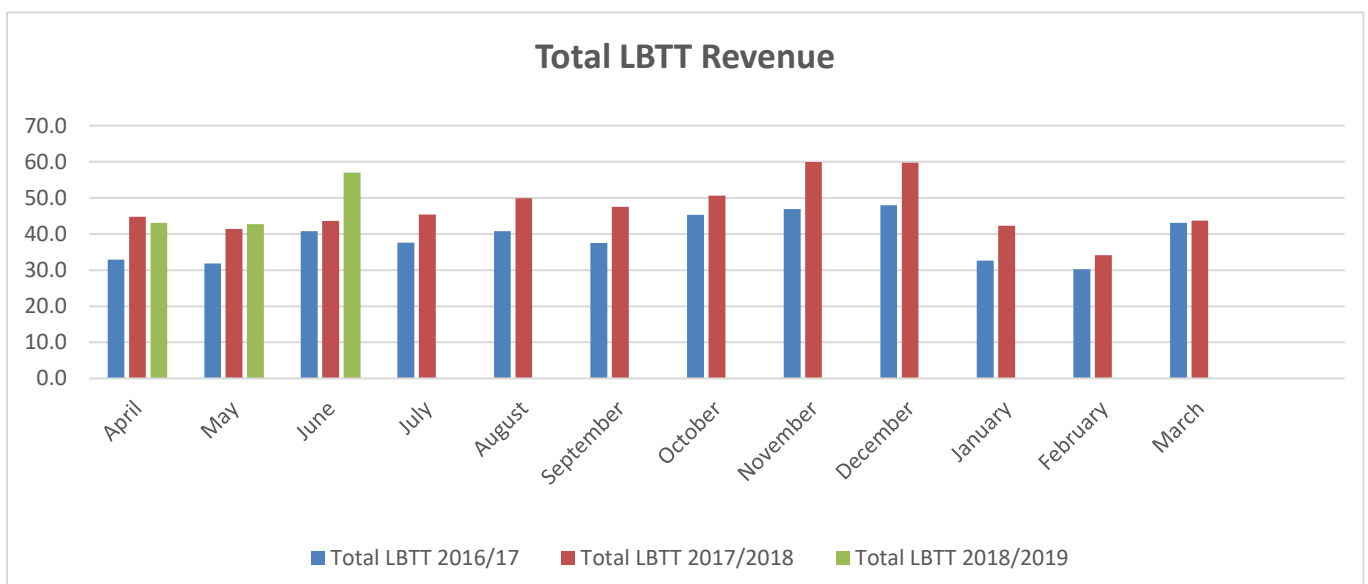


## Scottish Property Federation Monthly LBTT Update – June 2018

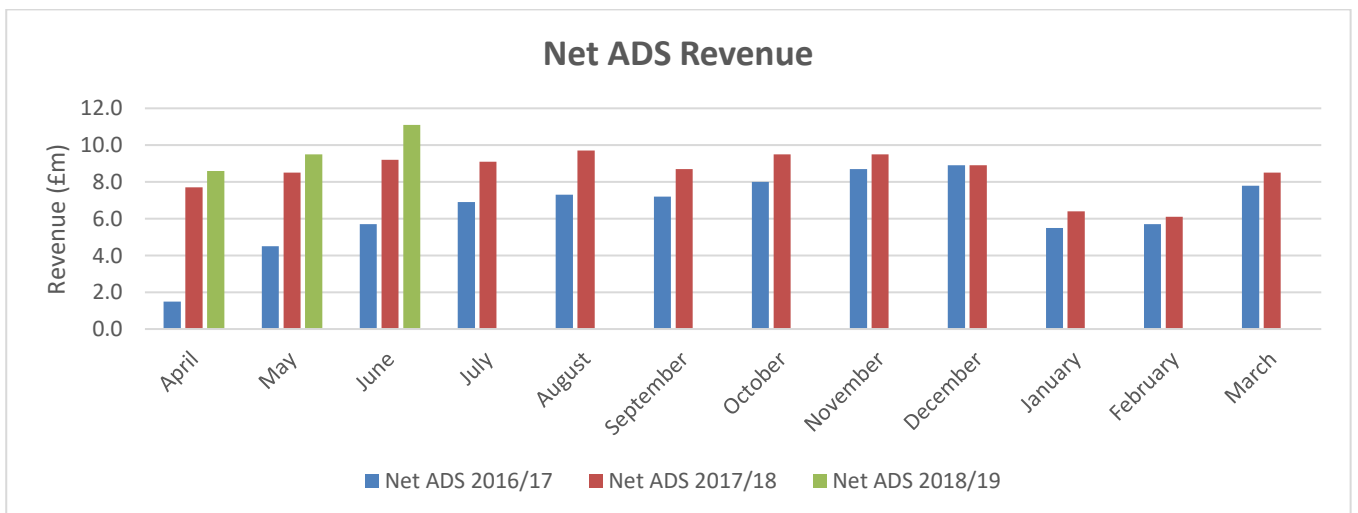
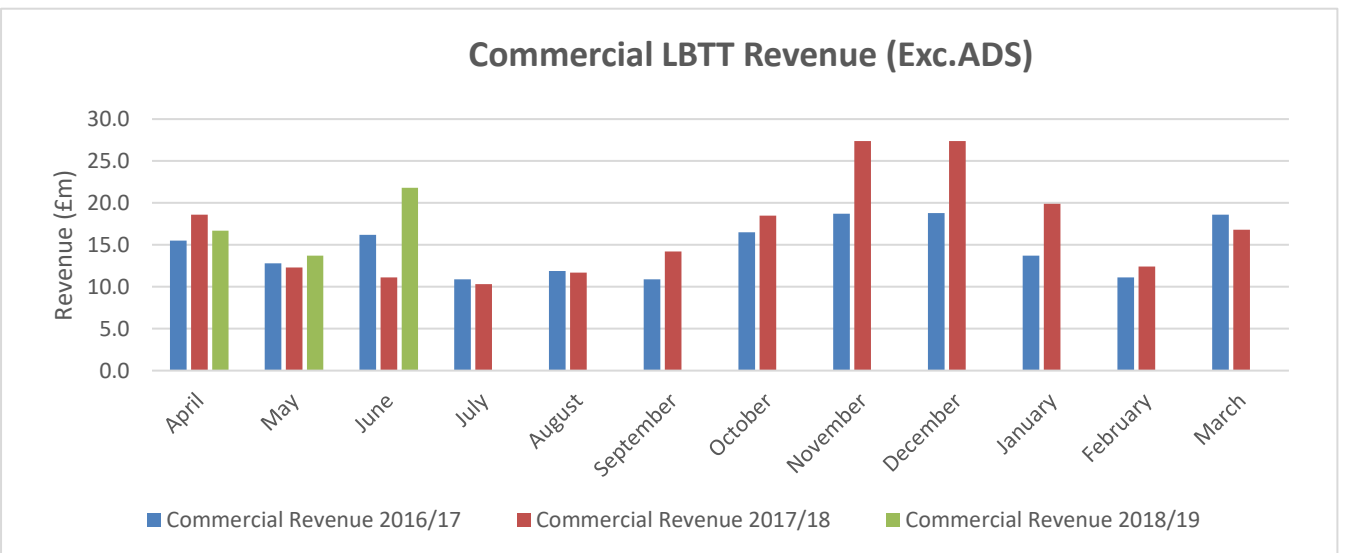
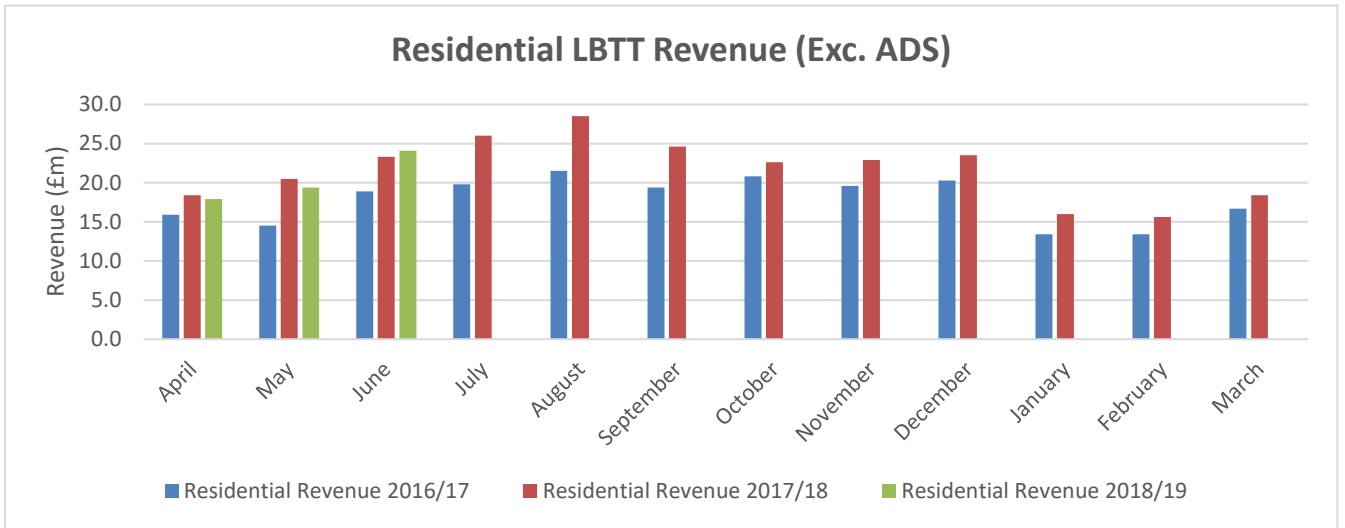
|                      | Residential<br>LBTT (Exc. ADS) | Commercial<br>LBTT (Exc. ADS) | ADS    | Total<br>LBTT |
|----------------------|--------------------------------|-------------------------------|--------|---------------|
| Revenue in June      | £24.1m                         | £21.8m                        | £11.1m | £57.0m        |
| Jun 2018 vs May 2018 | ↑£4.7m                         | ↑£8.1m                        | ↑£1.6m | ↑£14.3m       |
| Jun 2018 vs Jun 2017 | ↑£0.8m                         | ↑£10.7m                       | ↑£1.9m | ↑£13.4m       |
| Total Revenue YTD    | £61.4m                         | £52.2m                        | £29.2m | £142.8m       |

### June 2018

- Recent data from Revenue Scotland has shown that revenues from the Scottish Government's Land and Buildings Transaction Tax (LBTT) were up in June 2018, both on May's total and when compared to June 2017.
- LBTT revenue in June 2018 totalled £57m. This is a substantial increase on May 2018 (£14.3m) and June 2017 (£13.4m).
- The residential element of LBTT generated £24.1m in June. This up both May 2018 and June 2017 - by £4.7m and £0.8m respectively.
- Commercial LBTT revenue also rose in June 2018 to £21.8m. This total is £8.1m up on May 2018 and £10.7m up on June 2017.
- ADS generated £11.1m in June 2018, which is up £1.6m from May's total. Revenue in June is also up by £1.9m when compared with the same month in 2017.



## Monthly Residential, Commercial and Net ADS Revenues

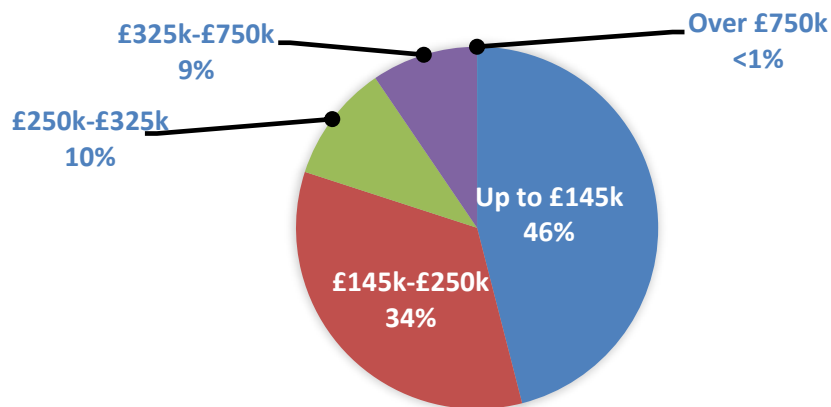


## Residential LBTT Breakdown in June 2018

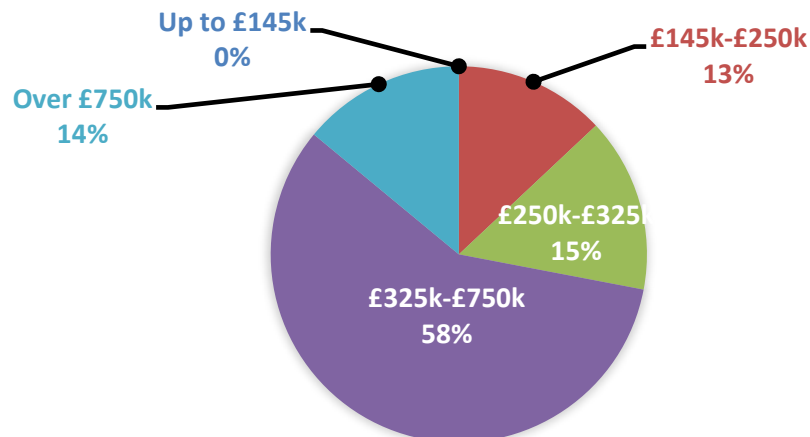
- The bands and rates for residential LBTT are structured in such a way that most of the revenue generated from the tax is dependent on a relatively small number of high value transactions.
- In June 2018, nearly half of all house sales were below the Scottish Government's £145k threshold, at which the 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 June 2018.
- Properties sold for over £750k made up 0.01% of residential sales in June 2018 but accounted for 14% of residential LBTT revenues.

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

### Percentage of the Total Number of Residential Property Sales at each TC Band (June 2018)



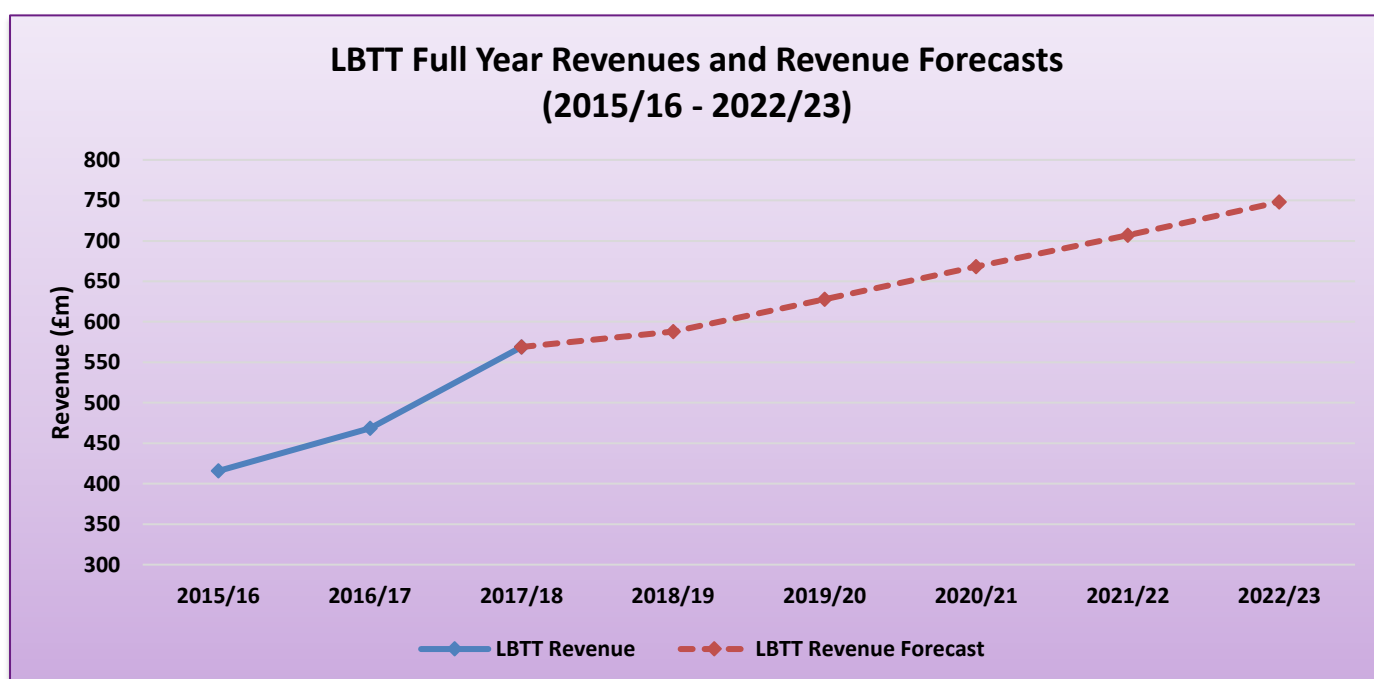
### Percentage of the Total LBTT Revenue Generated from Property Sales at each TC Band (June 2018)



## Forecast for 2018/19 and Beyond

|                         | 2018-19    | 2019-20    | 2020-21    | 2021-22    | 2022-23    |
|-------------------------|------------|------------|------------|------------|------------|
| <b>Total LBTT</b>       | <b>588</b> | <b>628</b> | <b>668</b> | <b>707</b> | <b>748</b> |
| <b>Residential LBTT</b> | <b>305</b> | <b>336</b> | <b>366</b> | <b>395</b> | <b>426</b> |
| <b>Commercial LBTT</b>  | <b>190</b> | <b>194</b> | <b>200</b> | <b>206</b> | <b>212</b> |
| <b>ADS</b>              | <b>93</b>  | <b>98</b>  | <b>102</b> | <b>106</b> | <b>110</b> |

- The Scottish Government expects that LBTT will generate in £588m in 2018/19 – £25m (4.5%) more than in 2017/18.
- Residential LBTT revenue in 2017/18 was £260.4m, 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 £14.3m less than was raised in 2017/18, which could be a result of the Scottish Government underestimating how much would be raised by ADS when the Draft Scottish Budget was announced in December 2017.



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

