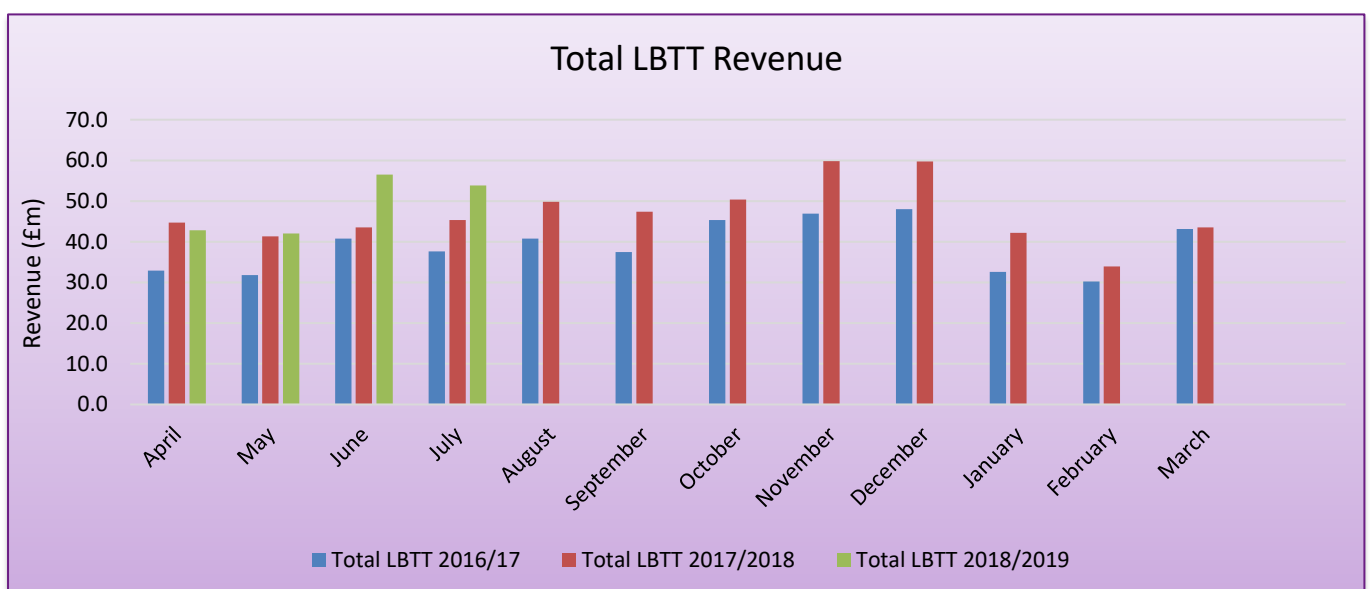


## Scottish Property Federation Monthly LBTT Update – July 2018

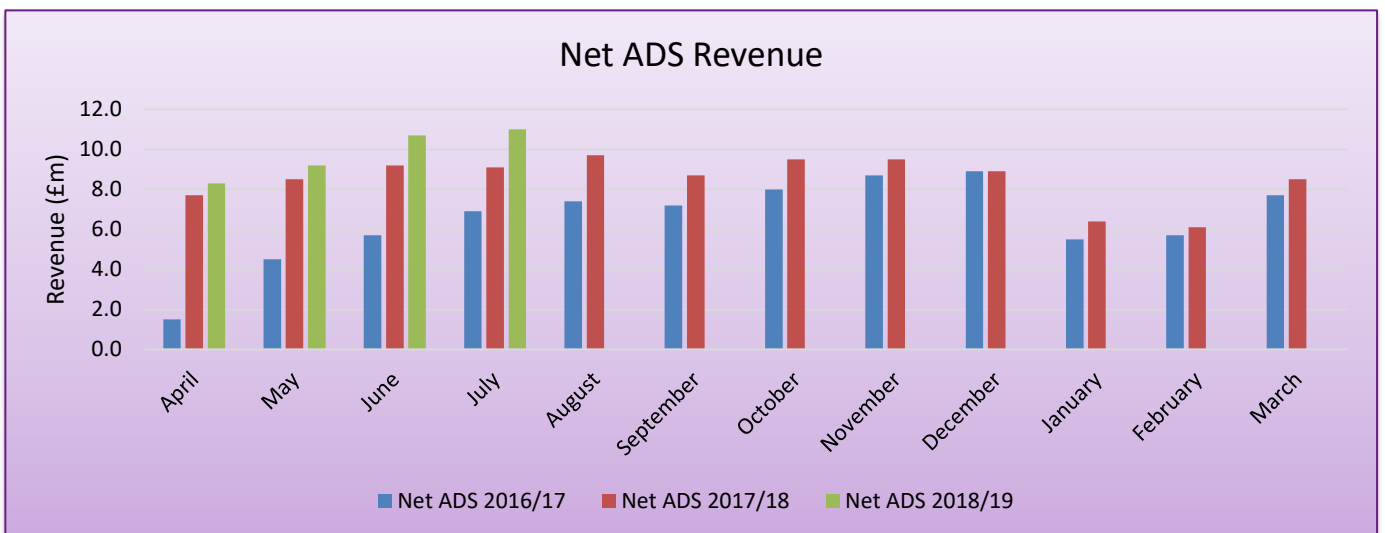
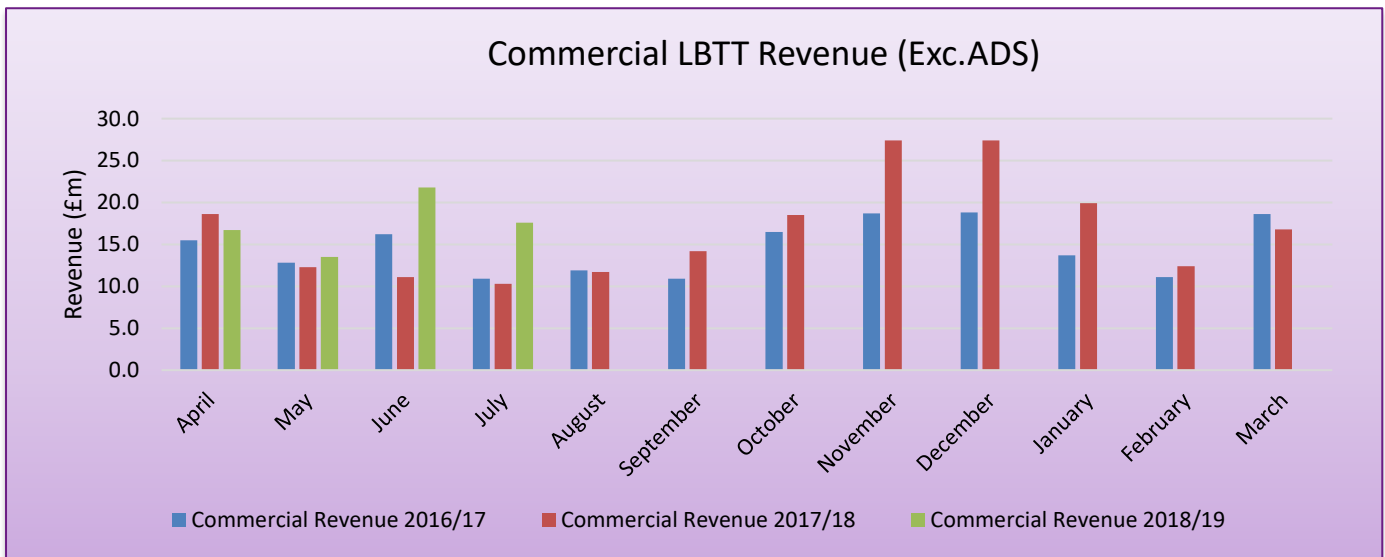
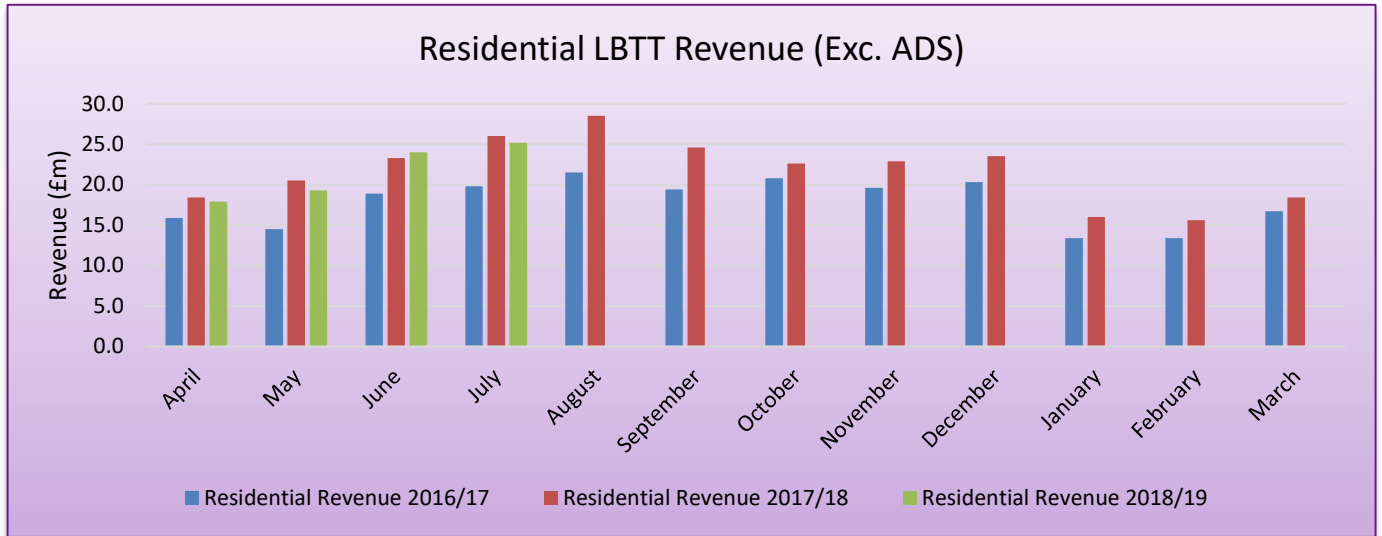
	Residential LBTT (Exc. ADS)	Commercial LBTT (Exc. ADS)	ADS	Total LBTT
Revenue in July	£25.2m	£17.6m	£11m	£53.8m
Jul 2018 vs Jun 2018	↑£1.2m	↓£4.2m	↑£0.3m	↓£2.7m
Jul 2018 vs Jul 2017	↓£0.8m	↑£7.3m	↑£2m	↑£8.5m
Total Revenue YTD	£86.4m	£69.6m	£39.2m	£195.1m

### July 2018

- Recent data from Revenue Scotland has shown that revenues in July 2018 from the Scottish Government's Land and Buildings Transaction Tax (LBTT) were down slightly on the previous month's figure, but up compared to July 2017.
- LBTT revenue in July 2018 totalled £53.8m. This is a decrease on June 2018's total of £2.7m and up £8.5m on July 2017's total revenue.
- The residential element of LBTT generated £25.2m in July. This up on June 2018 but down on July 2017 - by £1.2m and £0.8m respectively.
- Commercial LBTT revenue totalled £17.6m, a fall of £4.2m from the relatively high total in June 2018. However, July's total is £7.3m up on the same month in 2017.
- ADS generated £11m in July 2018, which is slightly up by £0.3m on June's total. Revenue in July is also up by £2m when compared with the same month in 2017.



## Monthly Residential, Commercial and Net ADS Revenues

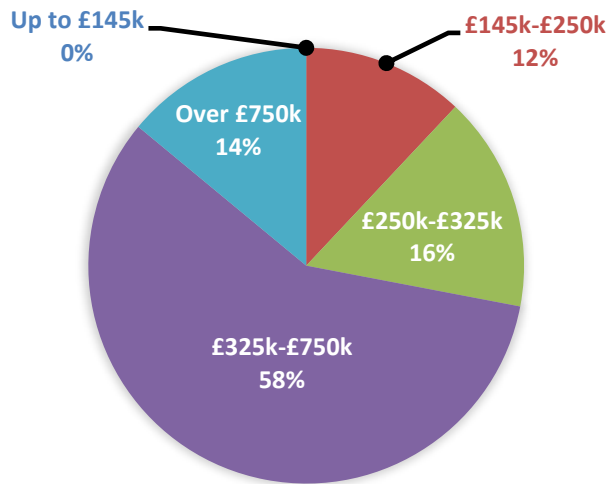


## Residential LBTT Breakdown: April - July 2018

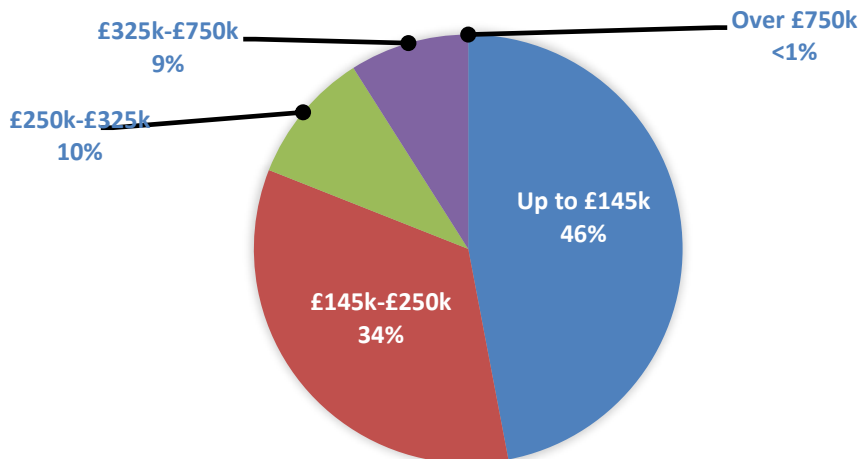
- The bands and rates for residential LBTT are structured in such a way that most of the revenue generated from the tax is dependent on a relatively small number of high value transactions.
- In the four months to July 2018, nearly half of all house sales (46%) were below the Scottish Government’s £145k threshold, at which the initial 2% tax rate takes effect. This means that no LBTT was payable on these transactions.
- Just under 60% of LBTT was paid by transactions at the £325k-£750k band, despite properties sold in this price range accounting for just 9% of the total number of transactions in April to July 2018.
- Properties sold for over £750k made up 0.5% of all residential sales so far in the 2018/19 tax year (to July 2018) but accounted for 14% of residential LBTT revenues.

*TC Band = Residential Total Consideration Band (the total value of each transaction).*

**Percentage of Total Residential LBTT Revenue Originating at Each TC Band (April - July 2018)**



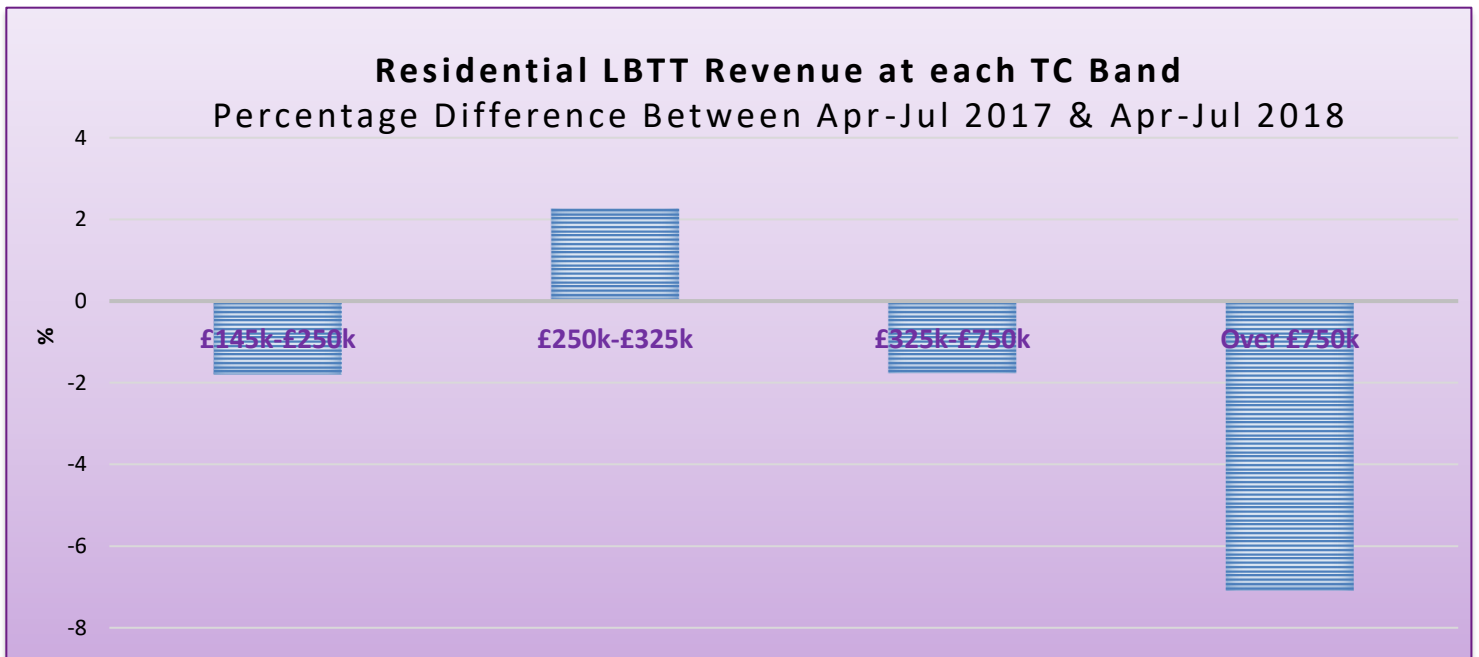
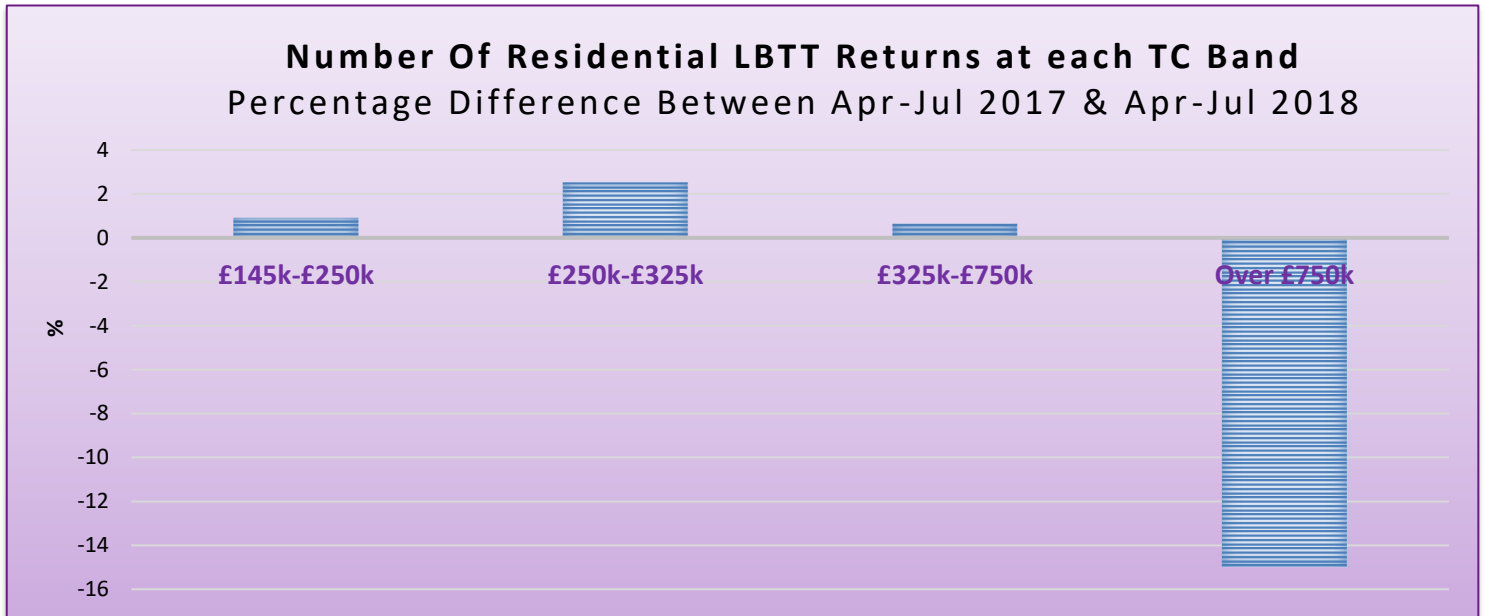
**Percentage of the Total Number of Residential LBTT Returns Occurring at Each TC Band (April - July 2018)**



## Changes in Residential LBTT Revenue – 2017/18 v 2018/19

So far in the 2018/19 tax year, there has been less revenue generated from residential LBTT than in the same period (April – July) in the 2017/18 tax year. SPF analysis of Revenue Scotland’s most recent data shows that most of this fall is a result of less LBTT being generated by the £325,000+ section of the market.

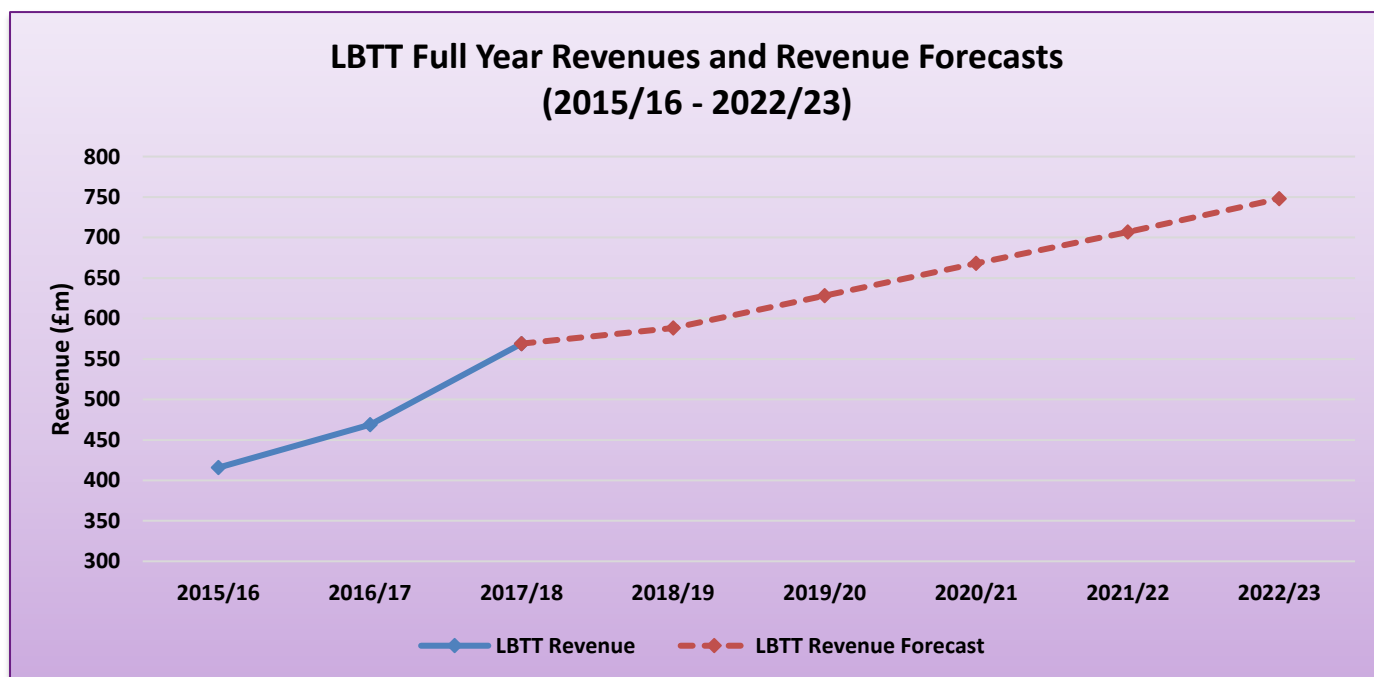
The charts below show the percentage change in the number of returns (or sales) and revenue at each TC band and the percentage difference in revenue between April to July 2017 and April to July 2018.



## Forecast for 2018/19 and Beyond

	<i>2017/18 Actual Revenue<sup>1</sup></i>	2018-19 Forecast	2019-20 Forecast	2020-21 Forecast	2021-22 Forecast	2022-23 Forecast
<b>Total LBTT</b>	<b>£561m</b>	<b>£588m</b>	<b>£628m</b>	<b>£668m</b>	<b>£707m</b>	<b>£748m</b>
<b>Residential LBTT</b>	<b>£260m</b>	<b>£305m</b>	<b>£336m</b>	<b>£366m</b>	<b>£395m</b>	<b>£426m</b>
<b>Commercial LBTT</b>	<b>£201m</b>	<b>£190m</b>	<b>£194m</b>	<b>£200m</b>	<b>£206m</b>	<b>£212m</b>
<b>ADS</b>	<b>£100m</b>	<b>£93m</b>	<b>£98m</b>	<b>£102m</b>	<b>£106m</b>	<b>£110m</b>

- The Scottish Government expects<sup>2</sup> that LBTT will generate in £588m in 2018/19 – £27m (5%) more than in 2017/18.
- Residential LBTT revenue in 2017/18 was £260m, however, the forecast for 2018/19 expects this to rise to £305m. To achieve this, a 17.5% annual increase in tax take from the sector is required.
- Of the overall LBTT revenue forecast for 2018/19, £190m is made up from commercial revenue. This forecast is £11m less than the sum generated in 2017/18.
- ADS payments are expected to total £93m in 2018/19. This is £7m less than was provisionally raised in 2017/18.



<sup>1</sup> Provisional

<sup>2</sup> Source – Draft Scottish Budget 2018/19

## Difference Between 2018/19 Scottish Government Forecast and Actual Revenue

