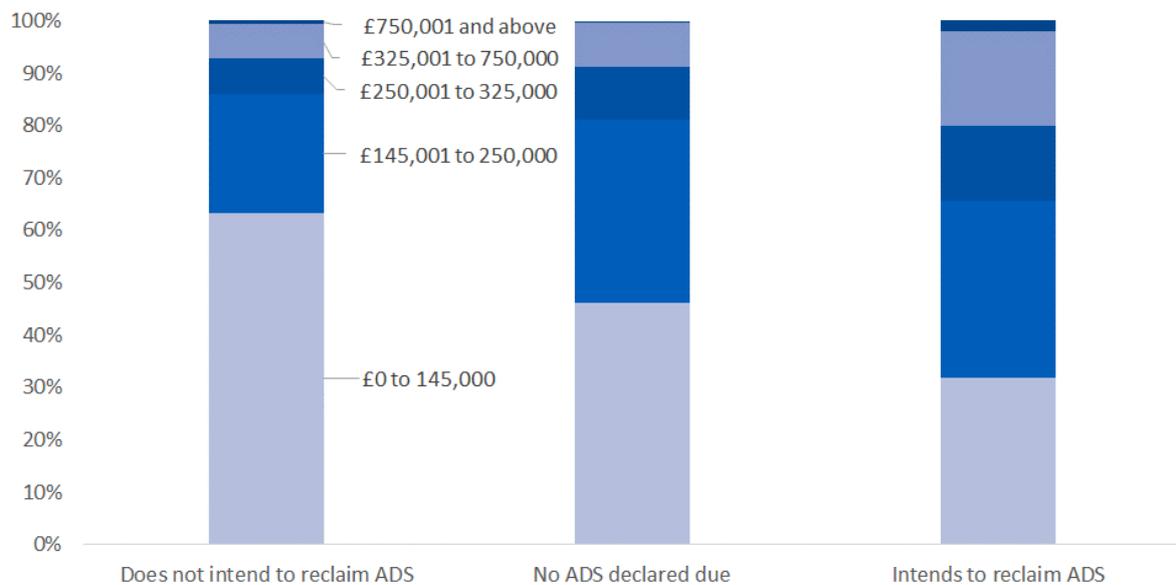
	LBTT returns received with ADS declared due			Proportion with a subsequent claim for repayment		
	Intend to reclaim ADS	Do not intend to reclaim ADS	Total	Intend to reclaim ADS	Do not intend to reclaim ADS	All
2016/17	5,300	15,530	20,830	64.6%	1.4%	17.5%
2017/18	5,950	17,580	23,530	64.0%	1.4%	17.2%
2018/19	5,840	17,760	23,600	65.7%	1.8%	17.6%
2019/20	4,800	18,420	23,220	43.8%	1.8%	10.5%

**Notes:**

1. The data reflects claims for repayment of ADS received up to and including 31 May 2020 and will be revised over time as more claims for repayment of ADS are received, primarily for returns received in 2018/19 and 2019/20. In May 2020, the period for reclaiming ADS was extended for buyers who bought a new main residence effective between 24 September 2018 and 25 March 2020. Revisions relating to 2018/19 and 2019/20 can be expected in 2020/21 and 2021/22.

**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 LBTT returns submitted with ADS declared due in 2018/19 approximately two-thirds of taxpayers who stated that they intended to reclaim ADS subsequently went on to do so, similar to previous years. Only 2 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 2018/19) 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 (ADS declared due and intends/does not intend to reclaim ADS, or no ADS declared due) and residential LBTT band, 2016/17 to 2019/20**



**Figure 8** shows the distributions of residential conveyances with ADS declared due where the taxpayer does not intend to reclaim ADS, where the taxpayer intends to reclaim ADS and with no ADS declared due, by 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 will include buy-to-let properties and second homes. Residential conveyances with ADS declared due where the taxpayer intends to reclaim ADS tend to be higher value transactions. This is likely to reflect a number of factors including the fact that these transactions will include taxpayers who may be moving up the property ladder (as they intend to replace their previous main residence).

## 2.4 Non-residential conveyances

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 and reviews of a lease, which are analysed separately in sections 2.5 and 2.6 respectively.

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

	2015/16	2016/17	2017/18	2018/19	2019/20
LBTT declared due (£ millions)	189.6	154.9	178.1	169.4	173.9
Annual percentage change in LBTT declared due		-18.3%	15.0%	-4.9%	2.6%
LBTT returns received	6,220	6,810	6,880	7,160	6,450
Annual percentage change in LBTT returns received		9.6%	1.0%	4.1%	-9.9%
LBTT declared due per return received <sup>1</sup> (£)	30,500	22,700	25,900	23,700	27,000

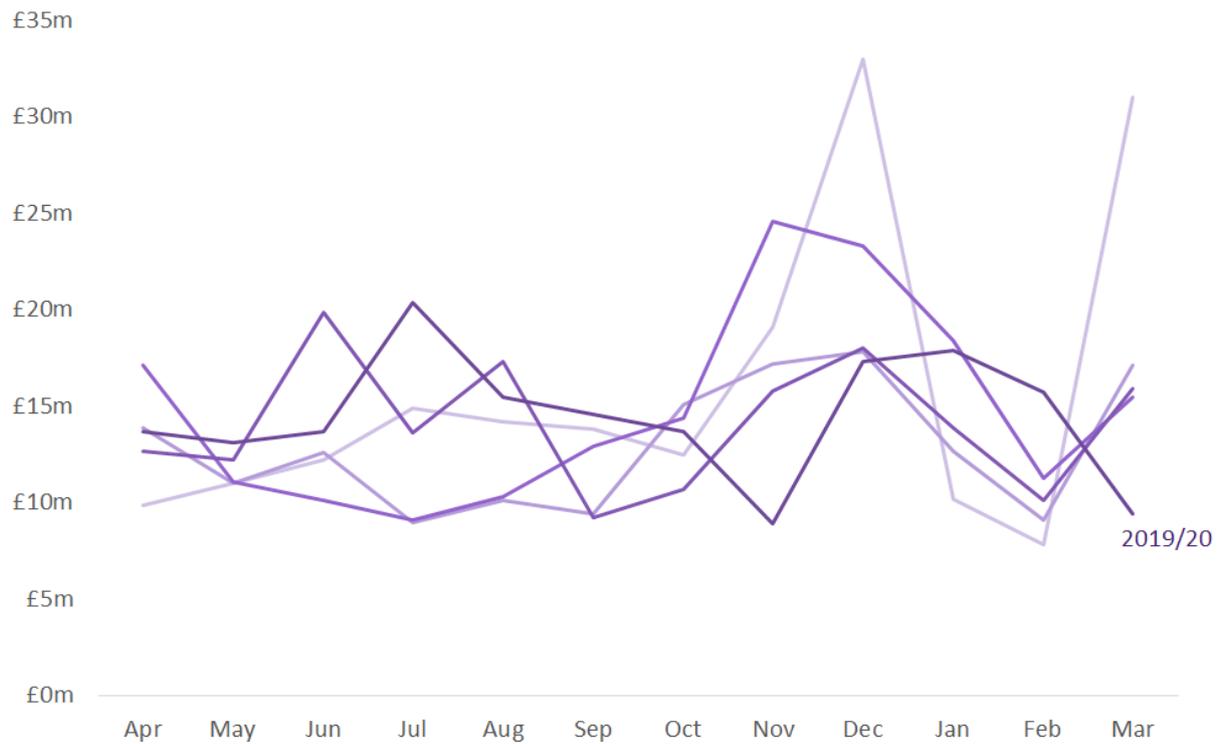
**Notes:**

1. Rounded to the nearest £100.

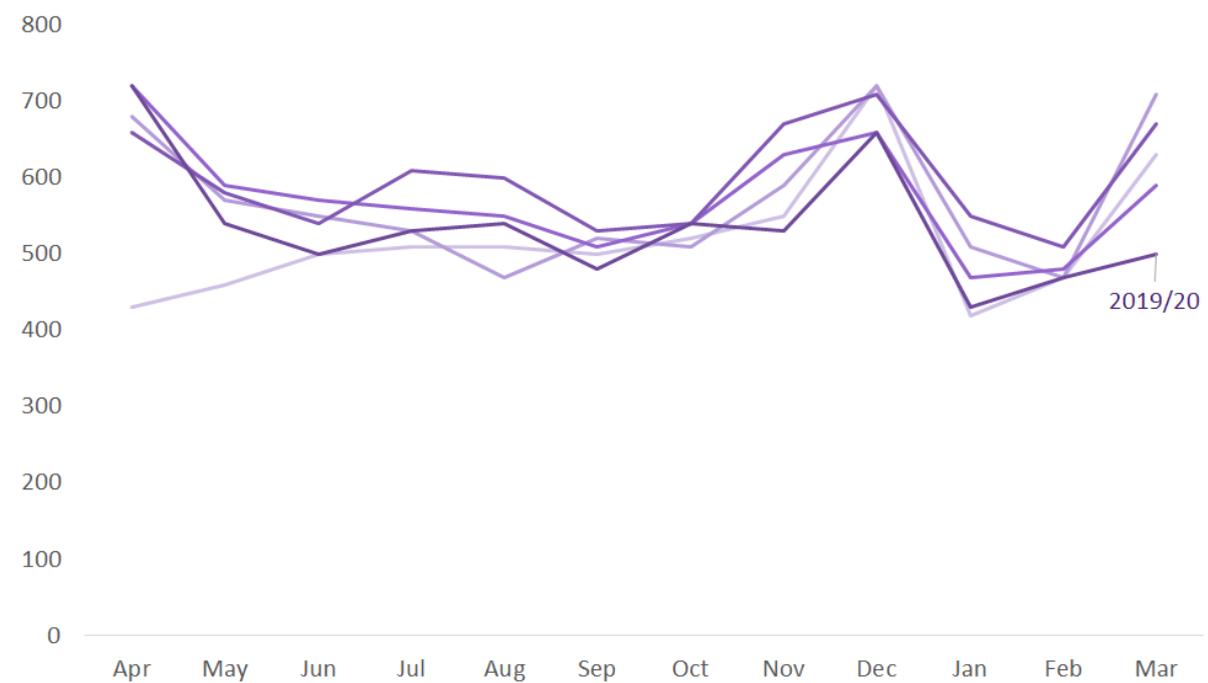
**Table 5** shows the LBTT declared due and number of LBTT returns received by year for non-residential conveyances. Although only making up 6 per cent of LBTT returns received, non-residential conveyances have accounted for approximately 29 per cent of LBTT declared due in the last two years (including ADS).

LBTT from non-residential conveyances was £174 million in 2019/20, an increase of £4 million (3 per cent) on the previous year despite the number of LBTT returns received decreasing 10 per cent. Since 2015/16, annual LBTT revenue from non-residential conveyances has ranged between £190 million (in 2015/16) and £155 million (in 2016/17). The volatility in LBTT from non-residential conveyances is predominantly 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 conveyance returns received by month and year**



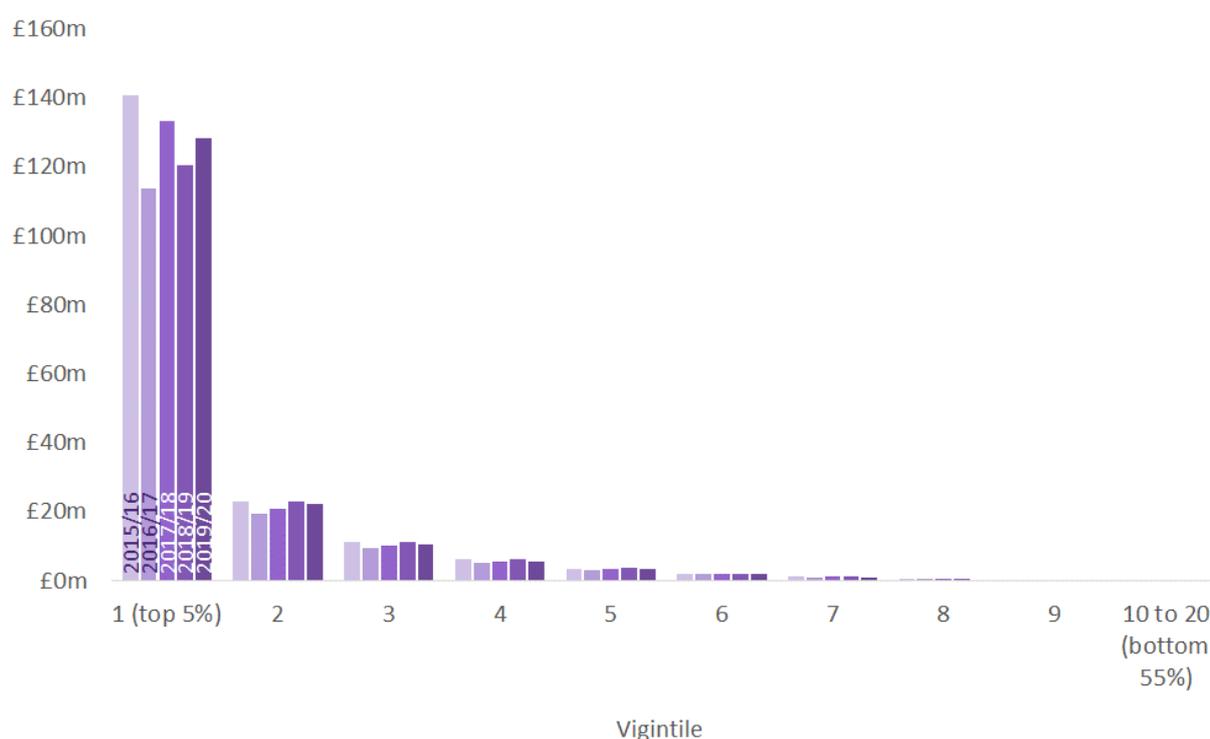
**Figure 9** shows LBTT declared due by month and year for non-residential conveyances and **Figure 10** shows the number of non-residential conveyances received by month and year. The number of non-residential conveyances received is relatively stable, with moderate

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.

Fewer non-residential conveyances were received in April and May 2015 than the same months in later years. This reflects the fact that transactions completed 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, December 2017 and June 2018.

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



**Figure 11** shows LBTT declared due by vigintile<sup>10</sup> 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 71 to 75 per cent of LBTT declared due. In fact, in

<sup>10</sup> 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.

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. For example, between 2018/19 and 2019/20 the LBTT declared due for the first vigintile increased by approximately £8 million while revenue from all other vigintiles decreased, leading to the overall increase of £4 million in LBTT from all non-residential conveyances.

## 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	2018/19	2019/20
LBTT declared due (£ millions)	24.3	21.9	25.2	29.4	20.5
Annual percentage change in LBTT declared due		-9.6%	14.8%	16.8%	-30.4%
LBTT returns received	5,260	5,690	5,570	5,140	4,940
Annual percentage change in LBTT returns received		8.2%	-2.1%	-7.7%	-3.9%
LBTT declared due per return received <sup>1</sup> (£)	4,600	3,900	4,500	5,700	4,200

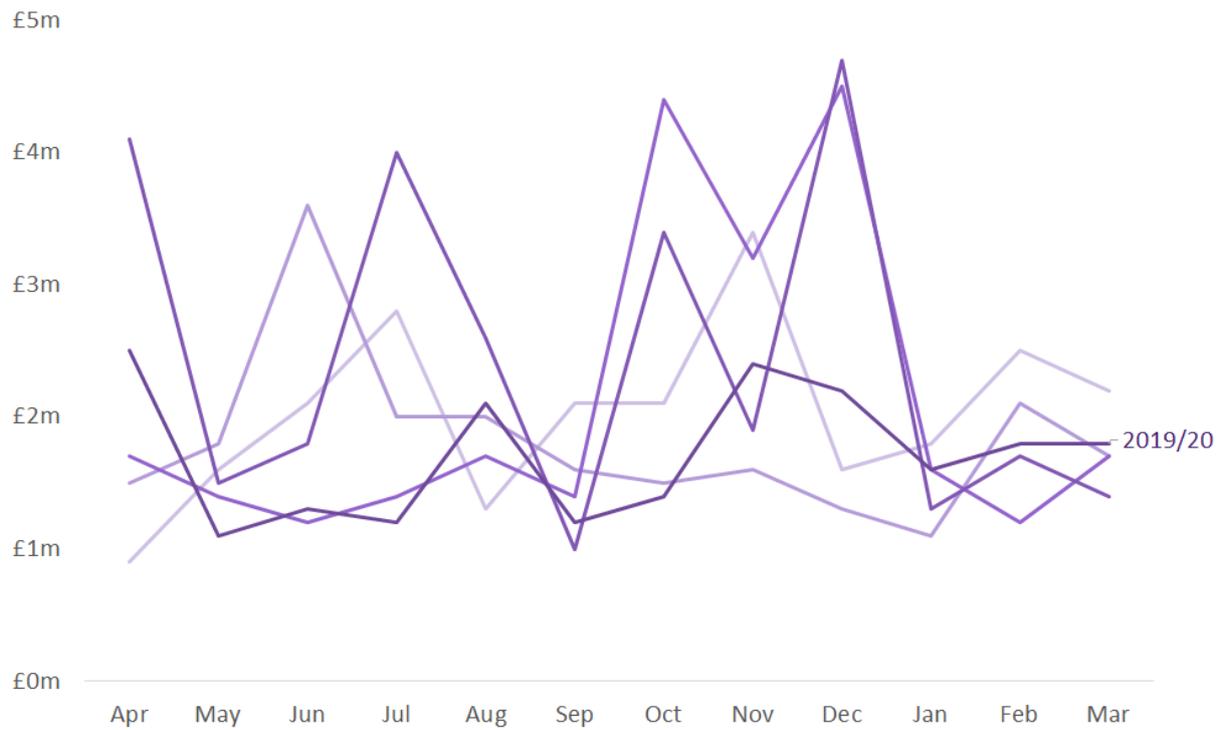
**Notes:**

1. Rounded to the nearest £100.

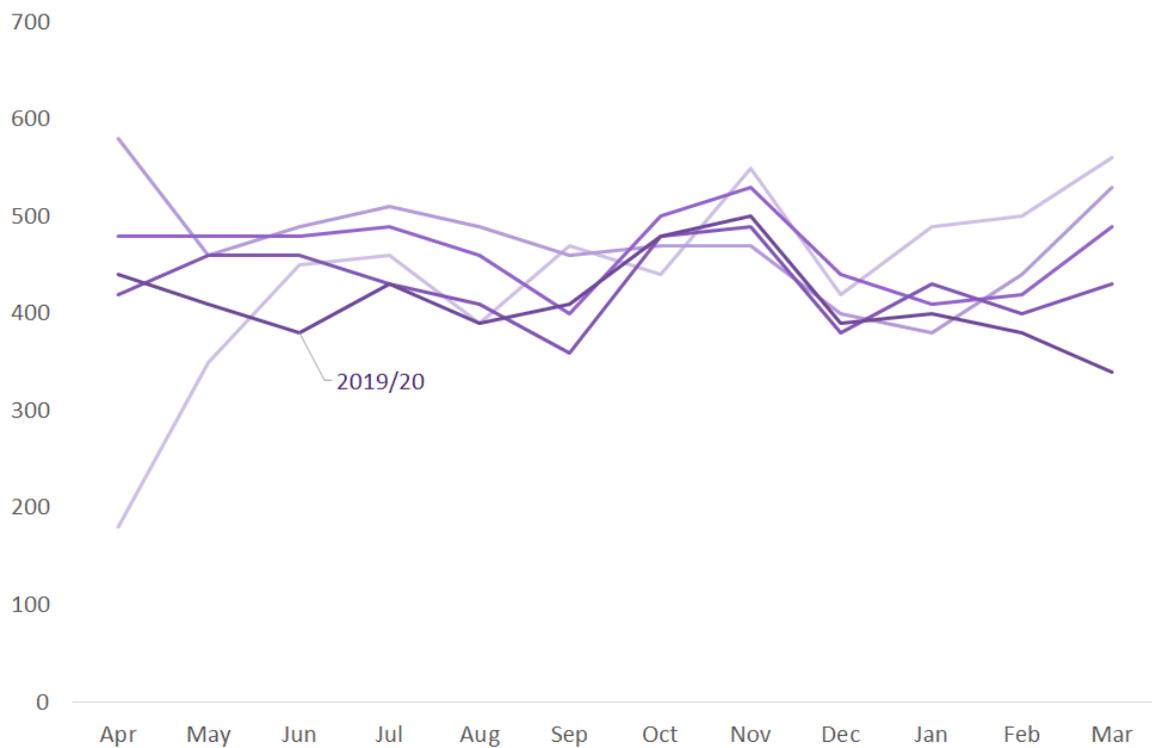
**Table 6** shows the LBTT declared due and number of LBTT returns received by year for leases. Leases account for approximately 5 per cent of LBTT declared due and LBTT returns received.

LBTT from leases in 2019/20 was £20 million—the lowest so far and a decrease of £9 million (30 per cent) from 2018/19, while the number of lease returns received decreased by 4 per cent. Two changes to LBTT rates and bands affected lease returns in 2019/20 although their impact on the figures cannot be separately identified. The decrease in LBTT from leases in 2019/20 is likely to be due to fluctuation in a small number of very high value leases seen in each year.

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



**Figure 13: Number of lease returns received by month and year**

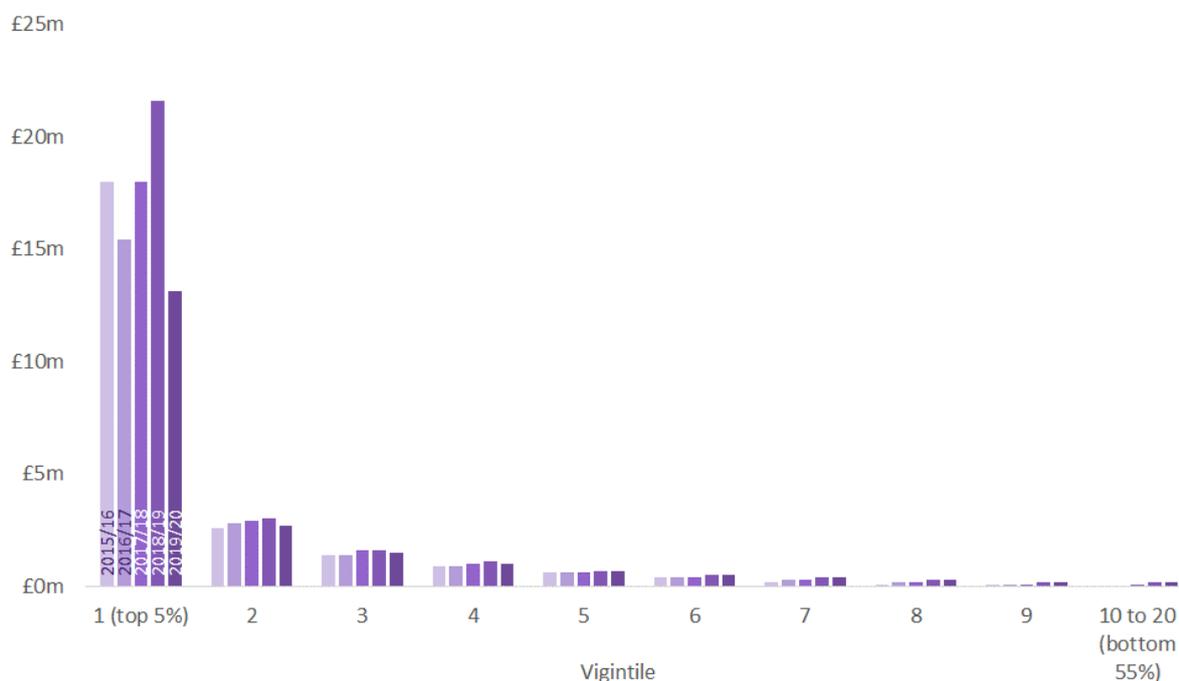


**Figure 12** shows LBTT declared due by month and year for leases and **Figure 13** shows the number of leases received by month and year. Similarly to non-residential conveyances, the number of leases received tends to peak slightly in November and March/April, perhaps linked to the ends of the calendar 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 five financial years the months in which the fewest leases were received were April 2015, September 2018, and March 2020 – perhaps due to market uncertainty in anticipation of the coronavirus pandemic and restrictions on public life in the UK which took effect from 23 March 2020.

Similarly to non-residential conveyances (see **Figure 10**), fewer leases were received in April and May 2015 than the same 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, not LBTT.

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, for example, October 2017, December 2017 and December 2018.

**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 from 2015/16 to 2018/19, the first vigintile (i.e. the top five per cent of transactions in terms of LBTT declared due) accounted for approximately 70 to 74 per cent of LBTT declared due. In 2019/20, the first vigintile declared less tax per return on average than in previous years, and accounted for only 64 per cent of LBTT declared due from leases. This is likely to be due to fluctuations in the number and size of very high value leases falling into the top 5 per cent.

Similarly to non-residential conveyances, there are large annual variations in the value of LBTT declared due for the first vignette and these variations account for the majority of the change in LBTT declared due. For example, between 2018/19 and 2019/20 the LBTT declared due for the first vignette decreased by £8.5 million, 95 per cent of the overall decrease in LBTT due from leases.

## 2.6 Reviews of a lease

In this section we summarise the trends in LBTT declared due for reviews of a lease (three-yearly reviews, assignments and terminations) and the number of reviews of a lease received from 1 April 2018 to 31 March 2020. The first three-yearly reviews of lease transactions became due from 1 April 2018. Assignations and terminations were received prior to 1 April 2018 but were not distinguished from lease transactions prior to this date.

**Table 7: LBTT declared due and number of returns received for reviews of a lease by type of review and the amount due**

Type of review	Change	LBTT declared due (£ millions)		Reviews received	
		2018/19	2019/20	2018/19	2019/20
Assignment	Increase	0	0	20	70
	No change	0	0	200	230
	Decrease	0	-0.1	10	30
	<b>All</b>	<b>0</b>	<b>0</b>	<b>230</b>	<b>320</b>
Termination	Increase	0	0	20	30
	No change	0	0	230	280
	Decrease	-0.3	-0.5	60	110
	<b>All</b>	<b>-0.2</b>	<b>-0.4</b>	<b>320</b>	<b>420</b>
Three-year lease review	Increase	1	1.4	420	570
	No change	0	0	3020	3040
	Decrease	-0.8	-0.2	250	220
	<b>All</b>	<b>0.2</b>	<b>1.2</b>	<b>3690</b>	<b>3820</b>
All	Increase	1	1.5	450	670
	No change	0	0	3450	3550
	Decrease	-1	-0.8	320	350
	<b>All</b>	<b>0</b>	<b>0.8</b>	<b>4230</b>	<b>4560</b>

**Table 7** shows the LBTT declared due for reviews of a lease by type of review and the amount due. Where a review return declares a decrease from the amount due for the original lease return, this reflects a claim for repayment. Three-year lease reviews resulted in net LBTT declared due of £1.2 million in 2019/20. This consisted of £1.4 million in further LBTT due and £0.2 million of repayments claimed. This was offset by lease terminations which resulted in a net repayment of £0.4 million, meaning the overall net LBTT declared due for reviews of a lease was approximately £0.8 million.

Approximately 4,600 reviews of a lease were received in 2019/20 of which 78 per cent declared no change in the LBTT due from the original lease return (i.e. the LBTT declared due on review was £0), 8 per cent declared further LBTT due and 15 per cent claimed a repayment of LBTT. Three-year lease reviews accounted for 84 per cent of reviews of a lease received with terminations accounting for 9 per cent and assignments accounting for the remaining 7 per cent.

## 2.7 Sub-Scotland

Revenue Scotland does not routinely (i.e. as part of its monthly LBTT Official Statistics publications) publish information on LBTT for geographies smaller than the whole of Scotland. However, we are aware of the wide interest in this data and are committed to publishing annual information on LBTT revenue declared due and returns received by sub-Scotland geographies in this annual publication.

Various data quality issues affect our ability to publish accurate LBTT statistics at smaller areas, although this has improved since July 2019, as described below.

The first issue is the completeness and accuracy of postcode information provided on tax returns. Property postcode is not a mandatory address field on the online tax return, to allow for properties which may not have a registered postcode at the time of sale (for example sales of land, or newly built residential property). In 2018/19 a valid property postcode was provided for only 83 per cent of residential conveyances and 55 per cent of non-residential conveyances.

The second data quality issue relates to local authority information collected on the tax return. Previous analysis comparing local authority with postcode where both were provided indicated that 60 per cent of conveyances where the taxpayer stated that the local authority was Midlothian were actually located in City of Edinburgh. There were similar issues with Angus/Dundee City and Stirling/Falkirk.

Since the new Scottish Electronic Tax System was launched in July 2019, users making an online return have been able to enter the postcode to select the full address from a list. This has led to an improvement in data quality: 97 per cent of residential conveyances and 64 per cent of non-residential conveyances received from July 2019 to March 2020 included a valid postcode.

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 no valid postcode is provided, where possible the return is linked to data provided by Registers of Scotland and geographical information associated with the title registration is used.
- If neither of the above are possible then the geographical information is imputed by finding a suitable “donor” record for which a valid property postcode is available. The “donor” record is chosen based on similarity to the “recipient” record with respect to other information on the tax return.

This method provides robust estimates for residential and non-residential conveyances. The estimates for residential conveyances are more reliable because residential conveyance returns are more likely to include a valid postcode and more likely to match to a title registered with Registers of Scotland. For the estimates presented here of returns submitted

in 2019/20, location was imputed for 5 per cent of residential returns and 24 per cent of non-residential returns.

The method described above is not effective 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<sup>11</sup>](#) of the Revenue Scotland website.

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

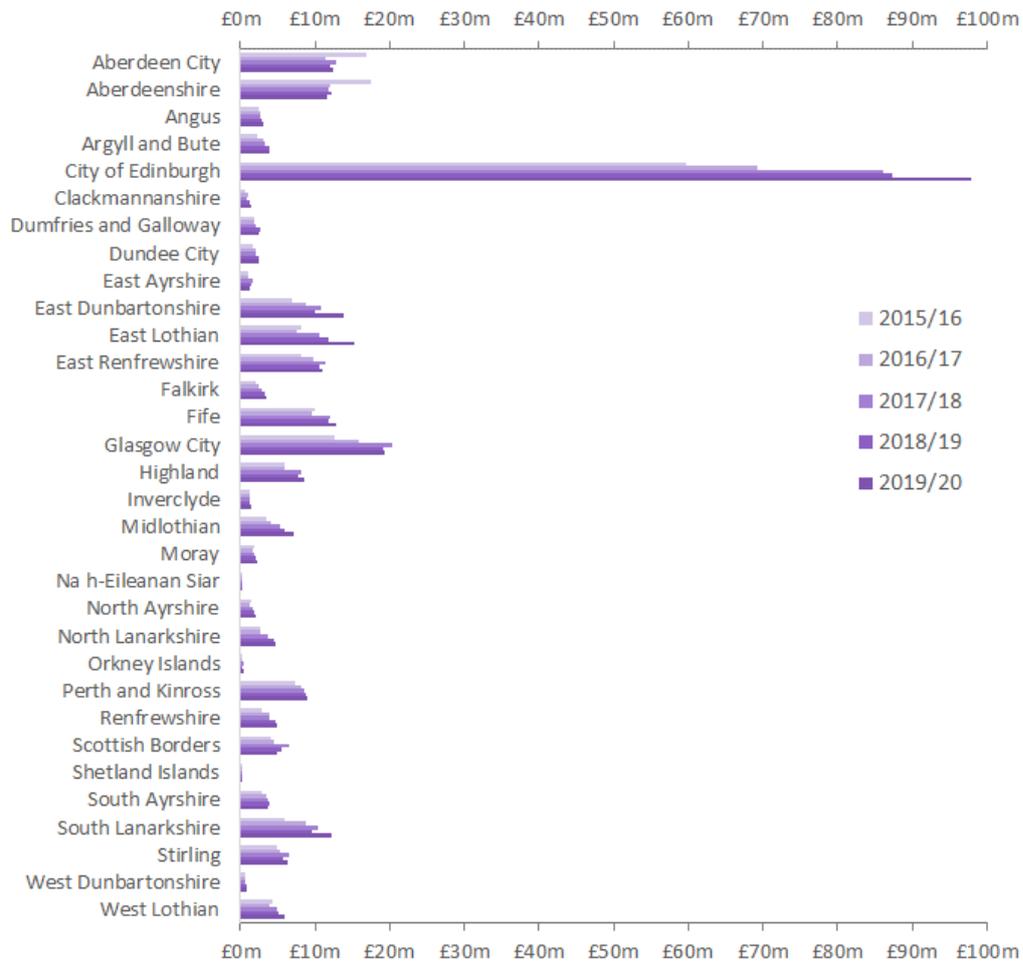
Users should again note that these estimates are not a commentary on the volume or value of land and property transactions in Scotland. Registers of Scotland publish comprehensive property data for Scotland and is the definitive source of data on the property market.

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

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<sup>11</sup> The relevant file is dated 18 January 2019 and named 'LBTT – Sub-Scotland Estimates of Revenues and Transactions.xlsx'.

**Figure 15: Estimates of LBTT excluding ADS declared due for residential conveyances by local authority and year**



**Figure 15** shows estimates of LBTT excluding ADS declared due by local authority and year for residential conveyances. City of Edinburgh accounted for £98 million (34 per cent) of revenues in 2019/20, 5 times more than any other local authority. Glasgow City accounted for £19 million (7 per cent) of revenues in 2019/20, the second highest of all local authorities. City of Edinburgh has accounted for 30 to 34 per cent of revenues in each of the last five years. No other local authority has ever accounted for more than 9 per cent of revenues.

LBTT revenues have increased overall from 2015/16 to 2019/20 across all local authorities, except for Aberdeen City and Aberdeenshire where revenues decreased by around -32 per cent from 2015/16 to 2016/17 and have remained at around the same level from 2016/17 to 2019/20.

**Figure 16: Estimated number of residential conveyance returns received by local authority and year**



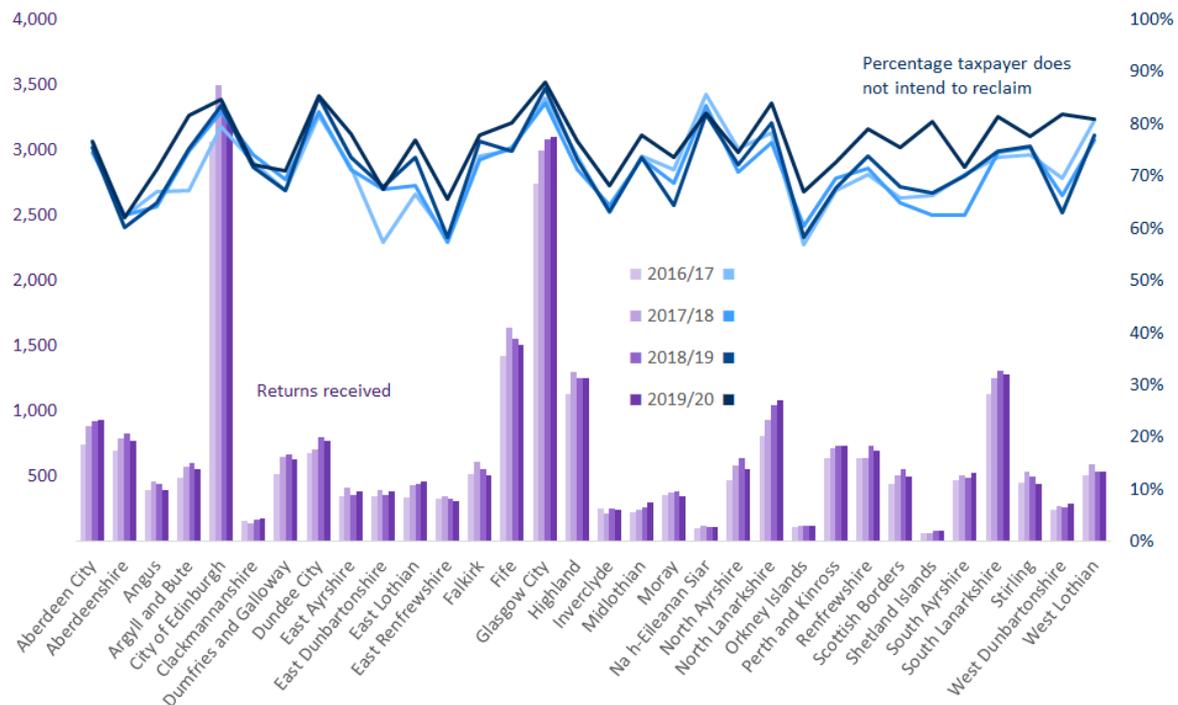
**Figure 16** shows estimates of the number of residential conveyances received by local authority and year. Glasgow City accounted for most residential conveyances received in 2019/20 with 12,000 (11 per cent) returns, marginally ahead of City of Edinburgh with 11,800 (11 per cent) returns.

Ten local authority areas showed a consistent year on year increase in residential transactions from 2016/17 to 2019/20, although only South Lanarkshire has increased every year since 2015/16. The largest absolute change was in South Lanarkshire, where 1,200 more returns were received in 2019/20 compared to 2015/16 and returns have increased every year. Over the same period, annual residential conveyances in the City of Edinburgh fell by 1,000 returns (-8 per cent). Despite this decrease, LBTT revenue declared due increased by £38 million (64 per cent).

The largest percentage change was in East Lothian, where residential conveyances have increased by 26 per cent from 2015/16 to 2019/20.



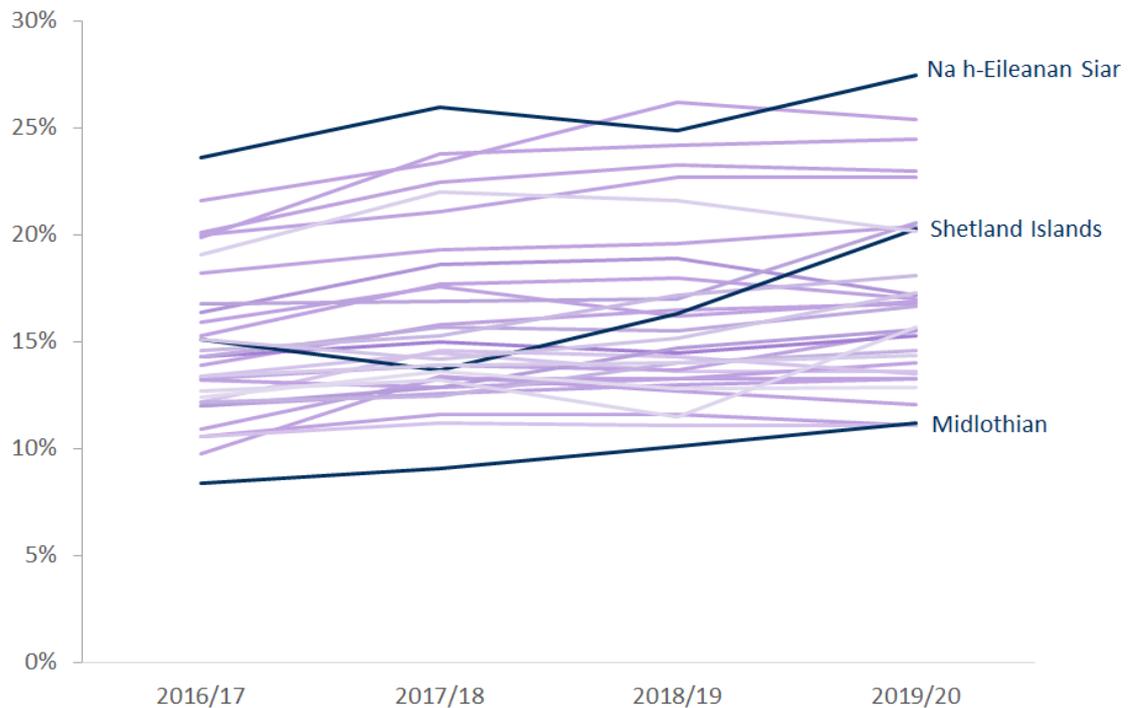
**Figure 18: Estimated number of residential conveyance returns received with ADS declared due by local authority, intention to reclaim ADS and year**



**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 2019/20 with 3,200 (14 per cent of the Scotland total) returns, just ahead of Glasgow City with 3,100 (13 per cent) returns.

Taxpayers stating that they do not intend to reclaim ADS accounted for 85 per cent (2,700) of LBTT returns received with ADS declared due in City of Edinburgh and 88 per cent (2,700) of LBTT returns received with ADS declared due in Glasgow City. The proportion of LBTT returns received with ADS declared due where the taxpayer has stated that they do not intend to reclaim ADS was highest in Glasgow City (88 per cent) and Dundee City (86 per cent) and lowest in Aberdeenshire (62 per cent) and East Renfrewshire (66 per cent).

**Figure 19: Estimates of the percentage (%) of all residential conveyance returns received where ADS was declared due and the taxpayer did not intend to reclaim ADS, by local authority and year**

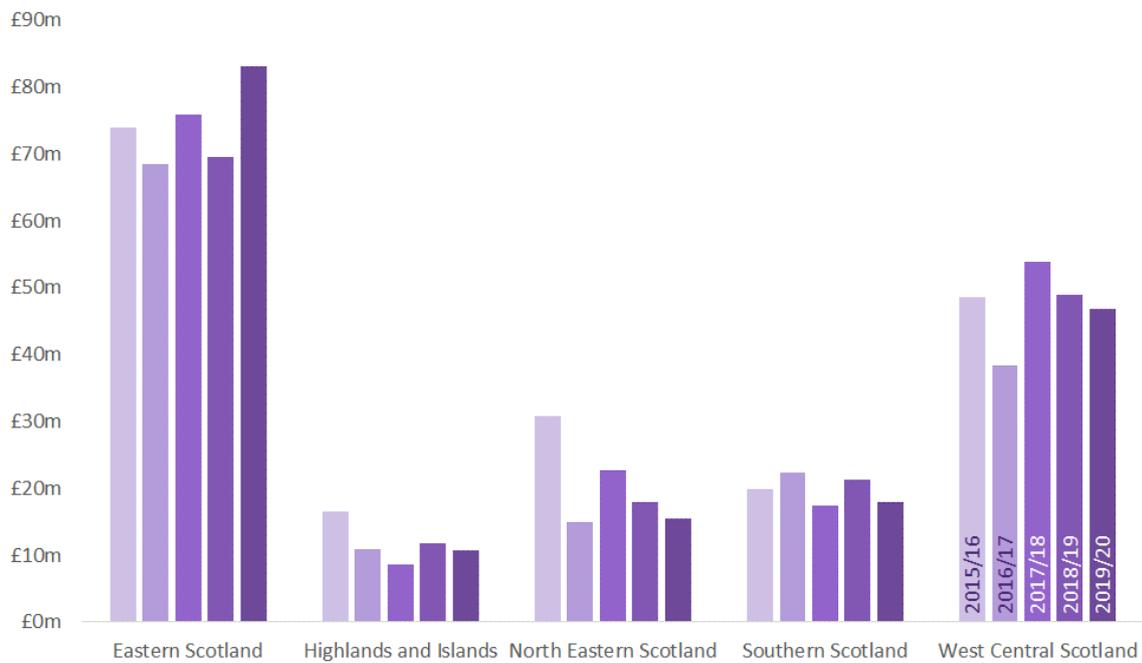


**Figure 19** and **Table 8** show estimates of the percentage of all LBTT returns received where ADS was declared due which the taxpayer does not intend to reclaim, by local authority and year. This is an indicative measure of the percentage of all residential conveyances where the taxpayer (individual or organisation) is purchasing an additional property (e.g. buy-to-let dwelling or a second home) rather than replacing their main residence. In 2019/20 this was highest in Na h-Eileanan Siar (28 per cent of all residential transactions) and Dundee City (25 per cent), and lowest in Aberdeenshire, East Renfrewshire and Midlothian (all 11 per cent). This figure has increased in all local authorities from 2015/16 to 2019/20, with the steepest overall increase in Shetland Islands, rising from 15 per cent in 2015/16 to 20 per cent in 2019/20.

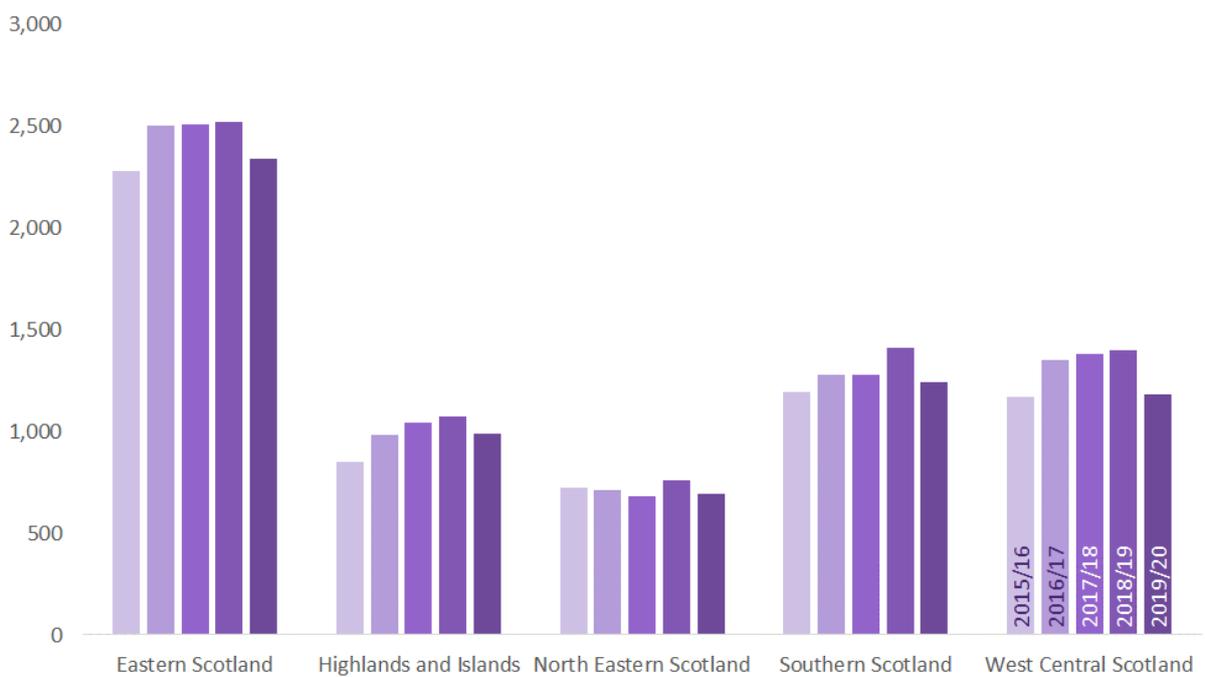
**Table 8: Estimates of the percentage (%) of all residential conveyance returns received where ADS was declared due and the taxpayer did not intend to reclaim ADS, by local authority and year**

Local authority	Percentage (%) of all residential LBTT returns received where is ADS declared due and the taxpayer does not intend to reclaim ADS			
	2016/17	2017/18	2018/19	2019/20
Aberdeen City	13.9%	15.8%	16.5%	16.8%
Aberdeenshire	10.6%	11.6%	11.6%	11.1%
Angus	13.4%	14.5%	13.6%	13.6%
Argyll and Bute	19.9%	23.8%	24.2%	24.5%
City of Edinburgh	20.1%	22.5%	23.3%	23.0%
Clackmannanshire	12.0%	12.6%	13.0%	13.3%
Dumfries and Galloway	15.3%	17.7%	18.0%	17.0%
Dundee City	21.6%	23.4%	26.2%	25.4%
East Ayrshire	13.3%	13.9%	13.7%	15.5%
East Dunbartonshire	9.8%	13.4%	12.7%	12.1%
East Lothian	10.9%	13.3%	13.3%	14.0%
East Renfrewshire	10.6%	11.2%	11.1%	11.1%
Falkirk	12.2%	14.6%	14.3%	13.5%
Fife	15.9%	17.6%	16.2%	16.9%
Glasgow City	20.0%	21.1%	22.7%	22.7%
Highland	18.2%	19.3%	19.6%	20.4%
Inverclyde	13.2%	12.9%	13.3%	13.3%
Midlothian	8.4%	9.1%	10.1%	11.2%
Moray	14.3%	15.0%	14.5%	15.3%
Na h-Eileanan Siar	23.6%	26.0%	24.9%	27.5%
North Ayrshire	16.4%	18.6%	18.9%	17.2%
North Lanarkshire	12.0%	12.9%	14.7%	15.6%
Orkney Islands	16.8%	16.9%	17.0%	20.6%
Perth and Kinross	14.3%	15.7%	15.5%	16.7%
Renfrewshire	12.2%	12.5%	14.0%	14.6%
Scottish Borders	14.6%	15.3%	17.2%	18.1%
Shetland Islands	15.1%	13.7%	16.3%	20.3%
South Ayrshire	15.1%	14.2%	15.2%	17.3%
South Lanarkshire	13.4%	13.9%	14.0%	14.4%
Stirling	19.1%	22.0%	21.6%	20.2%
West Dunbartonshire	12.7%	13.2%	11.5%	15.7%
West Lothian	12.4%	13.6%	12.8%	12.9%

**Figure 20: Estimates of LBTT declared due by NUTS 2 area and year for non-residential conveyances**



**Figure 21: Estimated number of non-residential conveyance returns received by NUTS 2 area and year**



**Figure 20** shows estimates of LBTT declared due by NUTS 2 (geographical) area and year for non-residential conveyances and **Figure 21** 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 48 per cent) and transactions (35 to 37 per cent) in each of the last five years. Care should be taken when interpreting annual changes in LBTT declared due by NUTS 2 areas as non-residential LBTT revenues can be influenced by small numbers of very large transactions.

## 2.8 Reliefs

Revenue Scotland does not routinely (i.e. as part of its monthly LBTT Official Statistics publications) publish information on reliefs claimed or LBTT revenue forgone to reliefs. However, we are aware of the wide interest in this data and is committed to publishing annual information on reliefs via this annual publication.

There are various data quality issues with reliefs information collected from LBTT returns, although these issues do not affect estimates of total LBTT declared due.

The main issue affecting total revenue foregone to reliefs is that four per cent of taxpayers claiming reliefs have incorrectly entered the value of the relief claimed as the full consideration - e.g. the total price of the property – rather than the LBTT amount that would be due without reliefs. This means that simply summing the value of reliefs claimed on tax returns would overstate the value of LBTT revenue foregone to reliefs. The LBTT revenue foregone to reliefs needs to be estimated from other information provided by the taxpayer, and hence the results presented are referred to as estimates. Full details of the methods used to produce the estimates can be found on the [LBTT data requests section](#)<sup>12</sup> 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 foregone to reliefs to some extent. ADS is due on most purchases of a residential property by a non-natural person, such as a company. When a full relief is claimed reducing the LBTT liability to nil, in some cases the ADS has not been declared (rather than declared and reduced to nil by relief). Therefore, although the tax position is correct, it is likely that data on reliefs for residential transactions will underestimate ADS revenues foregone. 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.

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<sup>12</sup> The relevant file is dated 11 October 2018 and named 'LBTT – reliefs.xlsx'.

**Table 9: 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 <sup>1</sup>	All	LBTT excluding ADS	ADS <sup>1</sup>	All <sup>2</sup>
2015/16	124.0	0.0	124.0	1,600	0	1,600
2016/17	103.1	3.0	106.1	1,790	210	1,830
2017/18	86.6	6.2	92.8	1,950	250	2,020
2018/19	122.3	4.4	126.6	9,940	310	10,020
2019/20	106.2	5.7	111.9	15,380	400	15,530

**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 9** 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 £112 million of LBTT revenue was forgone to reliefs in 2019/20 which represents a decrease of £15 million (12 per cent) on the previous year.

The number of LBTT returns received in which LBTT revenue has been forgone to reliefs has increased each year, to more than 15,000 LBTT returns in 2019/20, from less than 2,000 per year up to 2017/18. The main reason for this increase is the introduction of first-time buyer relief on 30 June 2018. For further information on first-time buyer relief see the guidance published by Revenue Scotland.

<https://www.revenue.scot/land-buildings-transaction-tax/guidance/lbtt-legislation-guidance/exemptions-reliefs/lbtt3010-3#overlay-context=node/946/revisions/2116/view>

ADS revenue forgone to reliefs<sup>13</sup> is estimated to have accounted for 4 per cent of LBTT revenue forgone to reliefs since 2016/17.

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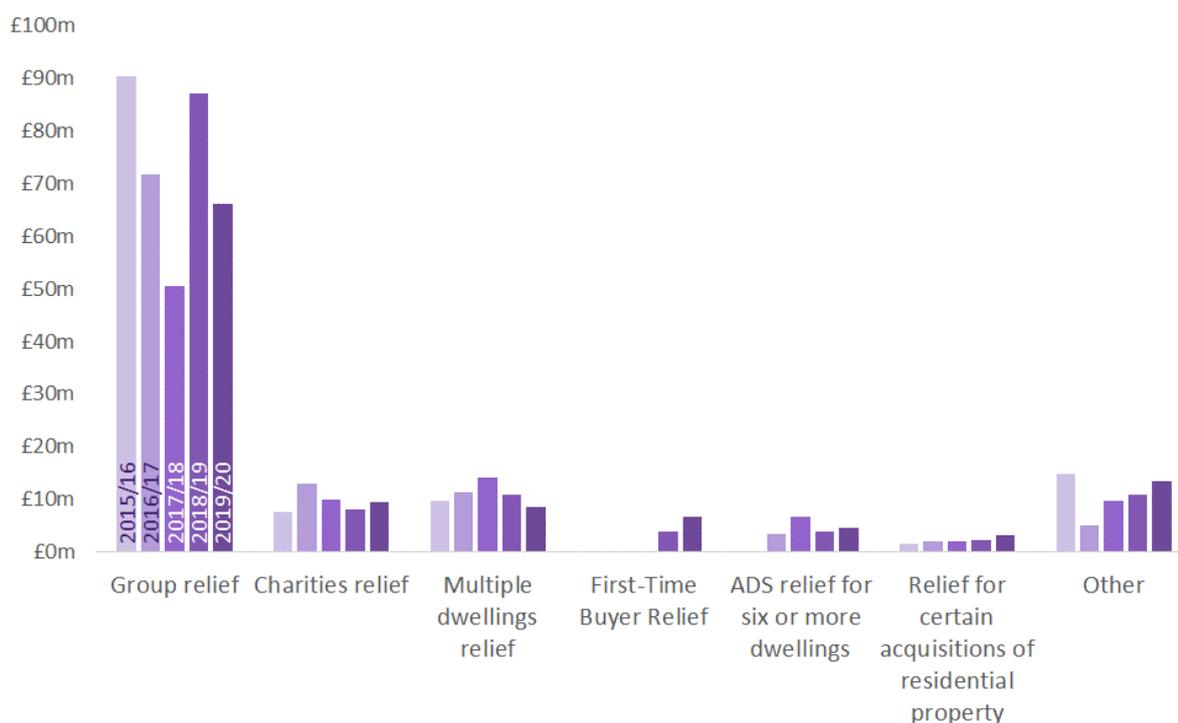
<sup>13</sup> ADS revenue forgone to reliefs is distinct from claims for repayment of ADS following the sale of the taxpayer's previous main residence.

**Table 10: 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	15.4	108.6	124.0	900	700	1,600
2016/17	12.0	94.1	106.1	1,050	770	1,830
2017/18	12.2	80.6	92.8	1,190	840	2,020
2018/19	15.8	110.9	126.6	9,180	850	10,020
2019/20	17.1	94.9	111.9	14,740	790	15,530

**Table 10** 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 making up only 13 per cent of LBTT revenue forgone to reliefs. In contrast, residential transactions have accounted for the majority of LBTT returns received in which LBTT revenue has been forgone to reliefs – around 57 per cent for first 3 years, rising to 95 per cent in 2019/20 following the introduction of First Time Buyer relief.

**Figure 22: Estimated LBTT revenue forgone to reliefs by type of relief and year**



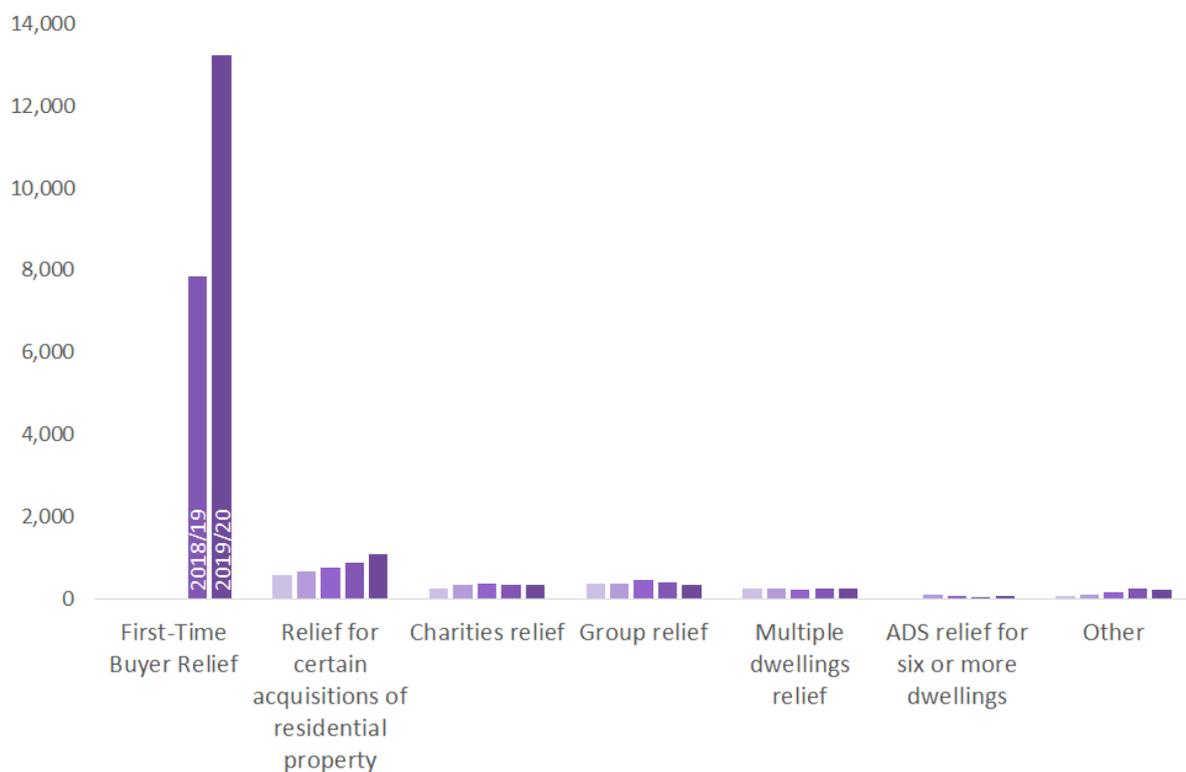
**Figure 22** shows the estimated LBTT revenue forgone to reliefs by type of relief and year. Group relief is estimated to have accounted for the majority (54 to 73 per cent) of revenue forgone each year. Changes in the estimated LBTT revenue forgone to reliefs are driven by changes in revenue forgone to group relief.

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<sup>14</sup>.

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.

Charities relief was second behind group relief in terms of LBTT revenue forgone to reliefs in 2019/20 and accounted for 8 per cent of the revenue forgone. For further information on charities relief see the guidance published by Revenue Scotland<sup>15</sup>.

**Figure 23: Estimated number of LBTT returns received in which LBTT revenue has been forgone to relief by type of relief and year**



**Figure 23** shows the estimated number of LBTT returns received in which LBTT revenue has been forgone to relief by type of relief and year. Since the introduction of First-Time Buyer Relief on 30 June 2018, this was the most frequently claimed relief, accounting for 13,200

<sup>14</sup> <https://www.revenue.scot/land-buildings-transaction-tax/guidance/lbtt-legislation-guidance/exemptions-reliefs/lbtt3010/lbtt3025>

<sup>15</sup> <https://www.revenue.scot/land-buildings-transaction-tax/guidance/lbtt-legislation-guidance/exemptions-reliefs/lbtt3010/lbtt3035>

(85 per cent of) LBTT returns received in which LBTT revenue was forgone to relief in 2019/20.

Despite accounting for the vast majority of claims for LBTT relief, **Figure 22** shows that First-Time Buyer relief accounted for only £6.6 million (6 per cent) of the estimated LBTT revenue forgone to reliefs. This is because First-Time Buyer relief provides a maximum of £600 relief from LBTT per transaction, unlike other relief types which can relieve the entire tax liability of potentially much larger transactions.

Relief for certain acquisitions of residential property was the second most frequently claimed relief in 2019/20, accounting for 7 per cent of LBTT returns received in which LBTT revenue was been forgone to relief. This relief includes, for example:

- 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>

### 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 11: 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
2018/19	1,650,100	739,500	2,389,600
2019/20	1,343,600	685,700	2,029,400

**Table 11** shows declared taxable (waste) disposals by SLfT rate and year. Standard rate disposals of 1.34 million tonnes were declared in 2019/20, a decrease of 19 per cent on the previous year and the biggest decrease to date in a consistently decreasing trend. Possible factors for the decrease include diversion of waste to alternative disposal methods (e.g. incineration). Detailed waste data is published by the Scottish Environment Protection Agency<sup>16</sup>.

Lower rate disposals of 0.69 million tonnes were declared in 2019/20. Since 2015/16 lower rate disposals have decreased by approximately 0.36 million tonnes (35 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 12: SLfT declared due, contributions to the Scottish Landfill Communities Fund (SLCF) and credits claimed by year**

Year	£ millions							
	Gross SLfT declared due			Contributions to SLCF	Credit claimed for			Net SLfT declared due
	Standard rate disposals	Lower rate disposals	All <sup>1</sup>		Contributions to SLCF <sup>2</sup>	Other <sup>3</sup>	All	
2015/16	154.4	2.7	157.7	9.1	8.2	0.2	8.4	<b>149.3</b>
2016/17	153.3	2.0	156.3	8.9	8.0	0.3	8.3	<b>148.0</b>
2017/18	152.8	2.1	155.0	9.0	8.1	0.3	8.4	<b>146.6</b>
2018/19	146.8	2.1	148.9	8.0	7.2	0.4	7.6	<b>141.3</b>
2019/20	122.7	2.0	124.7	6.3	5.7	0.5	6.2	<b>118.6</b>

**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.

3. Credit claimed for bad debt and permanent removals.

<sup>16</sup> <https://www.sepa.org.uk/environment/waste/waste-data/>

**Table 12** shows SLfT declared due, contributions to the Scottish Landfill Communities Fund (SLCF) and credits claimed by year.

The net SLfT declared due is mainly dependent on standard rate disposals, lower rate disposals and contributions to the SLCF<sup>17</sup>. 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.<sup>18</sup>

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.

Net SLfT declared due was £119 million in 2019/20, a decrease of £23 million (16 per cent) on the previous year. Similar to standard rate disposal tonnages, the largest decrease in revenue (and contributions to the SLCF) occurred between 2018/19 and 2019/20. The decrease in net SLfT is predominantly due to standard rate disposal tonnages decreasing faster than the standard rate of tax has increased with inflation.

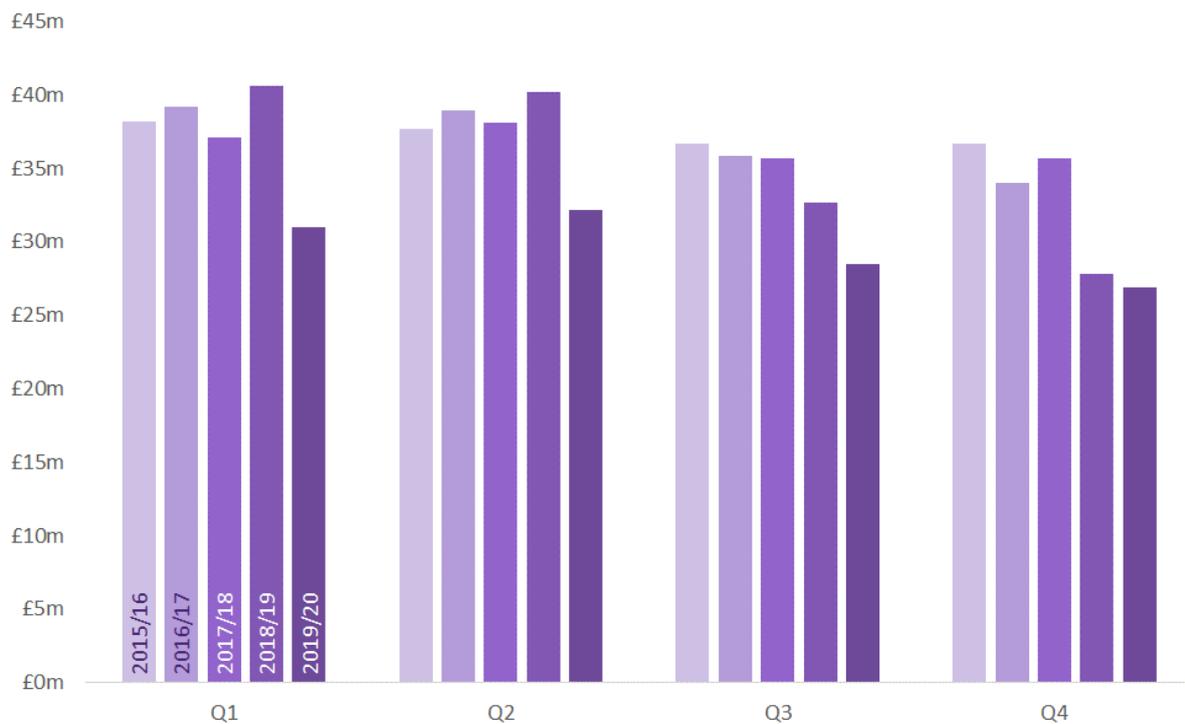
**Figure 24: Declared standard rate disposals by quarter and year**



<sup>17</sup> Taxpayers can claim a credit of 90 per cent of their contribution to the SLCF which is then deducted from their gross SLfT liability.

<sup>18</sup> <https://www.revenue.scot/scottish-landfill-tax/guidance/slft-legislation-guidance/determining-tax/slft2002>

**Figure 25: SLfT declared due by quarter and year**

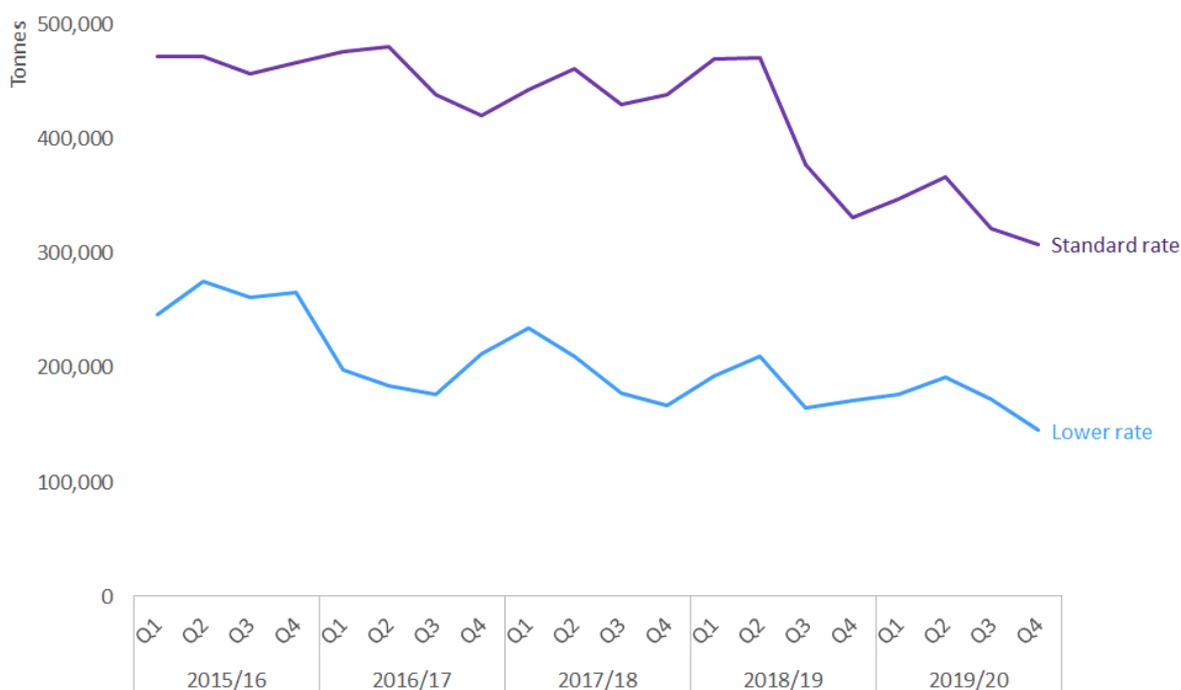


**Figure 24** shows declared standard rate disposal tonnages by quarter and year and **Figure 25** shows the (net) SLfT declared due by quarter and year. **Figure 24** shows that the standard rate disposal tonnages declared in Q1 (April to June) and Q2 (July to September) tend to be slightly higher than in Q3 (October to December) and Q4 (January to March).

Up to 2018, standard rate disposals were relatively consistent and some seasonal effect was apparent, with more standard rate waste being disposed in the first two quarters of the year than quarters 3 and 4. Since Q2 2018/19, standard rate disposals have declined rapidly almost every quarter.

As **Figure 24** and **Figure 25** show, the seasonality in SLfT declared due and standard rate disposal tonnages are very similar, which is to be expected as 98 per cent of gross SLfT revenue is from standard rate disposals. **Figure 25** shows that the SLfT declared due in Q1 and Q2 is always higher than in Q3 and Q4. Between 2015/16 and 2019/20 the SLfT declared due in Q1 and Q2 was between 3 and 34 per cent higher than that declared in Q3 and Q4 each year.

**Figure 26: Declared taxable disposals by SLfT rate and quarter**



**Figure 26** shows declared taxable disposals by SLfT rate and quarter. In addition to the seasonality discussed above, **Figure 26** shows a gradual downward trend in standard and lower rate disposals up to and including 2018/19-Q2 followed by a more marked decrease in the level of standard rate disposals from 2018/19-Q3 onwards.

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 Environment Protection Agency.

[https://www.sepa.org.uk/media/163421/ewc\\_guidance.pdf](https://www.sepa.org.uk/media/163421/ewc_guidance.pdf)

**Table 13: Proportion of gross SLfT declared due by EWC code and year**

EWC code	Description	Estimated proportion of total gross SLfT declared due				
		2015/16	2016/17	2017/18	2018/19	2019/20
20 03 01	Mixed municipal waste	64.7%	62.8%	63.0%	58.6%	48.7%
19 12 12	Other wastes (including mixtures of materials) from mechanical treatment of wastes other than those mentioned in 19 12 11	22.6%	24.0%	25.2%	28.7%	33.8%
Other		12.7%	13.2%	11.8%	12.7%	17.5%

**Table 13** shows the proportion of gross SLfT declared due by EWC code and year. Mixed municipal waste (EWC code 20 03 01) is consistently the most prevalent waste type, contributing around 63 per cent of SLfT revenue from 2015/16 to 2017/18, falling to around 49 per cent in 2019/20. A further 23 to 34 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 (83 to 88 per cent) of gross SLfT declared due each year.

Users of this data should note that as EWC code 19 12 12 constitutes waste “from the mechanical treatment of waste” then it will contain other waste types (i.e. other EWC codes) that have then been mechanically treated.

**Table 14: Taxable disposals by EWC code and SLfT rate, 2015/16 – 2019/20**

EWC code	Description	Row percentages (%)		Taxable disposals (tonnes)
		Standard rate	Lower rate	
20 03 01	mixed municipal waste	100.0%	0.0%	5,161,900
19 12 12	other wastes (including mixtures of materials) from mechanical treatment of wastes other than those mentioned in 19 12 11	69.7%	30.3%	3,210,300
Other or unknown		25.5%	74.5%	4,119,800

**Table 14** shows taxable disposals by EWC code and SLfT rate. EWC code 20 03 01 – mixed municipal waste - has accounted for 5.2 million tonnes of taxable disposals over the first five years of SLfT, all of which was declared as subject to the standard rate of SLfT. EWC code 19 12 12 has accounted for 3.2 million tonnes over five years. Taxable disposals of EWC code 19 12 12 are split between the standard and lower rates of SLfT. **Table 14** shows that 70 per cent of disposals of EWC code 19 12 12 where tax was declared due 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.

Further information on determining the amount of SLfT tax payable (e.g. higher or lower rate) is contained in guidance published by Revenue Scotland.

<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 date<sup>19</sup> basis, except at the ends of time series and near policy changes.

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. 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 is aware of interest in data by effective date but there are good reasons to publish statistics by the date the LBTT return is submitted.

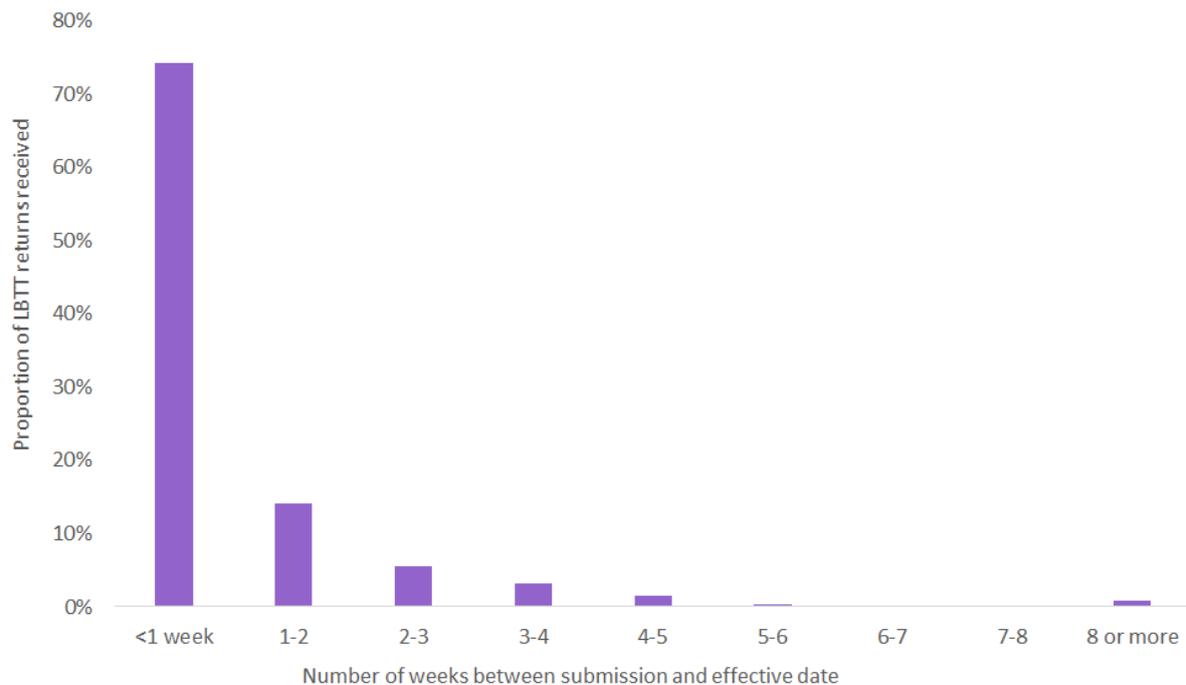
- Publishing data based on the date of submission rather than the effective date allows Revenue Scotland to publish monthly LBTT statistics in a timely manner (within approximately 3 weeks of the month end).
- The data will be subject to revision only as a result of changes to the LBTT returns submitted (e.g. a claim for repayment of ADS) and not as a result of the submission of LBTT returns relating to an earlier period (which would be the case for statistics produced by effective date).
- 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.

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<sup>19</sup> 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 27: Proportion of LBTT returns received by the number of weeks between submission and effective date**



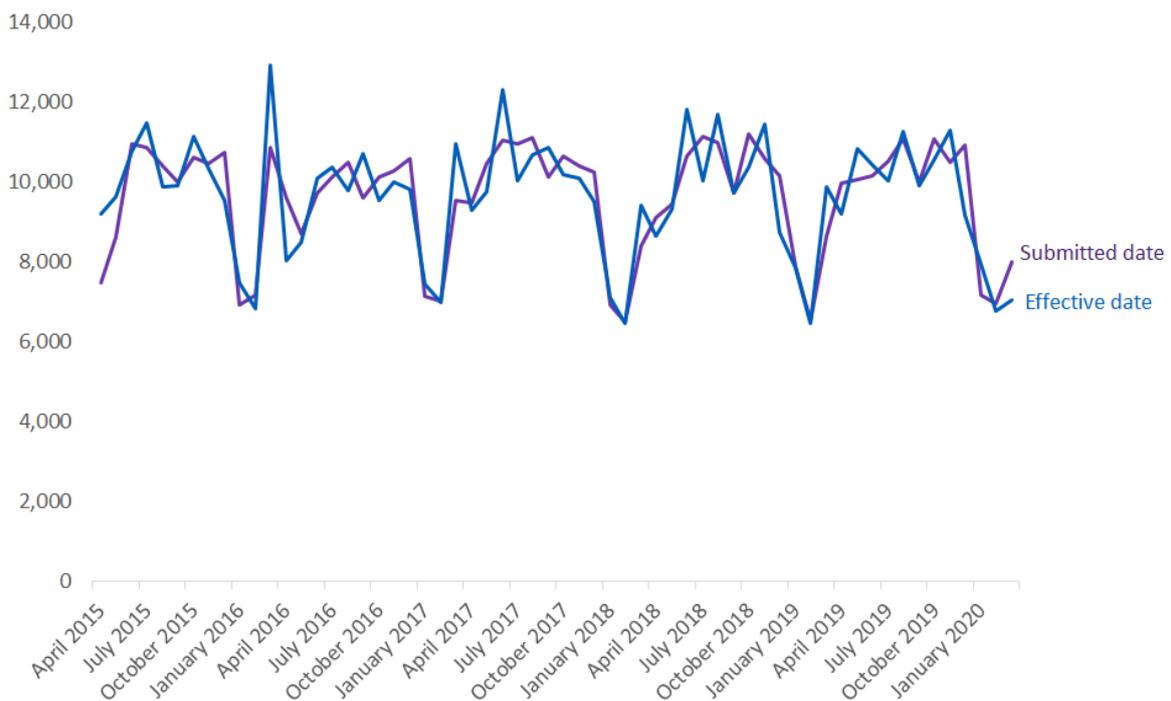
**Figure 27** shows the proportion of LBTT returns received by the number of weeks between the date of submission and the effective date. The first category (<1 week) represent 0 to 6 days (inclusive), the second category (1-2 weeks) represents 7 to 13 days (inclusive), and so on.

**Figure 27** shows that 74 per cent of LBTT returns are submitted within one week of the effective date, 97 per cent are received within four weeks of the effective date and 99 per cent are received within eight weeks of the effective date. This data is for LBTT returns (excluding reviews of a lease) received between 1 April 2015 and 31 March 2020. This pattern has been very similar from year to year, hence 2019-20 is not shown separately.

If Revenue Scotland was to publish data by effective date, to minimise revisions (due to receipt of LBTT returns relating to property transactions that took place in the specified month), 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 around 99 per cent of LBTT returns with an effective date relating to that month had been received.

For example, Revenue Scotland could be reasonably confident that 99 per cent of LBTT returns with an effective date in March 2019 had been received by 31 May 2019. A small number of LBTT returns with an effective date in March 2019 would be expected to be submitted in June 2019 or later which would result in revisions to the data for March 2019 (if the data was extracted from the tax system and included in a publication by effective date after 31 May 2019).

**Figure 28: Number of LBTT returns received by month of submission and effective date**



**Figure 28** shows both the number of LBTT returns (excluding reviews of a lease) received by month of submission and by month of effective date. There are some significant differences between the two series for specific months but overall they are similar in terms of value and trend, with no obvious time lag. Where large differences occur, these can in some cases be explained in terms of the introduction of a policy change which relates to specific effective dates.

For example, there are large differences between the two 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 in April 2016. This reflects the fact that there was a financial incentive for taxpayers to conclude property transactions in March 2016 (before the introduction of ADS). Many transactions were concluded at the very end of that month, with LBTT returns for some of these transactions then being submitted in early April.

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. However some of the transactions with an effective date in April 2015 will have been submitted the following month, hence reducing the number submitted in April (when compared to those with an effective date in April).

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

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

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

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

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

The Annual Report and published statistics are both based on the date the LBTT return is submitted but with some adjustments made to the Annual Report<sup>20</sup> to accrue revenue for LBTT returns (and claims for repayment of ADS) received in April and May (after the end of the financial year) with an effective date (or sale date for the previous main residence) relating to the previous financial year or earlier. These April/May adjustments typically result in relatively small differences between the Annual Report and published statistics, although the difference was more pronounced in the first year of LBTT (2015/16) because there were no "reverse accruals" relating to the previous year.

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

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

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<sup>20</sup> The Annual Report and Financial Statements are produced to comply with the accounting principles and disclosure requirements of the Government Financial Reporting Manual.

**Table 15: LBTT excluding ADS and gross ADS declared due and the value of ADS repayments claimed by year the LBTT return/claim for repayment was received and the year the claim relates to**

Year	£ millions <sup>3</sup>							Net LBTT (a + b - c)	Devolved Taxes figure for LBTT <sup>2</sup>
	a) LBTT excluding ADS	b) Gross ADS	Value of ADS repayments claimed						
			Year claim relates to <sup>1</sup>						
			2016/17	2017/18	2018/19	2019/20	c) All		
2015/16	415.8							415.8	424.9
2016/17	389.7	104.5	13.3				13.3	480.9	483.6
2017/18	461.5	124.3	12.3	17.1			29.4	556.4	557.3
2018/19	458.0	130.5	1.6	13.0	18.6		33.1	555.4	554.2
2019/20	480.0	166.2	0.0	1.6	15.2	23.9	40.8	605.4	597.4

**Notes:**

1. For example, a claim for repayment of ADS received in 2017/18 relating to an LBTT return (with ADS declared due) originally received in 2016/17 would relate to 2016/17 (i.e. the year the LBTT return was received)

2. Revenue Scotland Annual Report and Financial Statements. See <https://www.revenue.scot/about-us/publications/corporate-documents>

Key figures in **Table 15** that help illustrate the different treatment of claims for repayment of ADS are the £1.6 million and £15.2 million of claims for repayment of ADS received in 2019/20 relating to LBTT returns initially received in 2017/18 and 2018/19, respectively. In the published statistics, these claims do not result in any adjustment to the net ADS declared due in 2019/20. However, the net ADS reported in the statistics against 2017/18 and 2018/19 is revised (reduced) to reflect these claims as they relate to ADS originally declared on LBTT returns received in those financial years.

In the Annual Report, these repayments are reported as reductions in revenue in 2019/20 as they were received after the accounting periods for 2017/18 and 2018/19 were closed, and hence the accounts for 2017/18 and 2018/19 are not revised. Therefore, to compare the published statistics for LBTT relating to 2019/20 (as at the 31<sup>st</sup> March 2020<sup>21</sup>) with the LBTT revenue reported in Revenue Scotland's 2019/20 Annual Report (accounts), the ADS repayment claims received during 2019/20 relating to earlier year (£1.6 million for 2017/18 and £15.2 million for 2018/19) should be deducted from the statistics<sup>22</sup>.

**Table 15** shows that the 'Devolved Taxes figure for LBTT' in Revenue Scotland's accounts and the 'Net LBTT' figure taken from the published statistics (adjusted for ADS reclaims in previous years, as discussed above) can broadly be reconciled. There are some other

<sup>21</sup> See LBTT, March 2020 <https://www.revenue.scot/about-us/publications/statistics/datasets>

<sup>22</sup> Note – the figures of £1.6 million for 2017/18 and £15.2 million for 2018/19 can be estimated from the statistics by differencing the net ADS statistics published for March 2020 with the net ADS statistics published for March 2019.

reasons for differences, but these are generally more minor and it is not practical to adjust the statistics for all possible differences.

The most significant of these is the impact of the accounting 'accruals process' which attributes revenue in the first 2 months of the accounting year (April and May) to the previous financial year if the 'effective date' of the relevant transaction was before 1 April. For every financial year there is revenue coming in from April and May of the following year (accruals) and revenue subtracted (reverse accruals) from April and May of the year in question which was included in the accounts of the previous year.

The accruals and reverse accruals often roughly cancel out, but for 2015/16 and 2019-20 there are more noticeable difference which in turn resulted in more significant differences between 'Net LBTT' and 'Devolved Taxes figure for LBTT' in **Table 15**.

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

For 2019-20, accruals from April and May 2020 (into 2019-20) were reduced as a result of the impact of the COVID-19 pandemic which significantly impacted LBTT revenue in late March and April/May 2020.

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

**Table 16: Comparison of SLfT declared due reported in Revenue Scotland statistics with SLfT revenue reported in the Revenue Scotland Annual Report and Financial Statements**

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

**Notes:**

1. Revenue Scotland SLfT Official Statistics.

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

2. Revenue Scotland Annual Report and Financial Statements.

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

**Table 16** compares the SLfT declared due reported in Revenue Scotland Official Statistics with the SLfT revenue figures reported in Revenue Scotland’s Annual Report.

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

The Annual Report (accounts) reports revenue against the year in which the revenue was realised, with accrual adjustments in April and May. Unlike the statistics, any additional revenue (or reductions in revenue) realised during a financial year (but potentially relating to earlier years) will be reported as revenue in the accounts during that year and may lead to a difference between SLfT reported in the statistics and the accounts.