

Scottish Property Federation Monthly LBTT Update – September 2017

	Residential LBTT	Commercial LBTT	Total LBTT	Residential LBTT Ex. ADS	ADS (Included in Residential LBTT Total)
Revenue in Sep	£35.5m	£14.3m	£49.8m	£24.7m	£11.0m
Sep 2017 vs Aug 2017	↓£4.4m	↑£2.3m	↓£2.1m	↓£3.8m	↓£0.6m
Sep 2017 vs Sep 2016	↑£8.6m	↑£3.2m	↑£11.9m	↑£5.3m	↑£2.4m
Revenue 2017/18 (YtD)	£202.2m	£79.2m	£281.6m	£141.6m	£61.7m

Summary

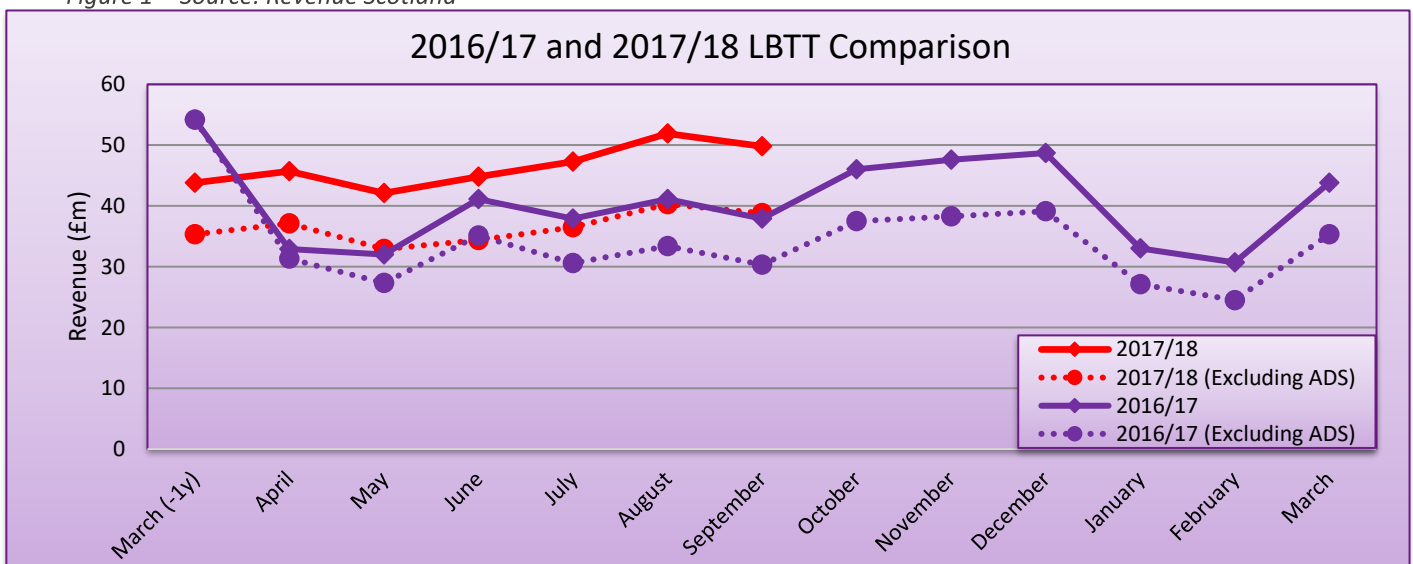
Scottish Government revenue from the devolved Land and Buildings Transaction Tax (LBTT) fell £2.1m in September to £49.8m - the first monthly fall since May. A decrease in residential transactions (particularly at the upper end of the market) and a fall in revenue from the Additional Dwellings Supplement (ADS) accounted for the reduction in revenue. Despite the month-on-month fall, total revenue in September was £11.9m up compared to September 2016.

The Government will no doubt be pleased to see that this year-to-date has seen total LBTT revenues of £281.6m. This is significantly higher than the revenue generated in the same period during 2016/17 and 2015/16, which saw LBTT revenues of £222.9m and £183.4 respectively.

Revenue generated from the **residential** element of the tax fell in September by £4.4m to £35.5m. Despite the fall, residential LBTT revenue in September was still 5.5% above the monthly average for 2017/18. Significantly, just under half of the decrease in revenue (£2m) came from a fall in sales at the £325-500k level (this section of the market had been seeing a slight recovery before September). **ADS** brought in £11m in September, this was £0.6m below August 2017 but £2.4m more than the same month in 2016.

LBTT revenue from **commercial** property sales rose by £2.3m on August to £14.1m – this is the highest revenue from this element of LBTT since April 2017. Despite this slight rise in revenue, 2017/18 remains a relatively poor year for commercial LBTT revenue in Scotland. Commercial revenue in 2017/18 currently stands at £79.2m, compared to £78.8m in the same period last tax year and £86.9m in 2015/16.

Figure 1 – Source: Revenue Scotland



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

Figure 2 – Source: Revenue Scotland

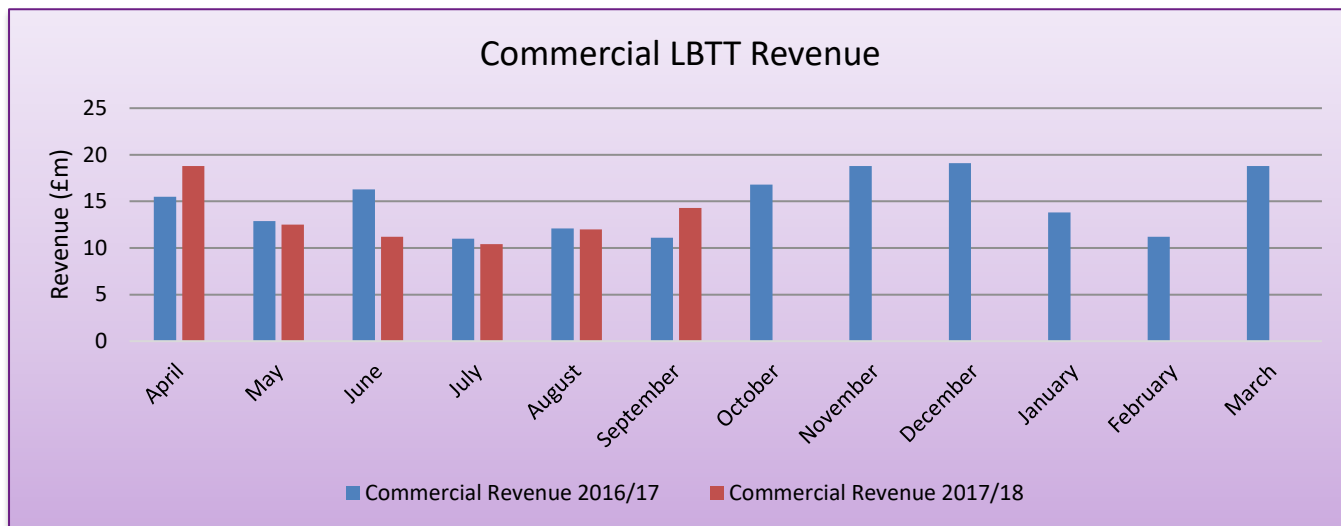


Figure 3 – Source: Revenue Scotland. Residential LBTT including the Additional Dwellings Supplement (ADS)

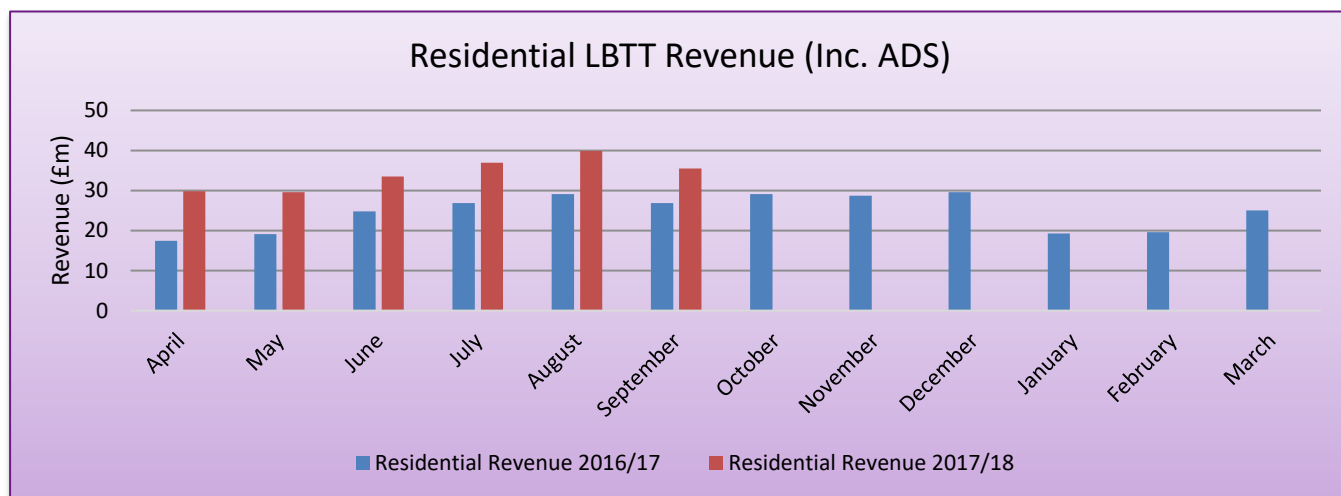
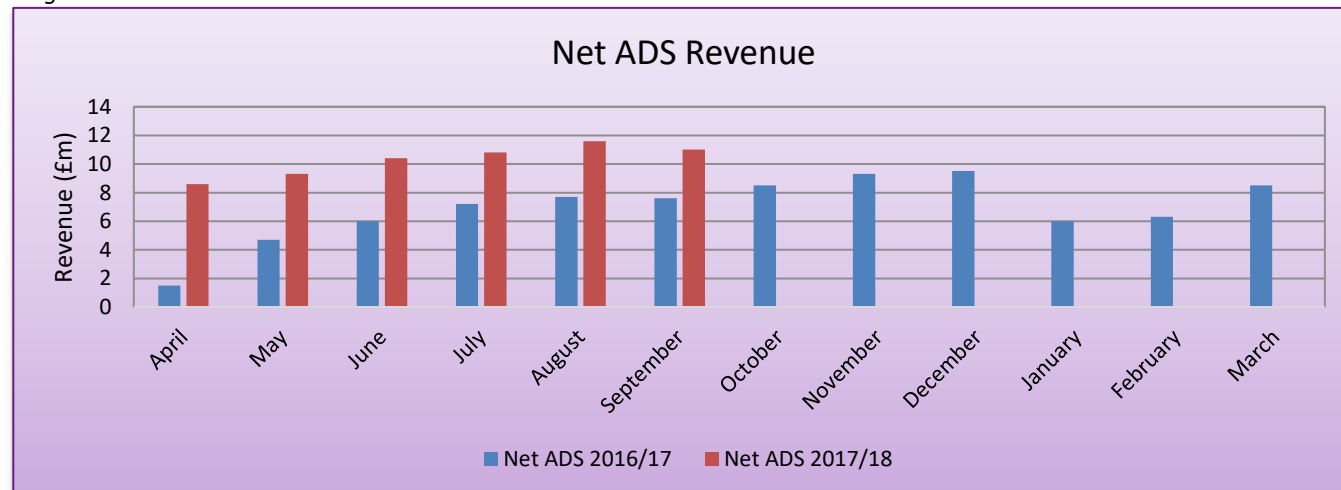


Figure 4 – Source: Revenue Scotland.



Actual LBTT Revenue Versus Scottish Government Forecast

Total LBTT - The Scottish Government forecasted in its 2017/18 budget that LBTT would raise **£507m** (after reducing its initial expectations from £538m). The Scottish Government's forecast averages out at £42.3m per month (not seasonally adjusted). So far, only May's LBTT revenue has slipped below the Scottish Government's target (by £0.2m). As it stands, the government is currently exceeding its own expectations by £27.8m.

Residential LBTT (excluding ADS) - The Scottish Government forecasted in its 2017/18 budget that Residential LBTT (excluding ADS) would raise **£211m**. So far, after 6 months, the government has raised £141.6m (67.1% of the target).

ADS - The Scottish Government predicted in its budget that ADS would generate **£72m** in 2017/18. The total raised to date is £61.7m - equating to 85.7% of the total forecast after only half the tax year has passed. Since coming into effect in April 2016, 16.1% of ADS paid has been reclaimed, therefore, we expect current net ADS totals to be revised downwards.

Commercial LBTT - The Scottish Government forecasted in its 2017/18 budget that Commercial LBTT would raise **£224m**. So far, the government has raised only £79.2m (35.4% of the target).

Figure 5 – Source: Revenue Scotland & Scottish Government

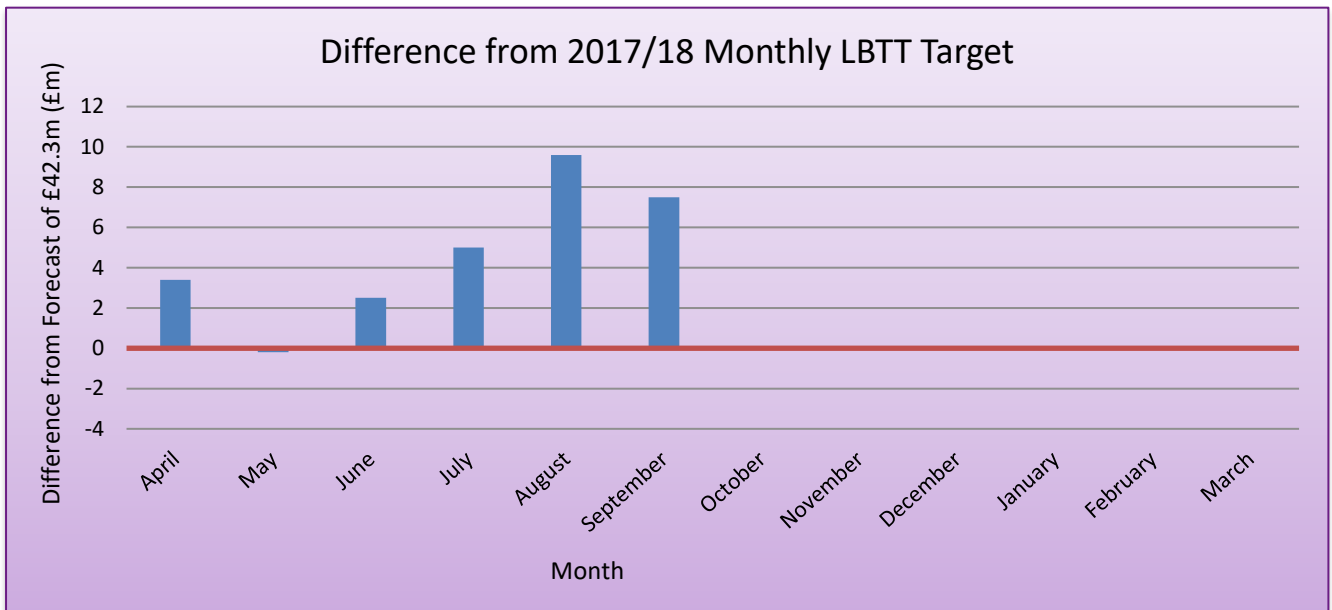


Figure 6 – Source: Revenue Scotland & Scottish Government

