

Revenue Scotland LBTT Forum

Friday 27 October 2017



Welcome

Stephen Crilly
Head of Legal Services



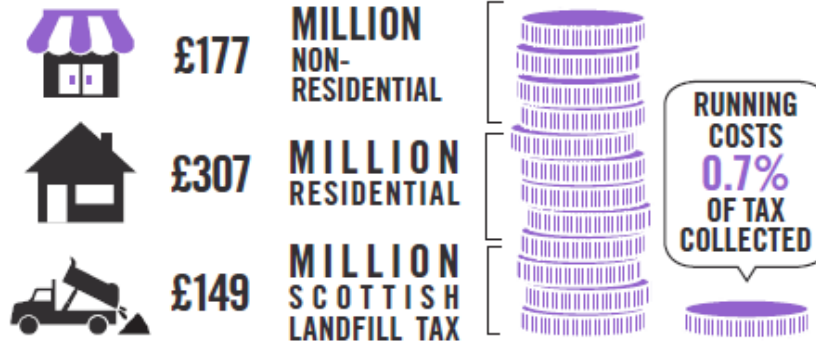
Our 2016-17 Performance

TOTAL TAX COLLECTED PASSES **£1BN** MARK



98.8% OF TAX RETURNS
SUBMITTED ONLINE

OVER **£630million** COLLECTED
IN TAX



 **97.9%** OF WRITTEN COMMUNICATIONS
RESPONDED TO WITHIN
10 WORKING DAYS

0 SECURITY BREACHES  AVERAGE CALL WAITING TIME OF **6.2** SECONDS

Looking ahead

- Building capacity and resilience across the organisation;
- Profile-raising in Scotland and more widely – first meeting of Great Britain and Northern Ireland Tax Forum;
- Development of 2018-2021 Corporate Plan

Operational Update

Chris Myerscough

Head of Tax

Support Desk



AVERAGE CALL
WAITING
TIME OF
6.2 SECONDS



97.9% OF WRITTEN COMMUNICATIONS
RESPONDED TO WITHIN
10 WORKING DAYS

Average call waiting times:

- 10 seconds in 2015-16
- 6.2 seconds in 2016-17

LBTT Mailbox

- 2419 received in 2016-17
- 1130 received to date in 2017
- 99% responded to within 10 days

Opinions

- **38 Opinion requests received this year to date**
- **84 received in 2016-17**
- **Aim to respond within 25 working days of receiving all required information**

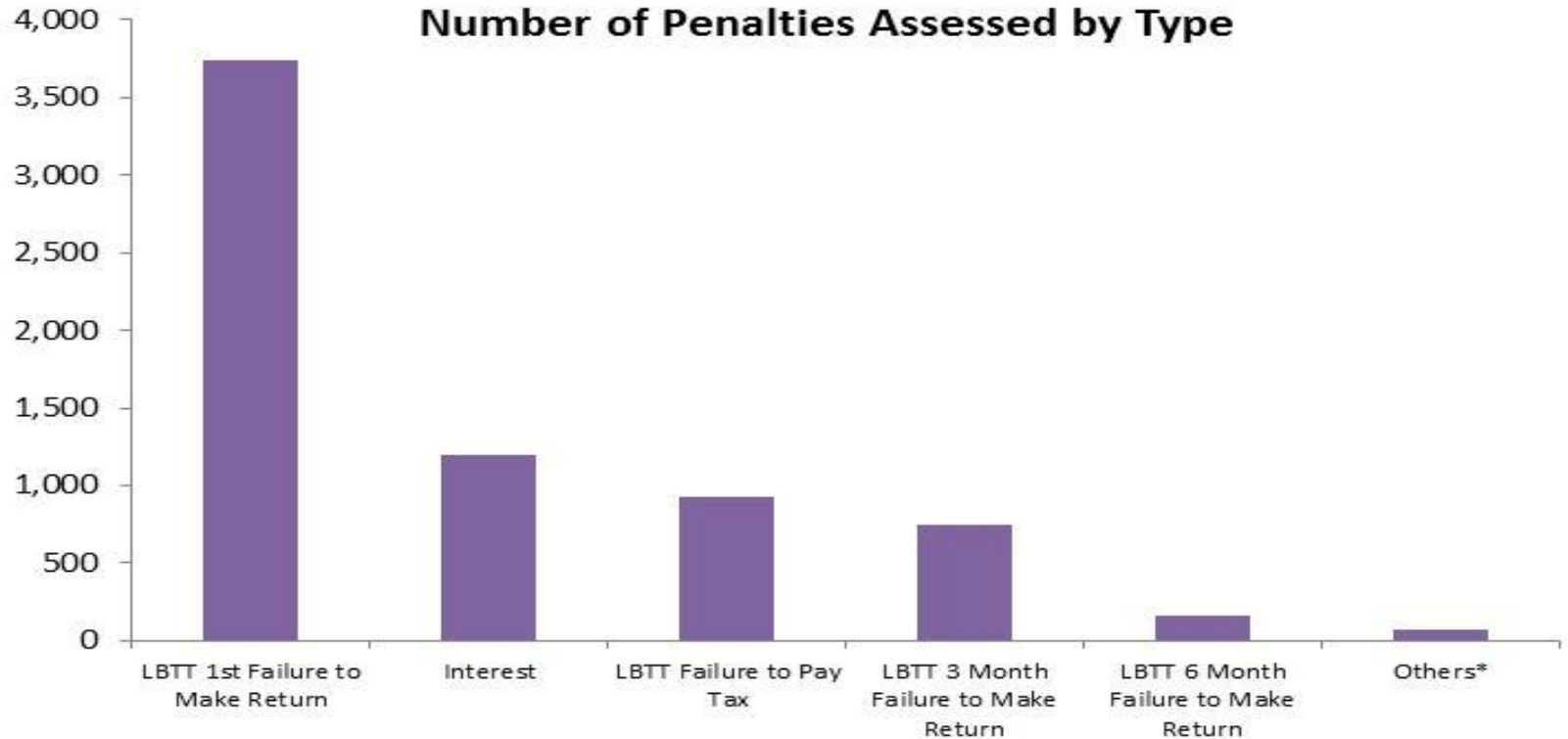
Arrangement Satisfactory

- 5% of all returns submitted with tax due, arrangements satisfactory failed.
 - 2015-16 5.1%
 - 2016-17 4.6%
 - 2017-18 4.3%
- Payment has been on average 5 days late

Penalties

- 1.3% of all LBTT returns submitted to date have attracted penalties for late filing and/or late payment of tax (~3,700).
- 60% of agents who have submitted LBTT returns have had at least one return assessed with a penalty.
- 27 agents who have submitted more than 50 returns have had more than 5% of their returns assessed with penalties.
- For cases where a review of our decision to issue a penalty has been requested, we have overturned our decision and cancelled ~30% of the penalties issued.

Penalty Types



New Penalty Notice



Mr Joe Bloggs
ABC Company
1 Company Street
Company City
EH6 9BR

Revenue Scotland
PO Box 24068
EH6 9BR
www.revenue.scot

Telephone: 03000 200 310
Email: LBT@revenue.scot

2 October 2017

Penalty Assessment Notice Revenue Scotland and Tax Powers Act 2014 (RSTPA)

Your Land and Buildings Transaction Tax return and payment in respect of the following transaction were not received by the due date:

Transaction reference:
Property address:
Effective date:
Filing and payment due date:
Date return received:
Total tax payable for this transaction: £xxx

Revenue Scotland has assessed that you are liable to penalties and interest of £xxx.

Penalty type	Legislation	Amount
First penalty for failure to make return	Sections 159 & 160 RSTPA	£xxx
3 month penalty for failure to make return*	Sections 159 & 161 RSTPA	£xxx
6 month penalty for failure to make return	Sections 159 & 162 RSTPA	£xxx
12 month penalty for failure to make return	Sections 159 & 163 RSTPA	£xxx
First penalty for failure to pay tax	Sections 168 & 169(2) RSTPA	£xxx
Second penalty for failure to pay tax	Sections 168 & 169(3) RSTPA	£xxx
Third penalty for failure to pay tax	Sections 168 & 169(4) RSTPA	£xxx

* £10 per day from xx xxxx xxxx for xx days

Interest	Legislation	Amount
Interest on unpaid tax	Section 217 RSTPA	£xxx

If your payment, or any part of your payment remained outstanding after the date your return was received, you may be liable to further penalties and interest.



Tax Tribunal Decisions

- 5 decisions published to date – See www.taxtribunals.scot
- 4 relate to penalties for late submission of an LBTT return.
- 1 relates to a penalty for late payment of SLfT
- One case has been heard by the Upper Tribunal for Scotland – publication of decision awaited
- Revenue Scotland has been given leave to appeal the FTT decision on another case

Dispute Resolution

3 stages:

- Review
- Mediation
- Appeal to the Scottish Tribunals

Requesting a review

- Notice requesting a review must be given in writing to Revenue Scotland at our contact address: Revenue Scotland, PO Box 24068, Victoria Quay, Edinburgh EH6 9BR
- The notice must specify the grounds of the review
- The notice must be given within 30 days of the date on which the taxpayer was notified of the appealable decision
- Provision for late notices of review
- Guidance on requesting a review can be found at RSTP6006

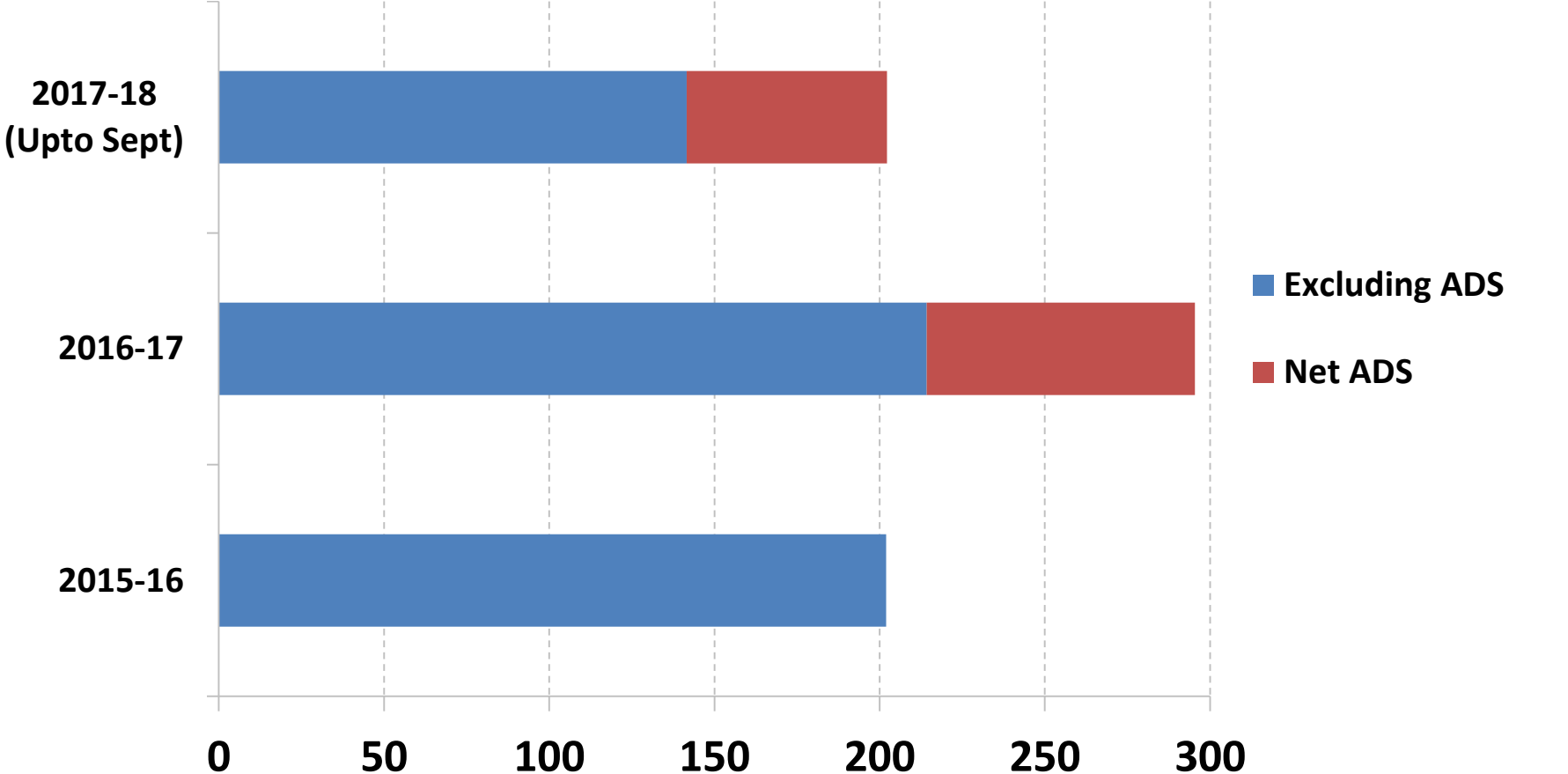
Technical Spotlight

Avril Campbell

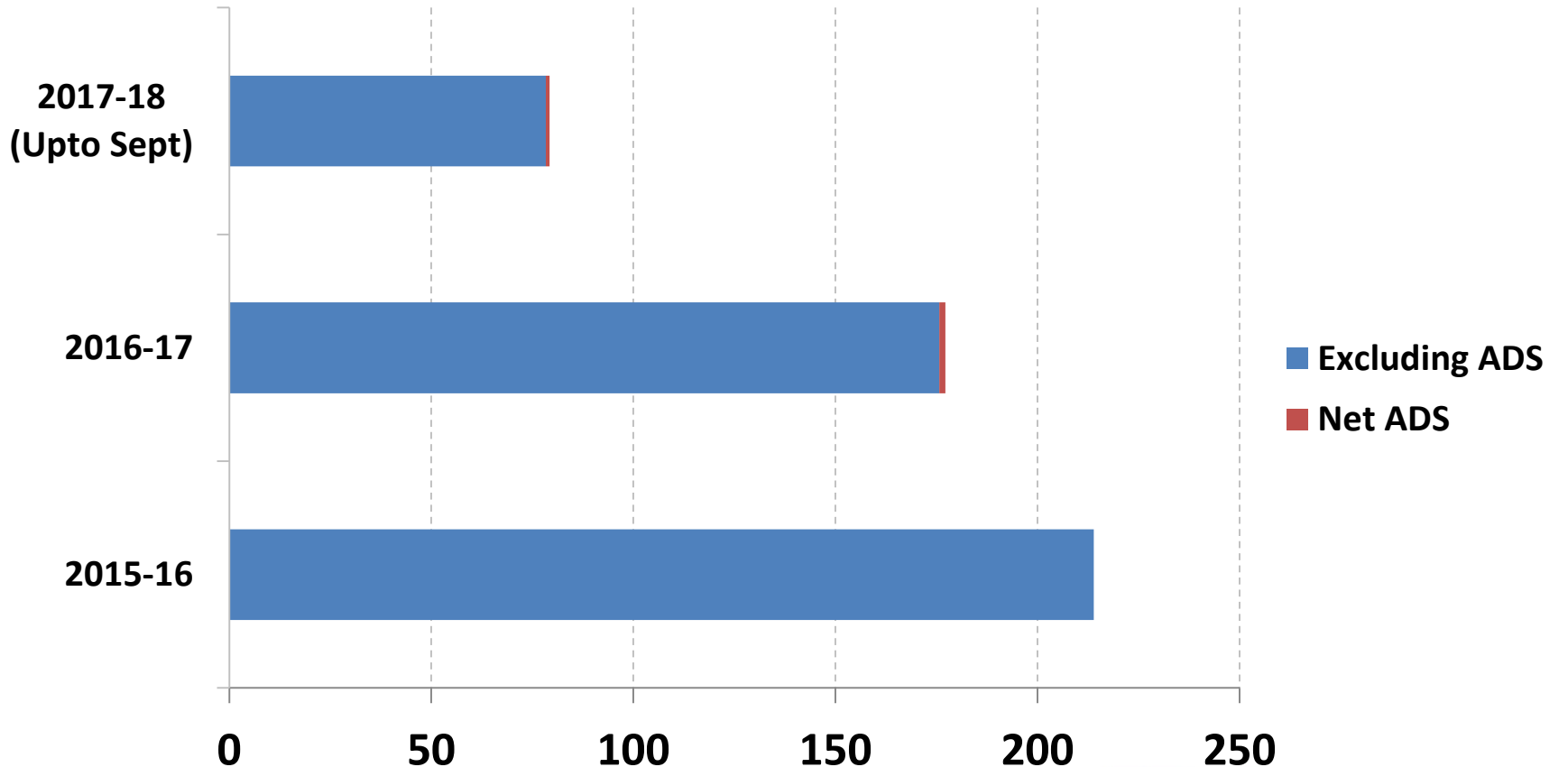
LBTT Team Leader



Residential LBTT (£m)



Non Residential LBTT (£m)



Additional Dwelling Supplement (ADS)

- £172m declared due to date since April 2016
- £27.6m repaid to date
- 34k returns received declaring ADS payable

LBTT Schedule 10 - Group Relief

- paragraph 3: relief under this schedule is not available if at the effective date of the transaction there are arrangements in existence by virtue of which, at that or some later time, a person has or could obtain, or any persons together have or could obtain, control of the buyer but not of the seller.
- grant of security to a lender

Pension Fund in specie Transfers

- Debt as Consideration – schedule 2 paragraph 8
- schedule 1 paragraph 6(4) definition:

“debt” means an obligation, whether certain or contingent, to pay a sum of money either immediately or at a future date

Additional Dwelling Supplement and review of leases

Martin Davidson

Tax Specialist

Additional Dwelling Supplement

Changes to legislation

The Land and Buildings Transaction Tax (Additional Amount - Second Homes Main Residence Relief) (Scotland) Order 2017 amended the ADS rules around family units and replacing main residences.

Prior to this legislation:

- where spouses, civil partners or cohabitants jointly purchased a new main residence, but
- their previous main residence was only owned by one of them,

then ADS would be payable and could not be reclaimed as *both* buyers were not replacing - by selling or disposing of - their previous main residence.

Changes to legislation

The new legislation has introduced two further reliefs which treat both buyers as replacing their main residence even though their previous main residence was only owned by one of them.

This means that in these circumstances, transactions will either:

- not attract ADS, or
- if the previous main residence hadn't sold at the time of purchase, the ADS could now be reclaimed.

This legislation applies to transactions which complete on or after 30 June 2017. **It does not apply retrospectively.**



Assumption of mortgage debt

A land transaction occurs where a mortgaged property is owned by an individual and it is then transferred into joint ownership.

The chargeable consideration for the transaction will be the proportion of the debt assumed. This is determined by reference to the amount of the outstanding mortgage and the share of the property that was acquired.

For example, acquiring a 50% share in the property will normally mean the assumption of 50% of the mortgage.

Lease reviews

LBTT & leases: background

The tenant in a lease that has been subject to LBTT return must submit a further return to review the lease upon certain future events:

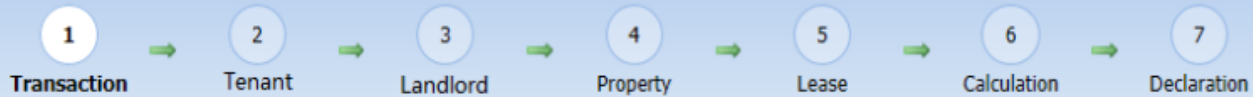
- Every **third anniversary** of the lease;
- **Assignment** of a lease; and
- **Termination** of a lease (whether the lease is terminated early or on natural expiry).

Project highlights

New tax return

Guidance and information leaflet

Stakeholder events



About the Transaction

Transaction reference of original return: * ⓘ

- Is this return being completed upon: *
- Three-yearly review ⓘ
 - Assigment ⓘ
 - Termination ⓘ

Date received: * 16/03/2017 ⓘ

Effective date of original transaction: * ⓘ ⓘ

Relevant Date: * ⓘ ⓘ

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Timeline of events

**First reminder
letters issued**

1 Feb 2018

New return goes
live - first returns
expected

1 Apr 2018

Guidance
published
1 Mar 2018

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Technical points

Rent linked to RPI, CPI, etc

Assignment with backdated rent review

Further tax due upon assignment

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Closing remarks

Chris Myerscough

Head of Tax

Thank you



Contact Us



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www.revenue.scot



[@RevenueScotland](https://twitter.com/RevenueScotland)

