

# LBTT Technical Bulletin 4

10 August 2018

This bulletin provides the latest information about LBTT, including recent legislative changes, updates to Revenue Scotland guidance and clarifications about the application of legislation. Additionally, links to legislation on the [legislation.gov.uk](http://legislation.gov.uk) website and guidance and information on the Revenue Scotland website have been provided.

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## 1. First-Time Buyer Relief

On 30 June 2018, a new LBTT relief came into force for first-time buyers. Subject to certain conditions, the relief raises the zero tax threshold for eligible first-time buyers purchasing a dwelling from £145,000 to £175,000. First-time buyers purchasing a dwelling above £175,000 are also entitled to a relief on the portion of the price below the threshold.

Where there is more than one buyer, the relief will be available only if each buyer is a first-time buyer. If any of the buyers do not meet all the conditions then the relief will not be available.

The relief only applies to transactions where the contract is entered into on or after 9 February 2018 and the effective date of the transaction is on or after 30 June 2018. It is therefore not available for any transactions with an effective date before 30 June 2018.

The Revenue Scotland website has been updated with [guidance](#) and [worked examples](#). The online [tax calculator](#) has also been updated to help first-time buyers and their agents to calculate the amount of LBTT due.

## 2. Additional Dwelling Supplement (ADS)

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

Before the 2017 Order came into force, ADS was chargeable in certain instances where spouses, civil partners or cohabitants were jointly buying a home to replace a home that was owned by only one of them.

The 2017 Order introduced two further paragraphs which provide a relief/repayment if the qualifying conditions are met. [The Land and Buildings Transaction Tax \(Relief from Additional Amount\) \(Scotland\) Act 2018](#) made the changes introduced by the 2017 Order retrospective. This means that eligible transactions where the contract was entered into on or after 28 January 2016, and where the effective date of the transaction is on or after 1 April 2016, will now be able to claim a relief/repayment.

Revenue Scotland has updated its legislative guidance at [LBTT10062A](#) to reflect the effect of this legislation. This guidance contains details of the qualifying conditions which must be met by each of the joint buyers for a relief/repayment to apply. The [ADS repayment claim form](#) has also been updated so that taxpayers and agents can make a claim to Revenue Scotland for repayment of overpaid tax if they meet the criteria.

### 3. Group Relief and ‘Share Pledges’

The Land and Buildings Transaction Tax (Group Relief Modification) (Scotland) Order 2018 (the “Order”) amended the rules on group relief and the restrictions to its availability. Prior to the Order, where, for instance, a parent company transferred property to a subsidiary and the parent company granted security to a lender over the shares in the subsidiary, group relief was not available as the pledging of the shares constituted an ‘arrangement’ under which the lender could obtain control of the subsidiary but not the parent.

The Order inserts a new paragraph 10A which, if it applies, means that group relief is no longer restricted in transactions where the effective date of the transaction is on or after 30 June 2018 and the qualifying conditions are met.

Further information can be found in Revenue Scotland’s guidance on group relief at LBTT3025 which has been updated to reflect the change.

### 4. Commercial Leases Three-Yearly Reviews

On 1 April 2018 Revenue Scotland updated the Scottish Electronic Tax System (SETS) to enable tenants and their agents to submit a further LBTT tax return as part of the requirements set out in the Land and Buildings Transaction Tax (Scotland) Act 2013.

Under the Act, leases subject to LBTT on or after 1 April 2015 must be reviewed on every third anniversary of the lease to ensure the correct amount of LBTT is paid. The Act also requires a further return to be submitted on assignment or termination of the lease (whether early, at the end of the envisaged term or otherwise).

Any returns submitted after 30 days of the three-year anniversary of the lease will incur penalties for failure to file a return. Late payments will also incur interest and penalties for failure to pay tax.

To help tenants understand their obligations and how to submit returns, Revenue Scotland created a new dedicated section on its website which includes new legislative and ‘how to’ guidance, worked examples, FAQs and an information leaflet.

In addition, the paper LBTT return form was also updated and the tax calculator was amended to help leaseholders calculate the amount of LBTT due. Revenue Scotland has also published three new YouTube videos – one providing a general overview of the leases review and two videos providing guidance on submitting a return for taxpayers and agents.

## 5. Revenue Scotland LBTT Forum – November

Revenue Scotland will be hosting its next LBTT Forum in early November in the north of Scotland.

Further details about the Forum will be added to the [events section](#) of Revenue Scotland website in due course, and stakeholders are encouraged to email their suggestions for event topics to [info@revenue.scot](mailto:info@revenue.scot).

## 6. Revenue Scotland Corporate Plan 2018-21

Revenue Scotland published its second [Corporate Plan](#) in May, setting out the strategic objectives for the organisation from 2018 – 21, as well as the new Key Performance Indicators to measure progress in the delivery of the objectives.

The Plan was developed through a range of activities including consultation with staff and a range of external stakeholders.

Setting out the future as defined by the new Corporate Plan, Chief Executive Elaine Lorimer said: *“The key themes of the objectives (Excelling in Delivery, Investing in Our People, Reaching Out and Looking Forward) capture both the ambitions we have for the organisation and also the expectations of our stakeholders and the taxpayers we serve. I see the themes as framing our commitment to build on our successful first three years and continue to develop as a forward-looking organisation that absorbs and delivers change through a professional workforce. We will regular publish our performance against the objectives, with our Key Performance Indicators providing the framework for this.”*

### Contact Revenue Scotland

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