

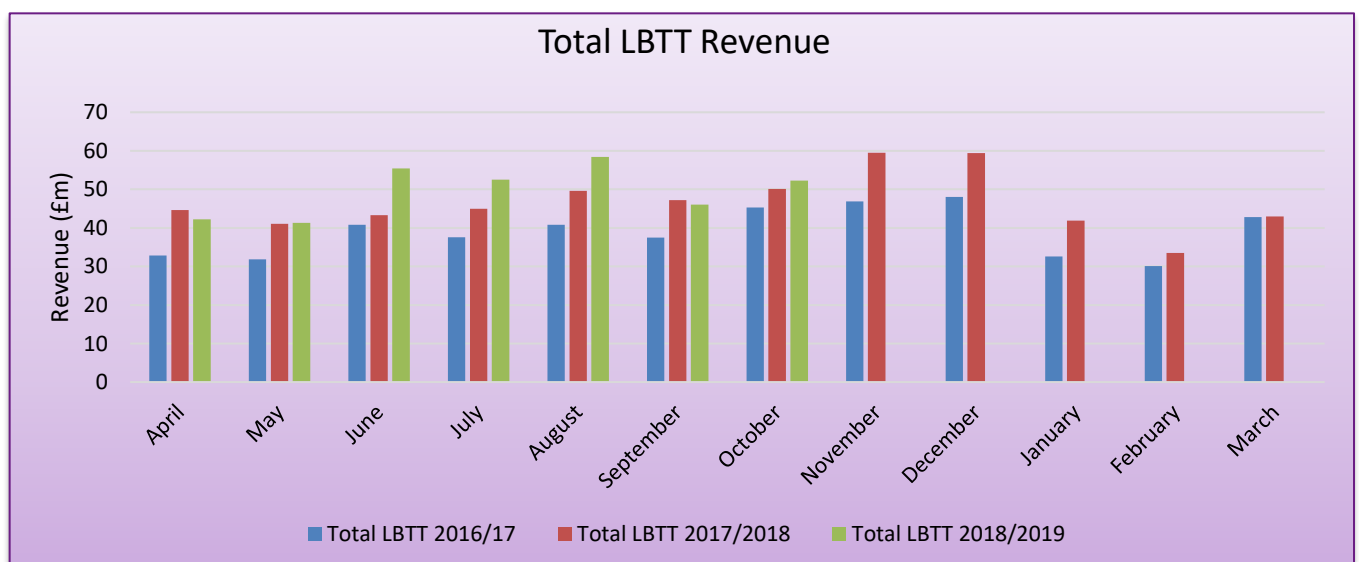
## Scottish Property Federation Monthly LBTT Update – October 2018

	Residential LBTT (Exc. ADS)	Commercial LBTT (Exc. ADS)	ADS	Total LBTT
Revenue in Oct-18	£26.1m	£14.0m	£12.2m	£52.3m
Oct-18 vs Sep-18	↑£0.7m	↑£3.9m	↑£1.6m	↑£6.3m
Oct-18 vs Oct-17	↑£3.5m	↓£4.4m	↑£3.1m	↑£2.2m
<b>18/19 Revenue YTD</b>	<b>£165.3m</b>	<b>£113.3m</b>	<b>£69.8m</b>	<b>£348.1m</b>
17/18 Revenue (to Oct-17)	£163.9m	£96.6m	£60.2m	£320.9m
18/19 Revenue (YTD) vs 17/18 Revenue (to Oct-17)	↑£1.4m	↑£16.7m	↑£9.7m	↑£26.4m

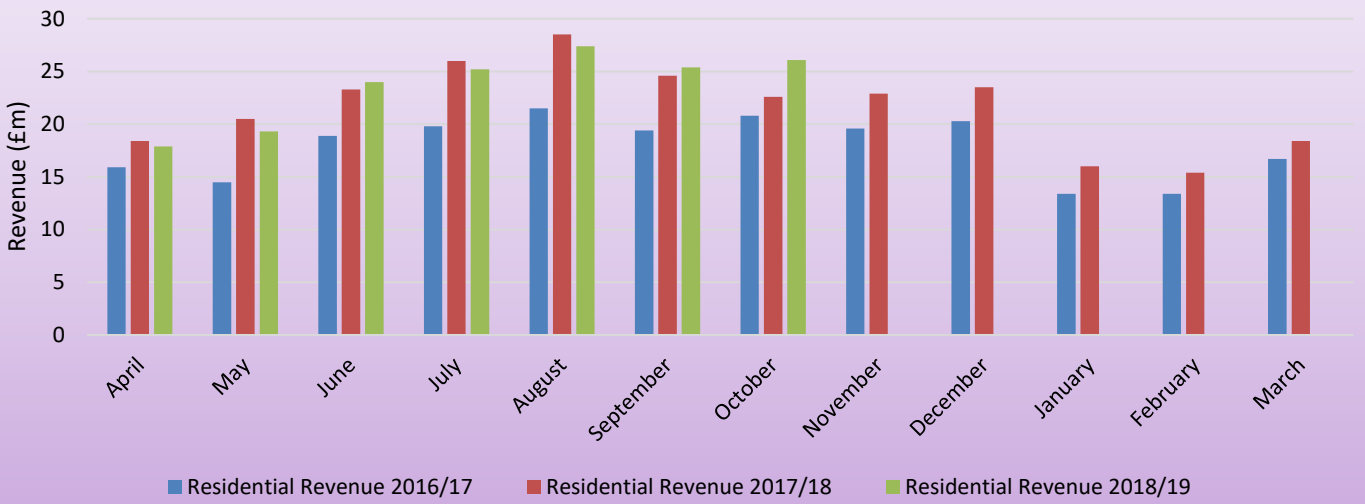
### Summary

- Land and Buildings Transaction Tax (LBTT) revenue stood at £52.3m in October 2018, up £6.3m (14%) on September 2018's total.
- After commercial LBTT revenue fell to its lowest ever level in September 2018, revenues from this sector bounced back slightly in October – up £3.9m (39%). However, year-on-year commercial revenue was down by £4.4m (24%).
- Residential LBTT revenues increased by £0.7m (3%) to £26.1m in October 2018 when compared to the month before, however, against the same month in 2017, revenues were up £3.5m (15%).
- ADS continues to make a significant contribution to total LBTT revenue, with £12.2m collected in October 2018. However, repayments are eroding revenues from previous months - since the charge was introduced in 2016, 20% of the total ADS liability has been repaid to taxpayers.

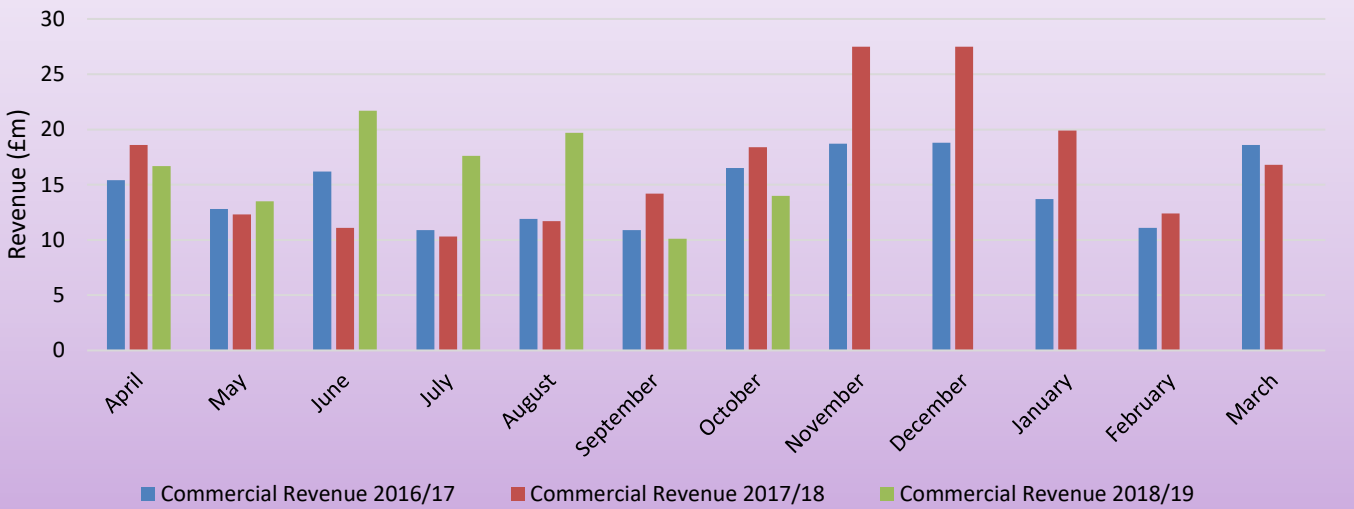
### Monthly Total LBTT, Residential LBTT, Commercial LBTT and Net ADS Revenues



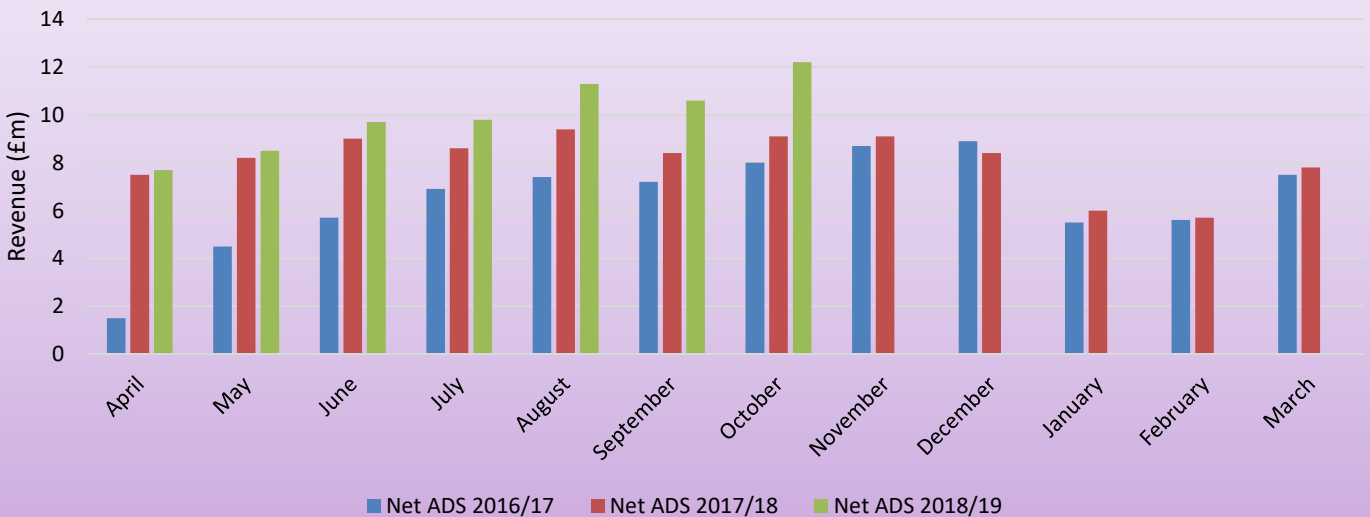
### Residential LBTT Revenue (Exc. ADS)



### Commercial LBTT Revenue (Exc. ADS)



### Net ADS Revenue

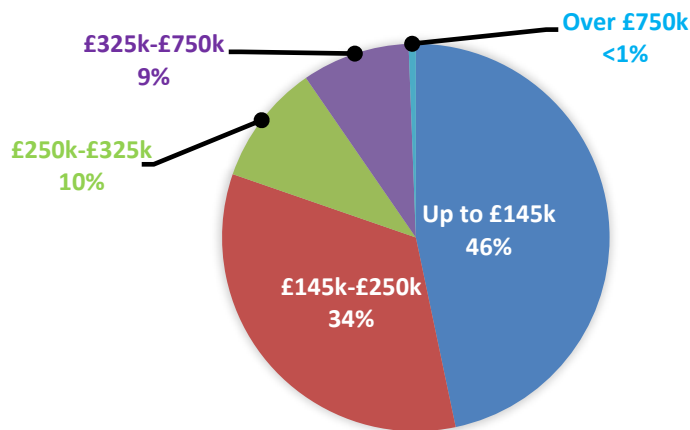


## Residential LBTT Breakdown: April - October 2018

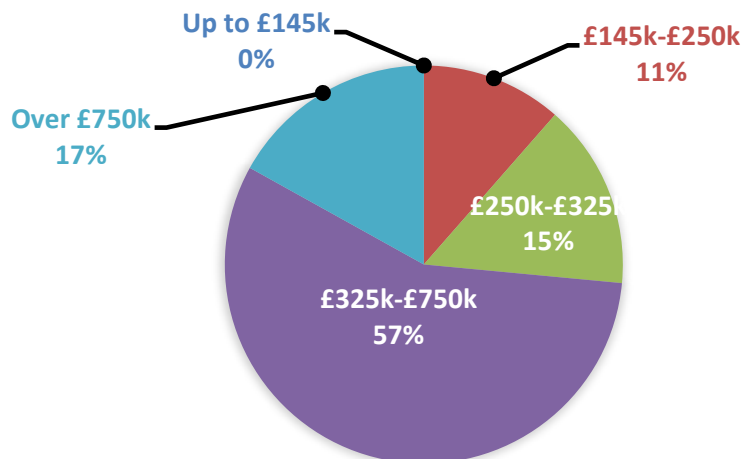
- The bands and rates for residential LBTT are structured in such a way that most of the revenue generated from the tax is dependent on a relatively small number of high value transactions.
- In the seven months to October 2018, nearly half of all house sales (46%) were below the Scottish Government's £145,000 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 £325,000-£750,000 band, despite properties sold in this price range accounting for just 9% of the total number of transactions in April to September 2018.
- Properties sold for over £750,000 have made up less than 1% of all residential sales so far in the 2018/19 tax year (to September 2018), but accounted for 17% of residential LBTT revenues.

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

### Percentage of Total Residential LBTT Returns at Each TC Band (April - October 2018)



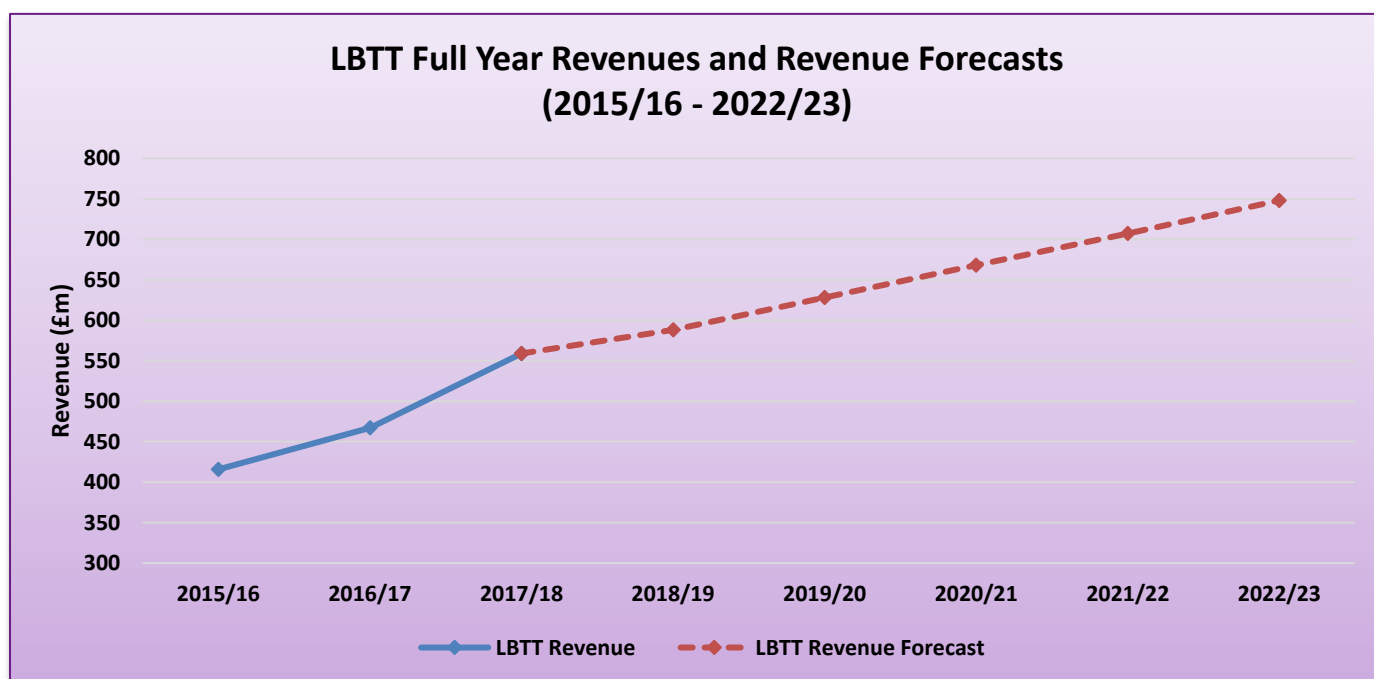
### Percentage of Total Residential LBTT Revenue at Each TC Band (April - October 2018)



## Forecast for 2018/19 and Beyond

	2017/18 Actual Revenue <sup>1</sup>	2018-19 Forecast	2019-20 Forecast	2020-21 Forecast	2021-22 Forecast	2022-23 Forecast
Total LBTT	£558.2m	£588m	£628m	£668m	£707m	£748m
Residential LBTT	£260.2m	£305m	£336m	£366m	£395m	£426m
Commercial LBTT	£200.7m	£190m	£194m	£200m	£206m	£212m
ADS	£97.2m	£93m	£98m	£102m	£106m	£110m

- The Scottish Government expects<sup>2</sup> that LBTT will generate 588m in 2018/19 – £29.8m (5%) more than in 2017/18. As of October 2018, the Scottish Government has received £27.2m (8%) more in the 2018/19 tax year than in the same period in 2017/18.
- Residential LBTT revenue in 2017/18 was £260.2m, however, the forecast for 2018/19 expects this to rise to £305m. To achieve this, a 17% 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 £10.7m less than the sum generated in 2017/18.
- ADS payments are expected to total £93m in 2018/19. This is £4.2m less than was provisionally raised in 2017/18.



<sup>1</sup> Provisional – as at end of October 2018

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

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

