

# Revenue Scotland LBTT Forum

Thursday 3 May 2018

# Welcome

Elaine Lorimer

Chief Executive

# Agenda

## **Welcome**

- Chief Executive Elaine Lorimer

## **LBTT Technical Update**

- LBTT Team Leader Avril Campbell

## **Improving Service Delivery**

- Programme Communications and Stakeholder Engagement  
Lead Lauren Szylarski

## **Revenue Scotland Statistics**

- Statistics and Management Information Team Leader Andrew Macartney and Senior Assistant Statistician Darren Knox

## **Closing Remarks**

- Head of Tax Chris Myerscough

# 2017-18 highlights include

- Over £1.8bn in tax revenue transferred to the Scottish Consolidated Fund since April 2015;
- Improved business delivery through recruitment, staff development and People Strategy;
- Successful delivery of programmes for LBTT three-year lease review and operational readiness for Air Departure Tax;
- Achieving 'Official Statistics' publishing standards;
- Increased activity to raise awareness and knowledge of our role and remit;
- Established British Isles Tax Authorities Forum.

# Corporate Plan 2018-21

- Starting point:
  - experience of the first three years
  - stakeholders perspectives
- Key milestones from 2015-18 include:
  - Go-live and successful launch of SETS
  - Delivery of change (e.g. ADS)
  - Approx £1.5bn revenues collected
  - Publisher of Official Statistics

# Corporate Plan 2018-21

- Learning from:
  - staff and stakeholder feedback
  - Tax Tribunals
  - other organisations
  - Lessons learned
- Solid foundation on which to build

# Corporate Plan 2018-21

- Wide engagement to inform the 2018-21 plan (LSoS; CIOT; ICAS; CIPFA; RoS; SEPA; HMRC; WRA)
- Four key themes emerged:
  - ▲ Excelling in Delivery
  - ✘ Investing in Our People
  - ◊ Reaching Out
  - ▶ Looking ahead

# Corporate Plan 2018-21

## Excelling in Delivery

“Establishing ourselves as experts in what we do: collecting and managing the devolved taxes through an accessible, convenient and taxpayer-focussed service”



# Corporate Plan 2018-21



## Investing in our People

“Develop and support a highly skilled and engaged workforce, upholding the standards of professionalism and integrity”

# Corporate Plan 2018-21



## Reaching Out

“Build on our reputation as an accessible, collaborative and transparent public body, keen to learn from others and share our experiences and expertise”

# Corporate Plan 2018-21



## Looking Ahead

“Plan and deliver change and improvements to our systems and processes flexibly, on time and on budget”

# Measuring and monitoring performance

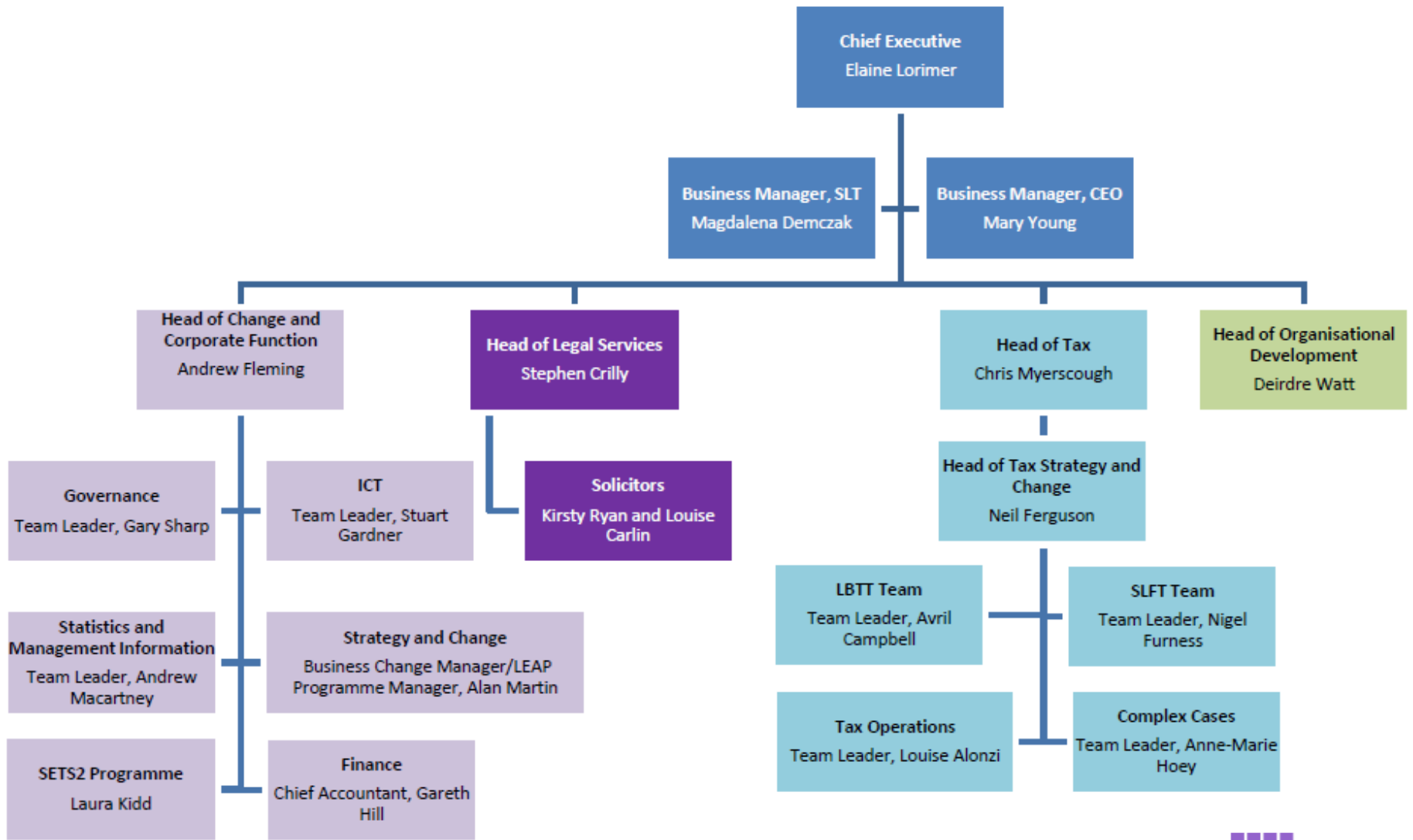
- 2017-18 Annual Report and Accounts currently in production with existing KPIs
- Revised set of Corporate Plan KPIs and management information from 2018-19 to support performance reporting, monitoring and evaluation;
- More information available in summary leaflets and at [www.revenue.scot](http://www.revenue.scot)

# Technical Update

Avril Campbell

LBTT Team Leader

# Our Structure



# Business as Usual 2017-18

- LBTT mailbox
  - Over 2000 requests
  - 92% answered within 10 working days
  - Majority of queries related to Additional Dwelling Supplement

# Business as Usual 2017-18

- Opinions
  - Over 60 opinion requests received on variety of subjects



# Business as Usual 2017-18

- Reviews

- 43% upheld decision

- 4% varied decision

- 28% penalties cancelled as result of a review

# What next?

## Lease Reviews

- 1 April 2018 LBTT and three yearly review of leases - further return requirement
- Communications with agents and taxpayers

# New guidance and information on website [www.revenue.scot/leases](http://www.revenue.scot/leases) and new [YouTube videos](#)

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Land and Buildings Transaction Tax

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## Leases

This section provides information about LBTT and leases in Scotland including guidance on the Land and Buildings Transaction Tax (Scotland) Act 2013, a tax calculator for LBTT and how to submit a return.

### Three-year review of LBTT leases

The Land and Buildings Transaction Tax (Scotland) Act 2013 sets out the legislative requirement for a tax return to be submitted for leases in Scotland in specific circumstances including

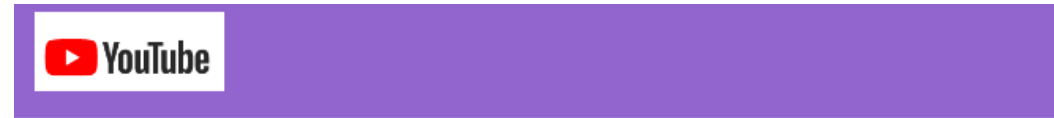
- Every three years from the effective date of the lease
- On assignment
- On termination

The first three-year review point for leases subject to LBTT is 1st April 2018.

Submit a return	Calculating tax	How to
Ways to submit a lease review return.	Calculate LBTT for leases.	Practical information about how to submit a return and pay tax.

Forms and Factsheets	Legislative Guidance and Worked Examples	FAQs
Quick links to useful documents.	Links to guidance and worked examples on lease transactions and three year reviews.	Frequently asked questions about leases.

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### Uploads

5:48

**How to submit an LBTT lease review return for tenants**

24 views • 5 days ago



6:04

**How to submit an LBTT lease review return for agents**

20 views • 5 days ago



5:20

**Three-Year Review of Leases for Land and Buildings Transaction Tax**

85 views • 1 week ago



# What next?

Land and Buildings Transaction Tax (Relief from Additional Amount) (Scotland) Bill

# What next?

## First Time Buyer Relief

- Scottish Government Consultation closed 23 March
- June 2018?

# What next? - Group Relief and Share Pledges

## [Revenue Scotland LBTT Technical Bulletin December 2017](#)

### **1. Group relief and share pledges**


Revenue Scotland recently received an Opinion request which highlighted differences between LBTT and SDLT legislation in terms of the availability of group relief in a transaction where a parent company transfers property to a subsidiary and the parent company grants security to a lender over the shares in the subsidiary.

For transactions chargeable to LBTT, group relief is provided for through schedule 10 of the Land and Buildings Transaction Tax (Scotland) Act 2013 and, subject to certain rules, is available where, at the effective date of the transaction, the seller and buyer are both companies in the same group. However, paragraph 3 of schedule 10 restricts the availability of group relief where, at the effective date of the transaction, there are arrangements in place which mean that a person has or could obtain control of the buyer but not of the seller.


The view of Revenue Scotland is that the pledging of the shares constitutes an 'arrangement' under which a person (i.e. the lender holding the share pledge) could obtain control of the subsidiary but not the parent. Therefore, paragraph 3 of schedule 10 is engaged, which means that group relief is not available in this instance. As a result, LBTT is payable on the market value of the property transferred.


The reason for the difference between LBTT and SDLT is that the equivalent SDLT legislation contains specific provision which means that share pledges do not affect entitlement to group relief.

# Contact Us

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 [www.revenue.scot](http://www.revenue.scot)

 03000 200 310

 Case specific email – SETS secure messaging  
General email enquiries: [info@revenue.scot](mailto:info@revenue.scot)  
General LBTT enquiries: [lbtt@revenue.scot](mailto:lbtt@revenue.scot)  
General SLfT enquiries: [slft@revenue.scot](mailto:slft@revenue.scot)

Our address: Revenue Scotland, PO BOX 24068, Victoria Quay, Edinburgh, EH6 9BR

# Improving Revenue Scotland Service Delivery

Lauren Szylarski

Programme Communications & Stakeholder  
Engagement Lead



# What are we doing?

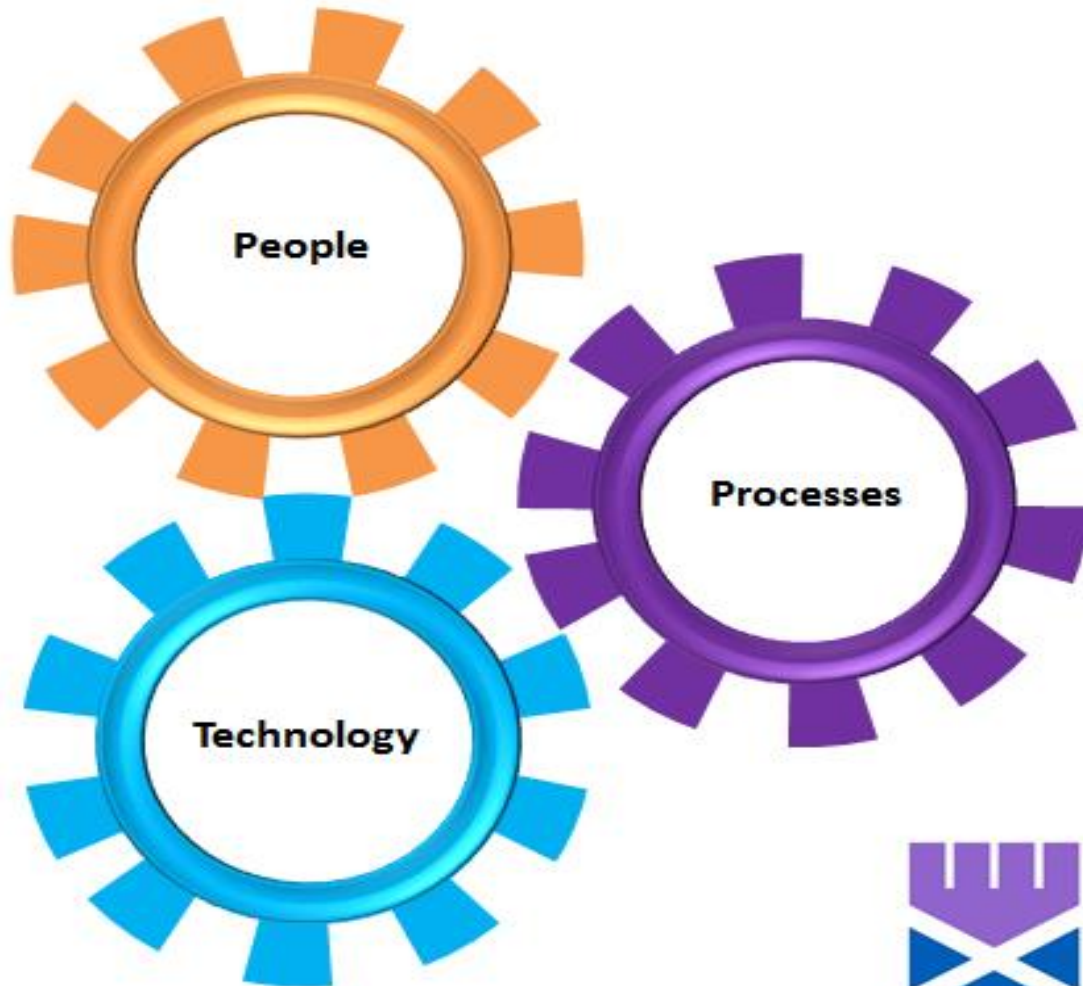
A programme of work that will redesign and optimise our service delivery by:

- Realigning business practices, processes and guidance, and
- Replacing the Scottish Electronic Tax System (SETS)

# How did we get here?

- Contract with current technology supplier comes to an end in 2019
- Organisation has matured and clearer of what we need and want
- A good opportunity to realign our processes and ways of working

# What's it all about?



# Key Outcomes



**Better communication**  
**Enhanced service**  
**Supported transition**  
**Increased efficiency**  
**User friendly**

# Timescales



- Design phase in progress
- Supplier to be appointed and start build phase in Summer
- Testing and training before go-live
- Go-Live is scheduled for April 2019


# What does it mean for you?

- A new system that works for you
- A better service
- You're part of the process
- Lots of opportunity to be involved

# Get in touch...

If you or your colleagues have further ideas, feedback, comments or questions:

 servicedesign@revenue.scot

 Lauren 0131 244 3553

 Online

# Statistics Update

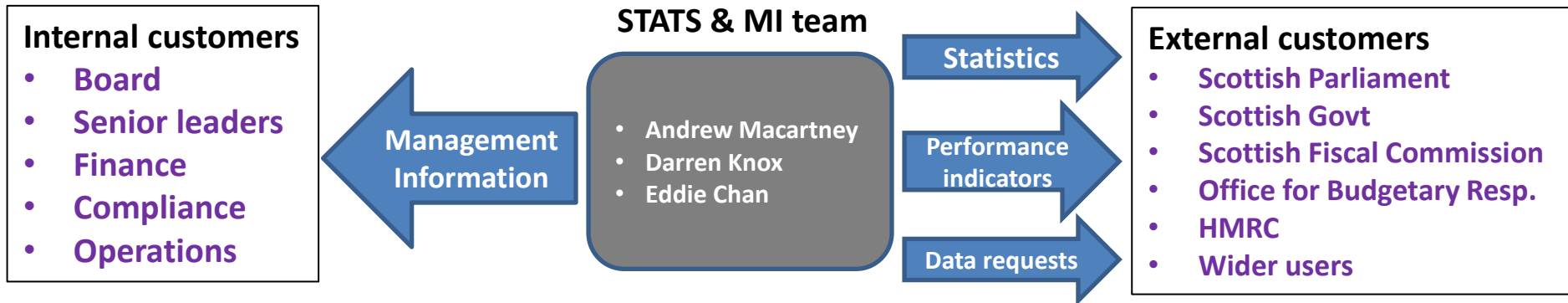
Andrew Macartney - Statistics and M.I. Statistician

and

Darren Knox - Senior Assistant Statistician



# Statistics and Management Information Team

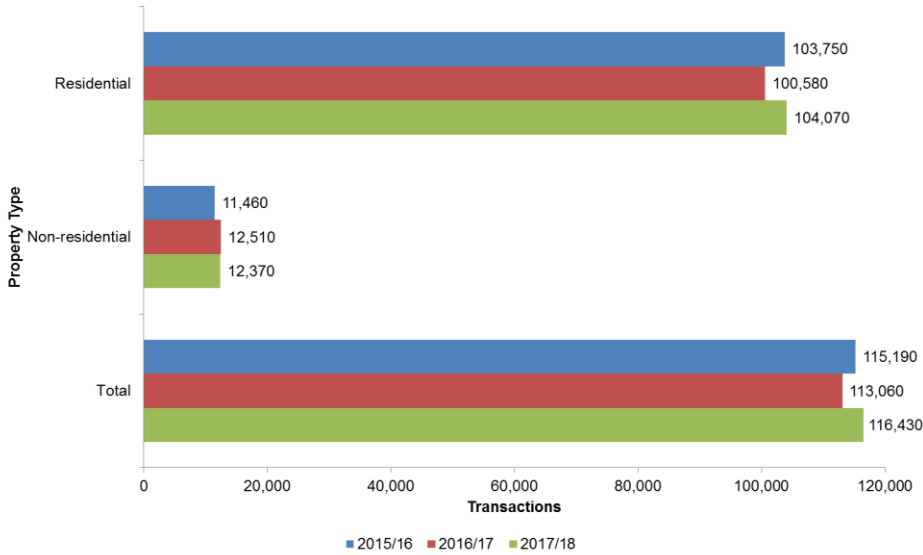


# Overview of LBTT publication

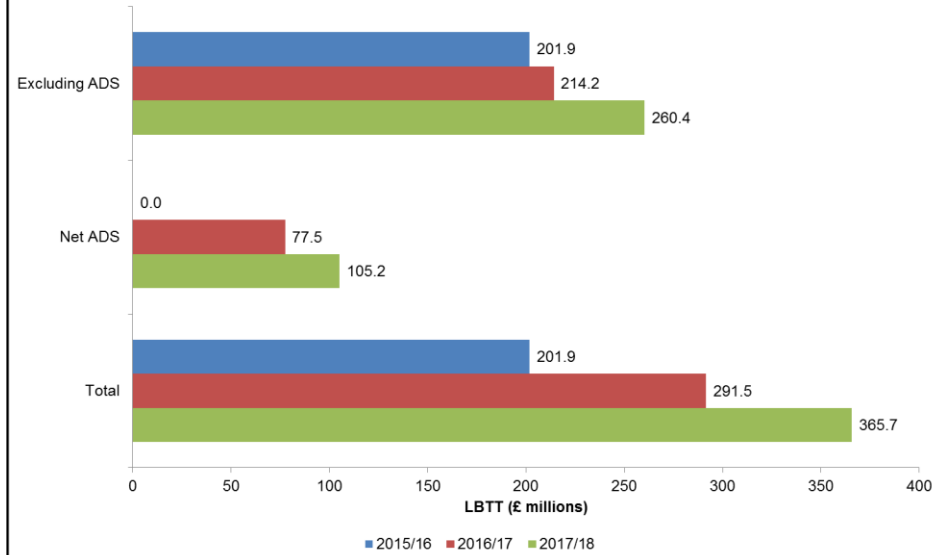
- Revenue Scotland (RS) publishes monthly [LBTT stats](#)
- Data extracted from RS's management information data base – a record of all tax returns submitted in SETS
- Data is based on date LBTT return received
- LBTT stats published within one month of month end
- Publish info on number of transactions and LBTT revenues by month
- Data is disaggregated by property type (residential/non-residential) and total consideration (purchase price)
- Also provide info on Additional Dwelling Supplement (ADS)
- Leases
- Next publication: 18 May up to and including Apr 2018

# Annual Transactions and Revenue by Property Type

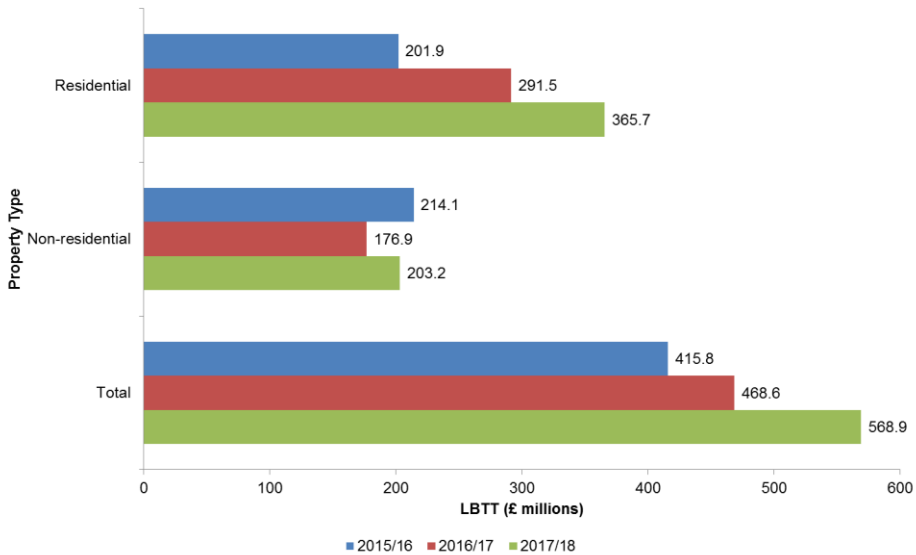
### LBTT transactions by property type



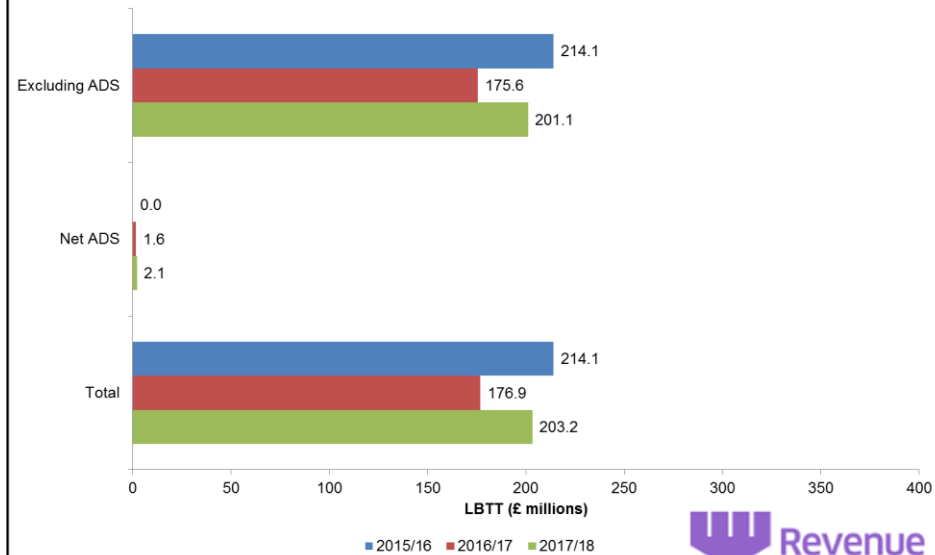
### Residential LBTT revenues



### LBTT revenues by property type

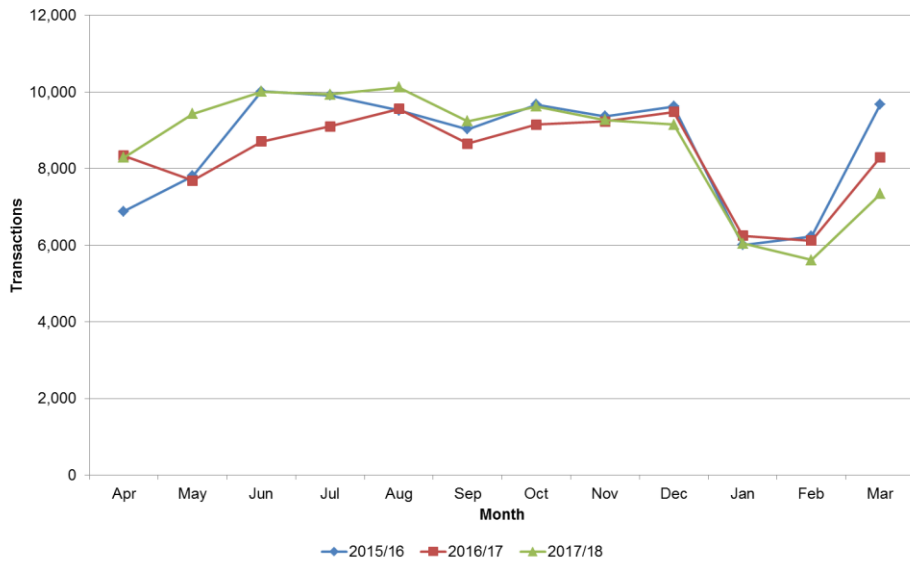


### Non-residential LBTT revenues

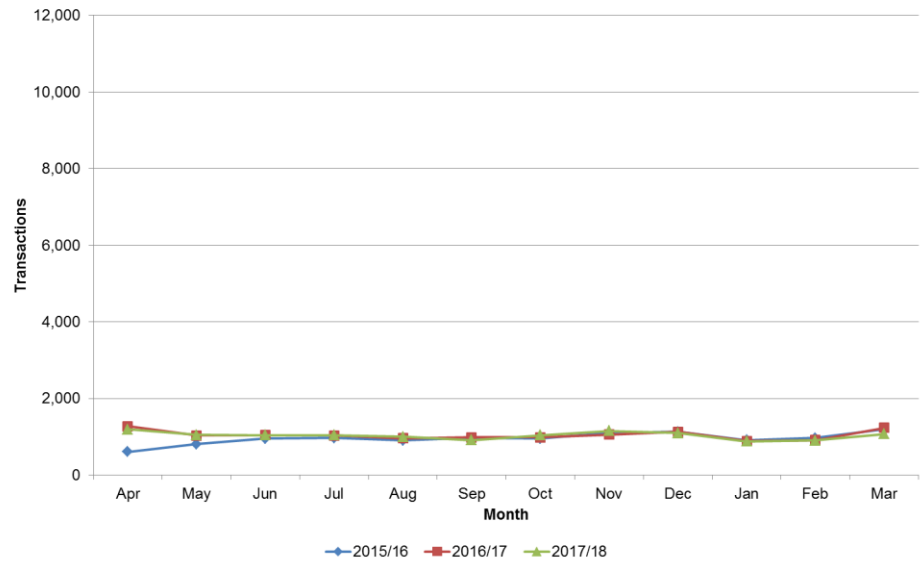


# Monthly Transactions and Revenue

### Residential transactions by month



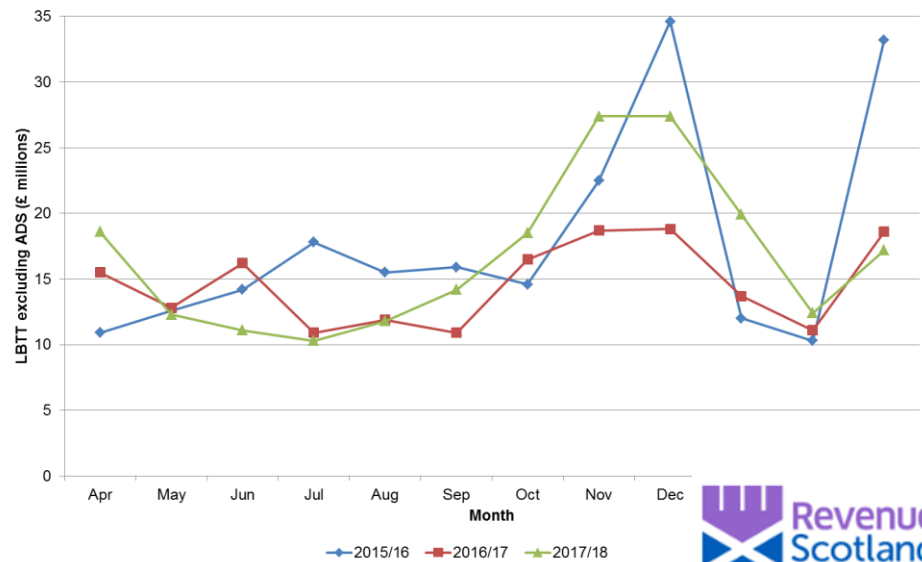
### Non-residential transactions by month



### Residential LBTT revenues (excluding ADS) by month

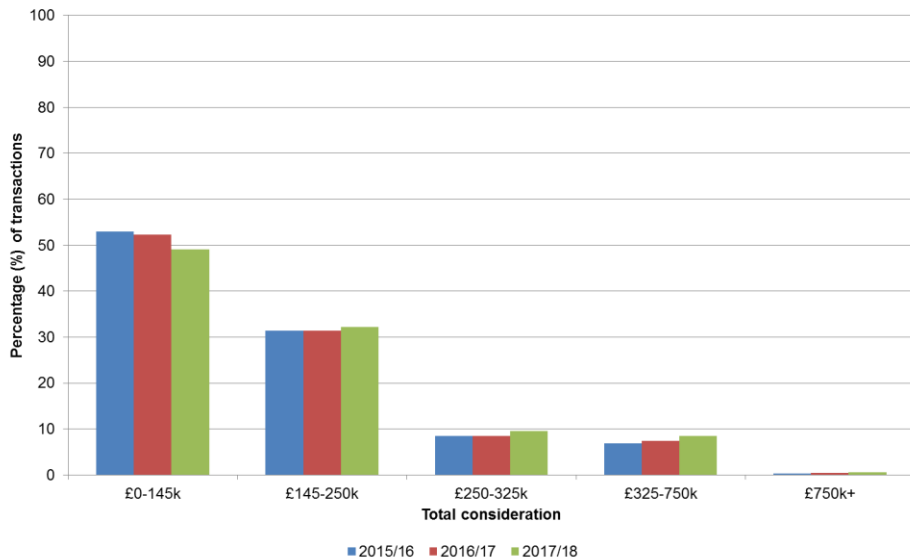


### Non-residential LBTT revenues (excluding ADS) by month

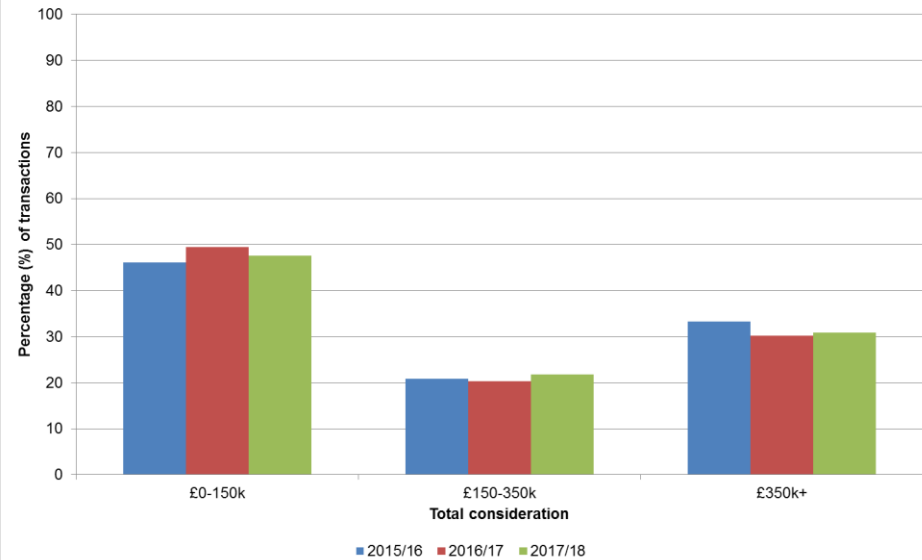


# Distribution of Transactions and Revenue

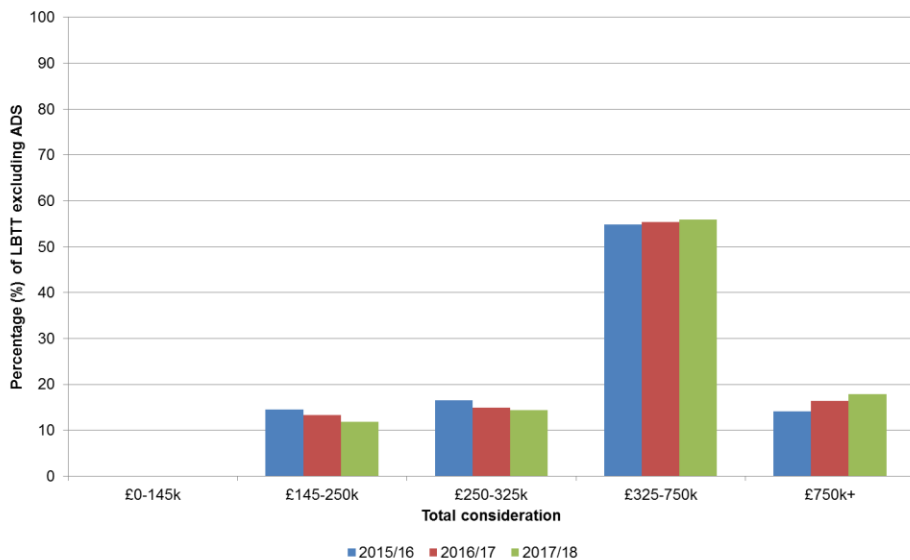
Distribution of residential transactions



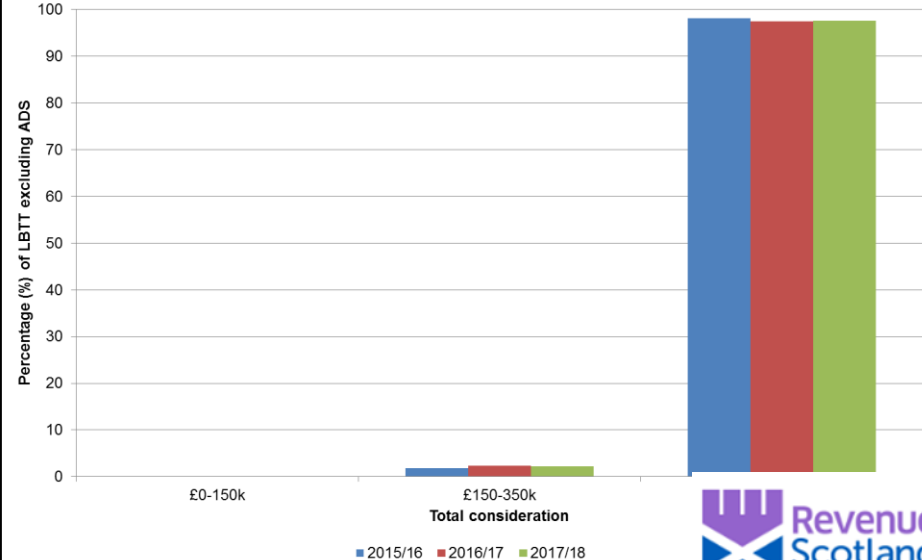
Distribution of non-residential transactions



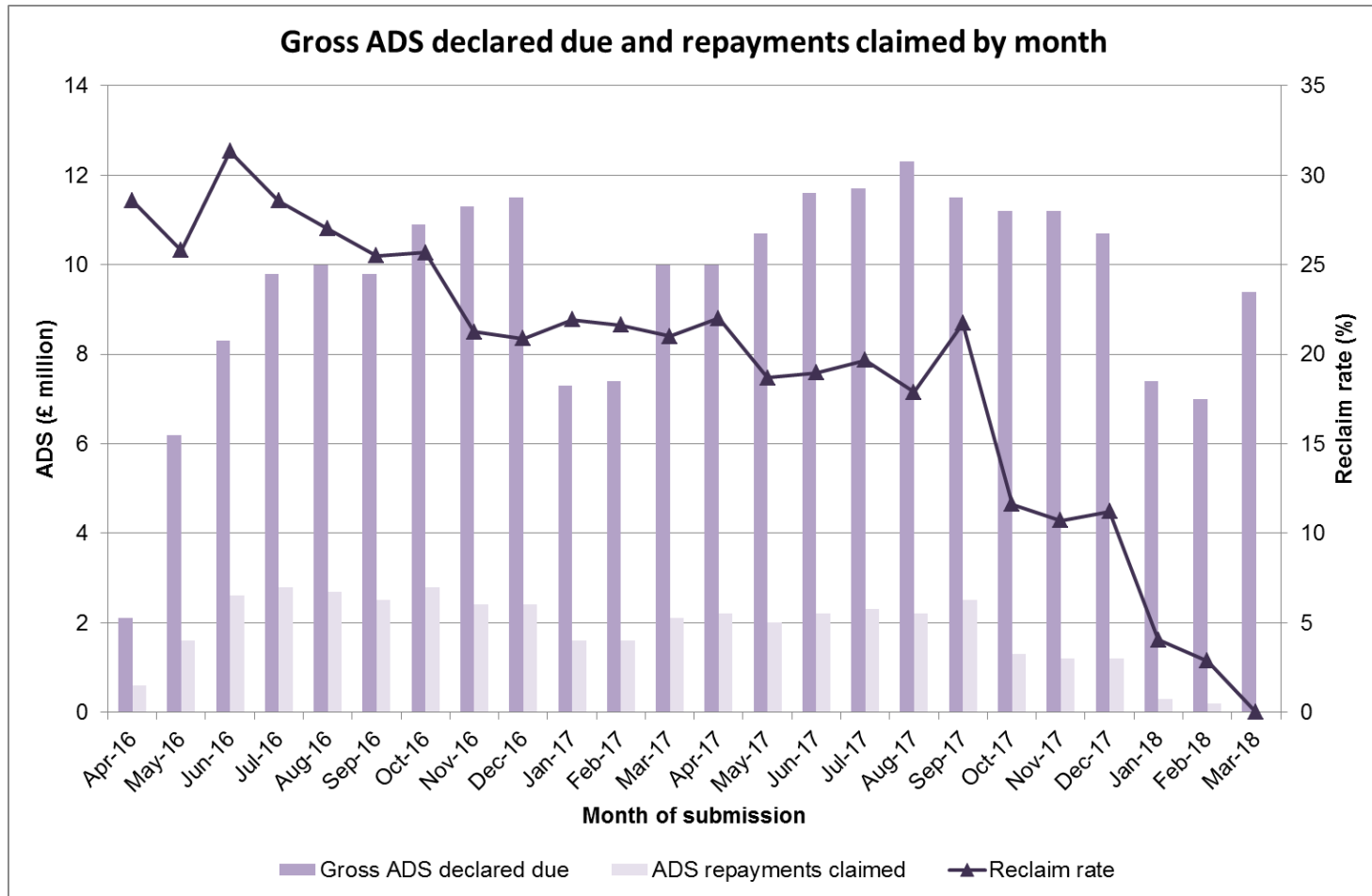
Distribution of residential LBTT revenues (excluding ADS)



Distribution of non-residential LBTT revenues (excluding ADS)



# Gross ADS Declared Due and Repayments Claimed by Month



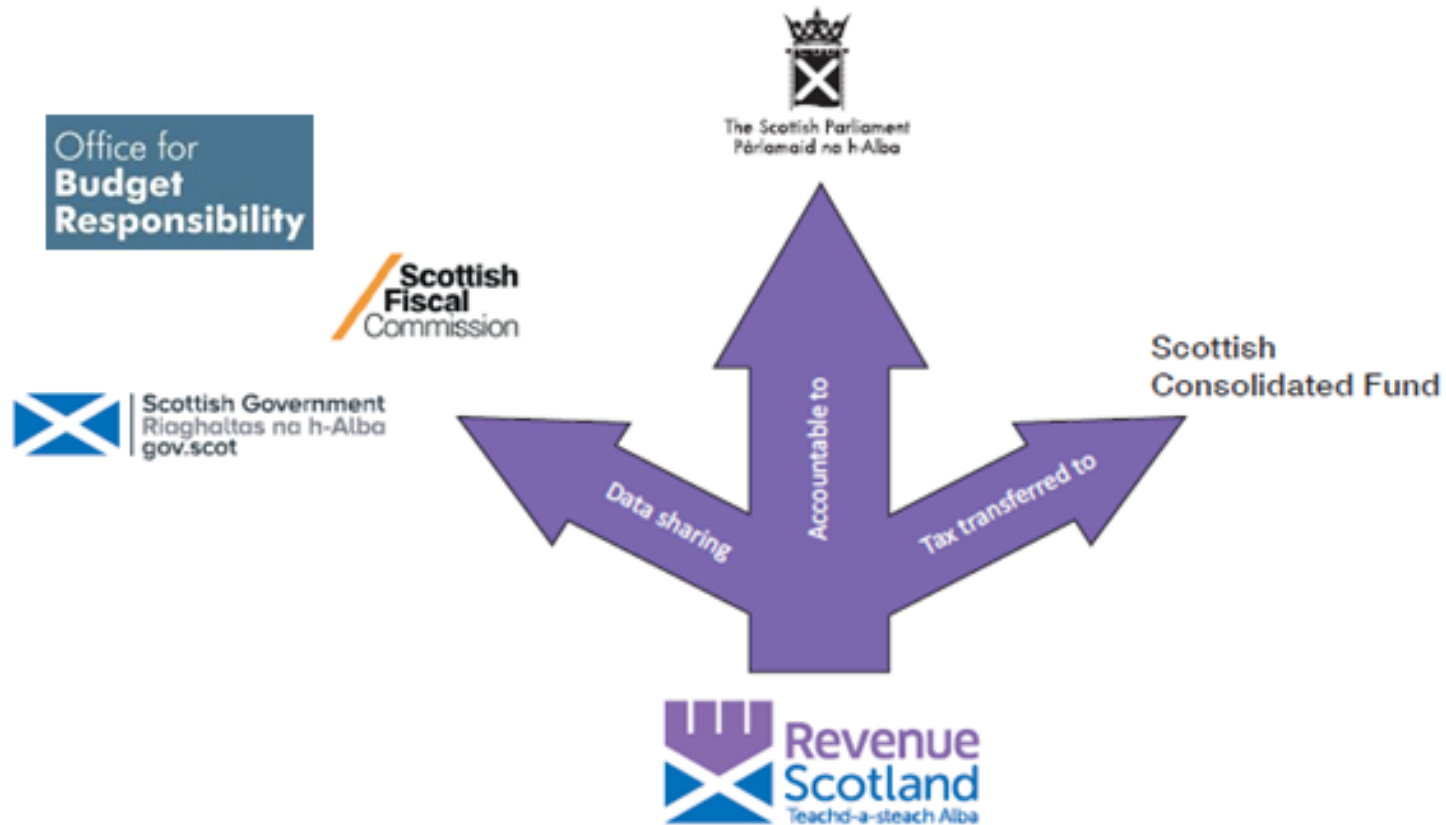
# Who are the customers for our statistics?

Range of statistics users, including:

- Fraser of Allander Institute
- HMRC
- Homes for Scotland
- Institute of Chartered Accountants of Scotland
- Law Society of Scotland
- Office for Budget Responsibility
- Registers of Scotland
- RSM UK
- Scottish Fiscal Commission
- Scottish Government
- Scottish Parliament
- UK Statistics Authority
- University of Stirling
- Water Industry Commission for Scotland



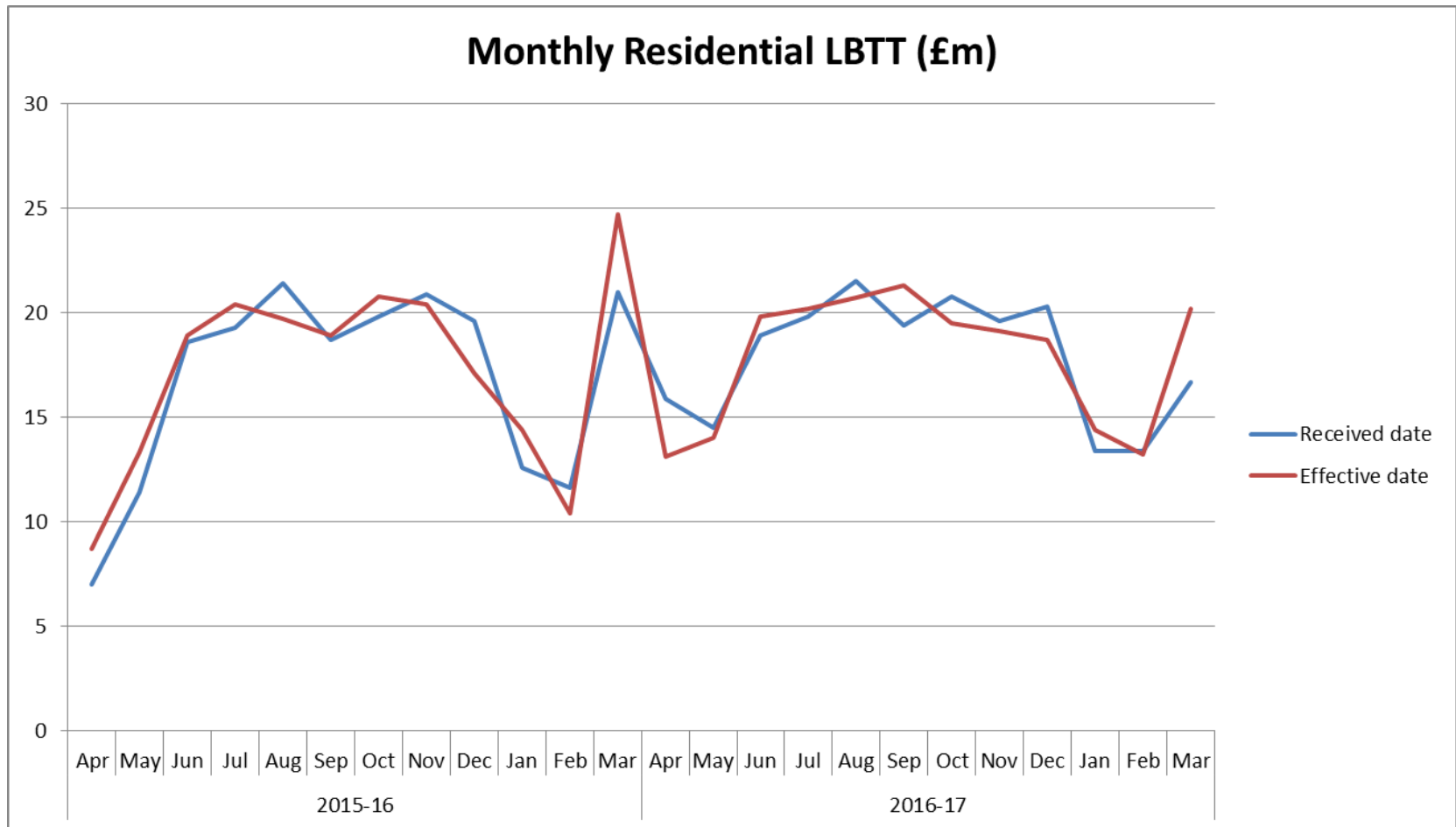
# Data for Revenue Forecasts and Policy Costings



- Forecasting data made available on the [Revenue Scotland website](#)



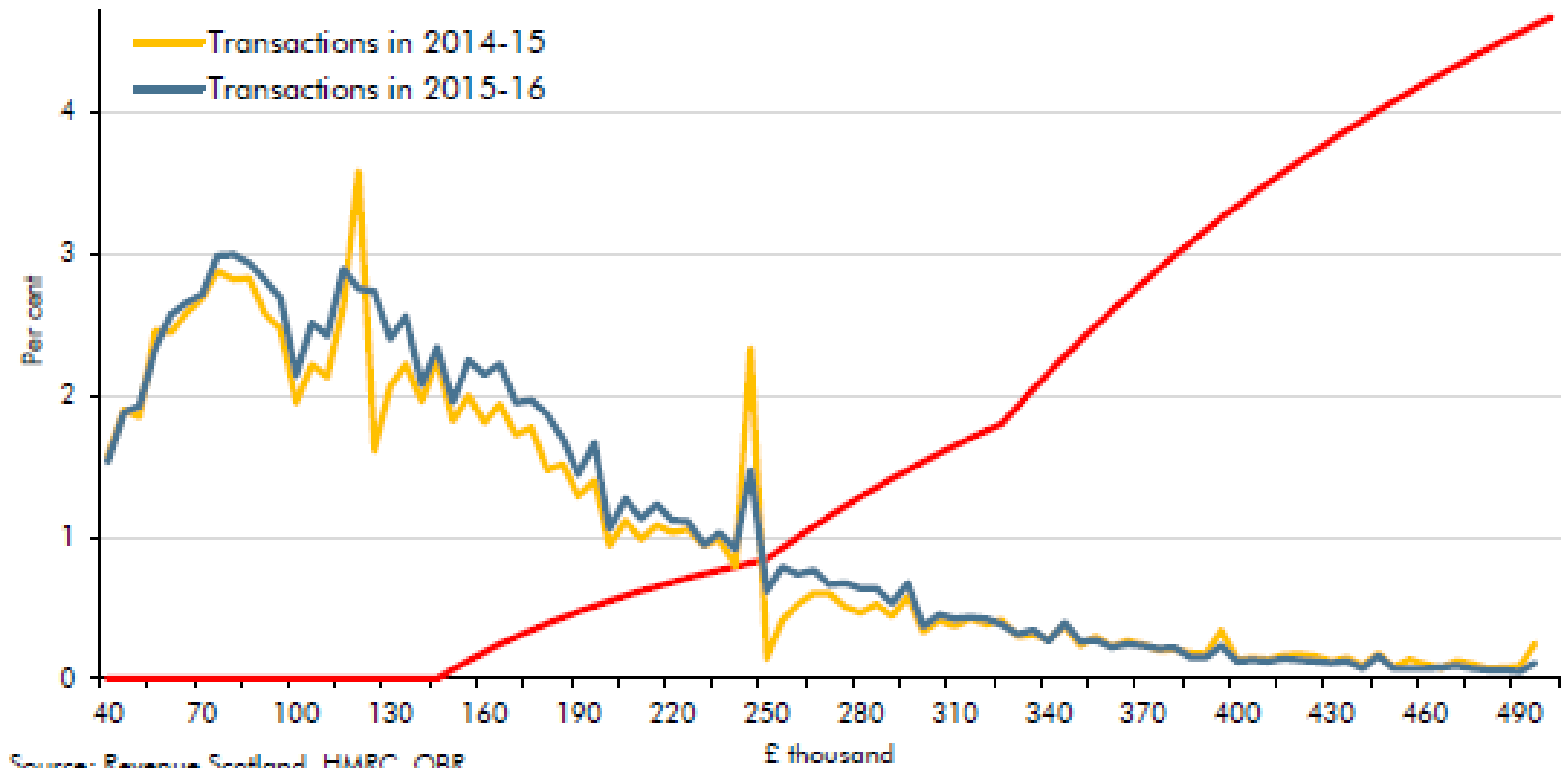
# Revenue Forecasting Data – Example 1



- **Received date** – when Revenue Scotland receive LBTT tax return
  - **Effective date** – when property transaction took place
- [Average difference < 1 week]**

# Revenue Forecasting Data – Example 2

## Property transactions in Scotland before and after introduction of LBTT



Source: Revenue Scotland, HMRC, OBR

# Data Quality (and how you can help!)

Generally data quality is high, but could be improved:

- **Postcodes** – ensure postcodes are provided wherever possible
- **Local authorities** – avoid confusion with historic county (e.g. Edinburgh not in Midlothian)
- **Reliefs** – ensure relief figure is for tax foregone (e.g. not Consideration)
- **Dates** – ensure manually inputted dates are correct
- **Repayments** – ensure bank details provided (and previous main residence for ADS)
- **Total Consideration subject to ADS** – not 3% of total residential consideration

New tax system may have scope for more input validation to help users

# Closing Remarks

Chris Myerscough - Head of Tax

**Thank You**

**Any questions?**

# Contact Us



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