

Scottish Property Federation Monthly LBTT Update – July 2017

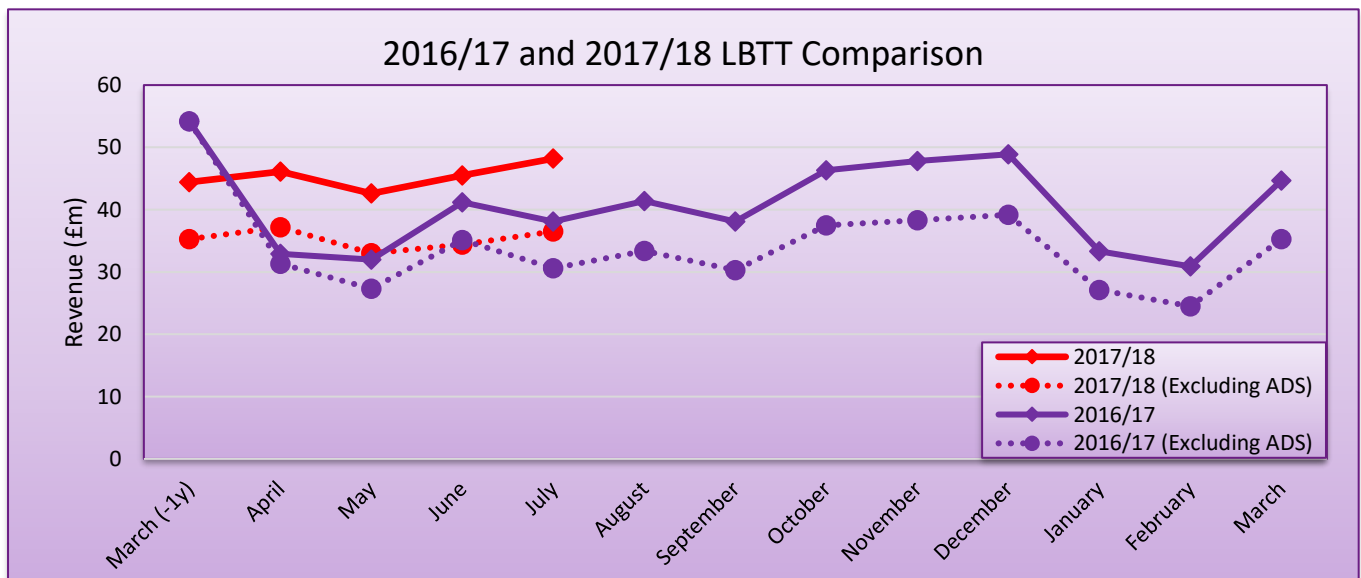
	Residential LBTT	Commercial LBTT	Total LBTT	Residential LBTT Ex. ADS	ADS (Included in Residential LBTT Total)
Revenue in July	£37.8m	£10.4m	£48.2m	<i>£26.2m</i>	<i>£11.6m</i>
July 2017 vs June 2017	↑£3.6m	↓£0.8m	↑£2.7m	<i>↑£2.9m</i>	<i>↑£0.7m</i>
July 2017 vs July 2016	↑£10.7m	↓£0.6m	↑£10.1m	<i>↑£6.4m</i>	<i>↑£4.3m</i>
Revenue 2017/18 (YtD)	£129.3m	£53.0m	£182.3m	<i>£88.5m</i>	<i>£40.8m</i>

Summary

July 2017 saw LBTT revenues rise £2.7m (6%) on June to £48.2m and jumped £10.1m when compared to the same month in 2016. An increase in the number of residential sales above £325k has helped the Scottish Government generate the highest revenue from LBTT since the start of the tax year. Total LBTT revenue for July stood at £48.2m, up £2.7m on June 2017 and £10.1m on the same month in 2016. Revenue generated from the residential element of the tax was the highest ever recorded at £37.8m, aided by a record £11.6m paid through the Additional Dwellings Supplement.

Revenue from commercial LBTT fell for the third month in a row in July, standing at just £10.4m. This is the joint lowest revenue from commercial LBTT since the tax came into effect in 2015 (equal to February 2016), and is yet further evidence of a more challenging market for commercial property in Scotland. Commercial LBTT revenue has been below that of 2016/17 every month this tax year apart from April, despite 2016/17 being a poor year for sales (in terms of total value). In the tax year to date, commercial LBTT is over £2m below the totals for the same period in both 2015/16 and 2016/17.

Figure 1 – Source: Revenue Scotland



Breakdown of LBTT Revenue (2016/17 & 2017/18)

Figure 2 – Source: Revenue Scotland

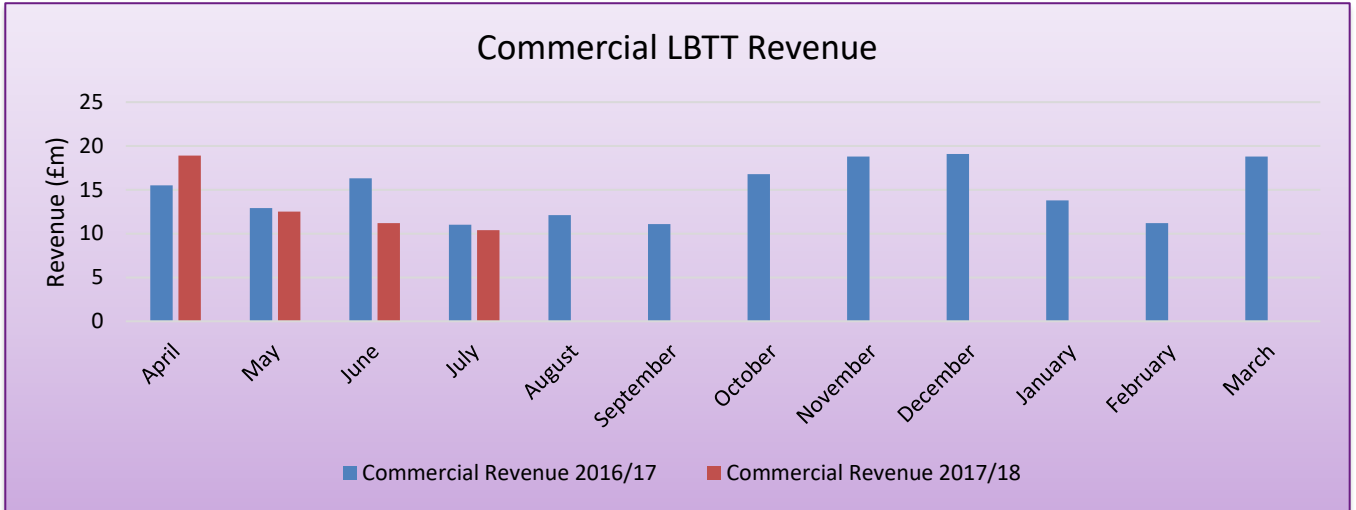


Figure 3 – Source: Revenue Scotland. Residential LBTT including the Additional Dwellings Supplement (ADS)

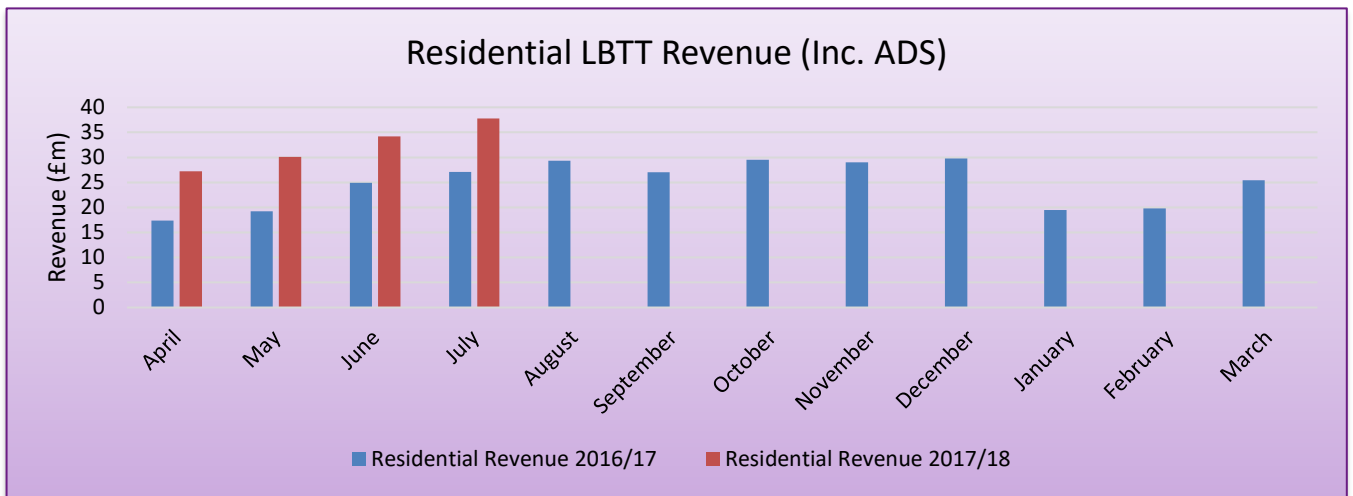
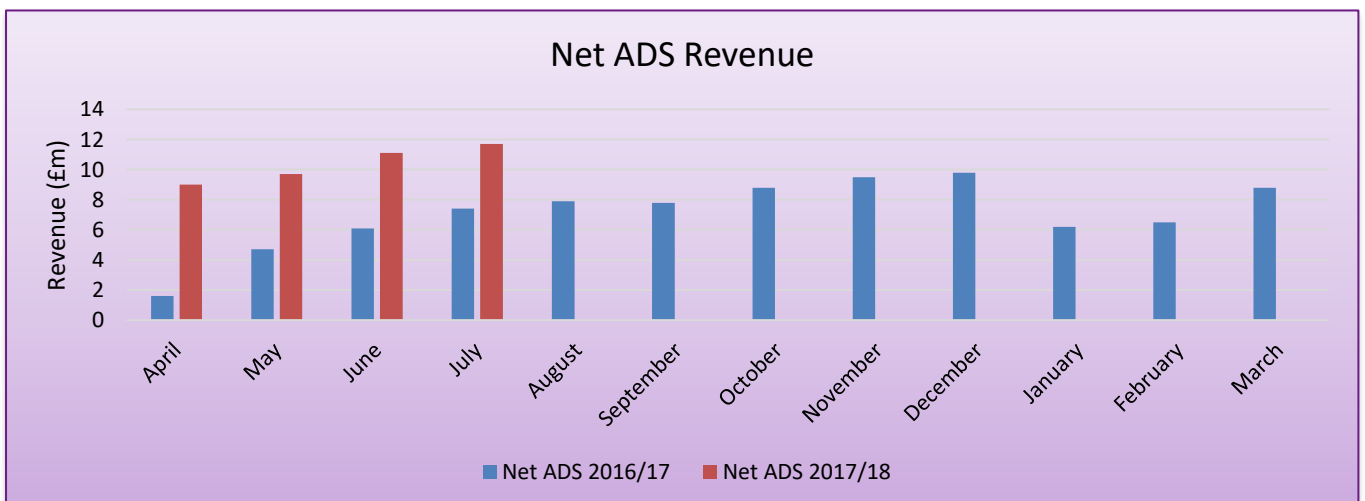


Figure 4 – Source: Revenue Scotland.



Actual LBTT Revenue Versus Scottish Government Forecast

The Scottish Government forecasted in its 2017/18 budget that LBTT would raise £507m (after reducing its initial expectations from £538m), this averages out to £42.3m per month (not seasonally adjusted). So far, every month in 2017/18 has seen total LBTT revenues above the monthly average of the forecast. As much of LBTT revenue is residentially driven we expect returns to be lower at the end of 2017/18 due to housing market cycles.

Figure 5 – Source: Revenue Scotland & Scottish Government

