

Revenue Scotland Statistics Users Day

Wednesday 30 January 2019

Welcome and Introductions

Andrew Fleming

Head of Change and Corporate Functions

Agenda

10:00-10:30	Coffee and Registration
10:30-10:50	Welcome and Introductions
10:50-11:20	Land and Buildings Transaction Tax (<u>LBTT</u>) trends
11:20-11:35	Scottish Landfill Tax (<u>SLfT</u>) trends
11:35-11:45	Break
11:45-12:15	<u>LBTT</u> - Sub-Scotland Estimates
12:15-12:45	Relationship between Revenue Scotland's Statistics, Accounts and other Data Sources
12:45-13:30	Lunch
13:30-14:00	Use of devolved taxes statistics for forecasting - Scottish Fiscal Commission
14:00-15:00	Workshop <ul style="list-style-type: none">• <i>Feedback on new publication – "Annual Summary of Trends in the Devolved Taxes"</i>• <i>Discussion of future developments and improvements in Revenue Scotland statistics</i>
15:00-15:10	Break
15:10-15:30	Questions and closing remarks

Land and Buildings Transaction Tax (LBTT) trends

Andrew Macartney

Statistician

LBTT replaced Stamp Duty Land Tax on 1 April 2015

Additional Dwelling Supplement (ADS) introduced 1 April 2016

LBTT rates (before 25 Jan 2019)

Residential conveyance

Up to £145,000	0%
Above £145,000 to £250,000	2%
Above £250,000 to £325,000	5%
Above £325,000 to £750,000	10%
Over £750,000	12%

Residential – additional dwelling supplement

All purchase prices	3%
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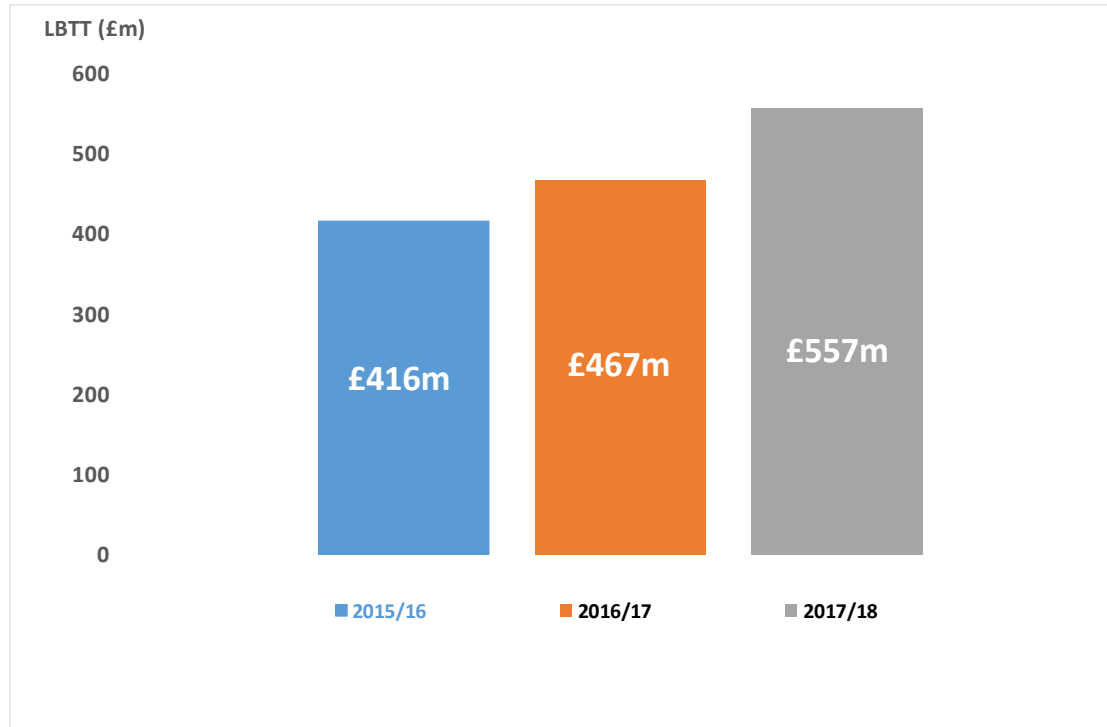
Non-Residential conveyance

Up to £150,000	0%
Above £150,000 to £350,000	3%
Above £350,000	4.5%

Leases – (charge on Net Present Value of rent payable)

Up to £150,000	0%
Above £150,000	1%

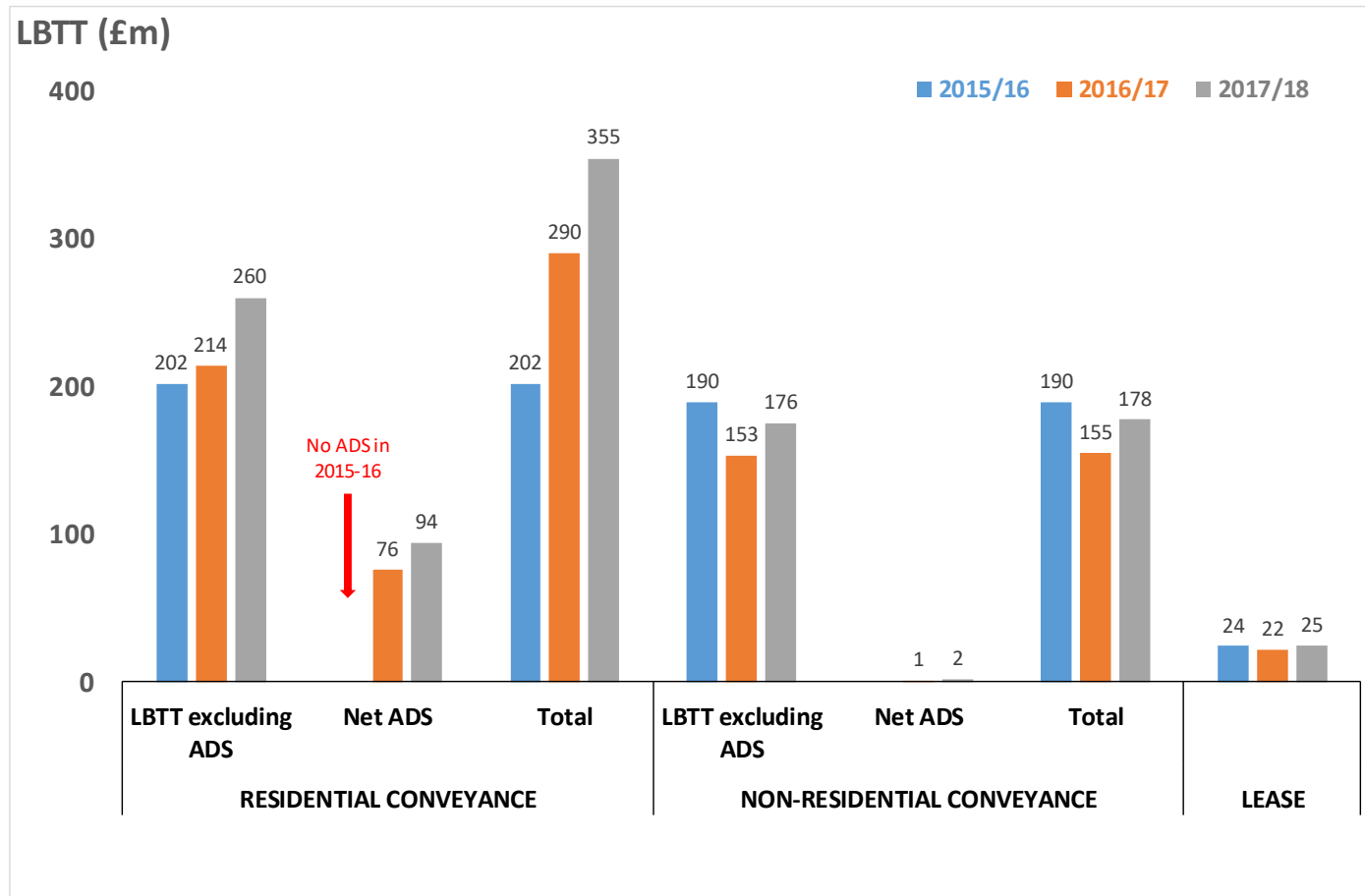
First 3 years of LBTT – total revenue



- Annual increases in LBTT of 12% and 19%
- Statistics are given by date of original tax return
- Statistics will be revised as reclaims for Additional Dwelling Supplement are received

[data are as at 30 Nov 2018]

Revenue by type of transaction

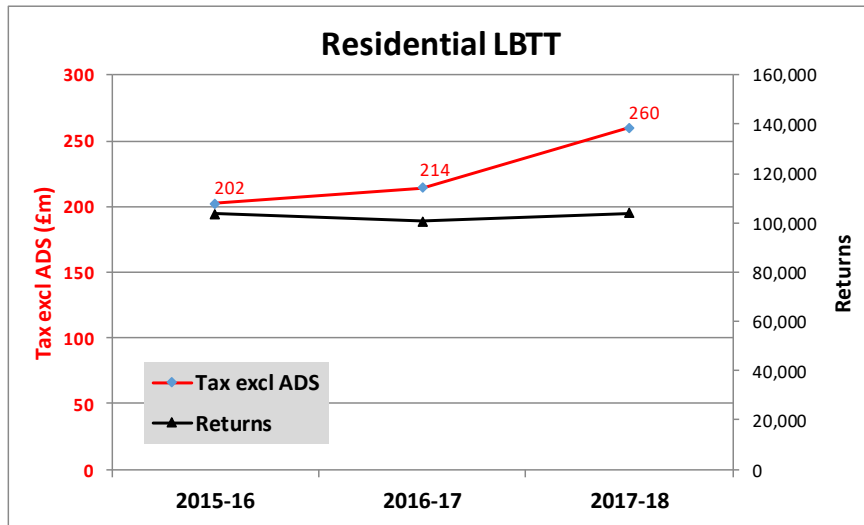


Growth in LBTT comes from:

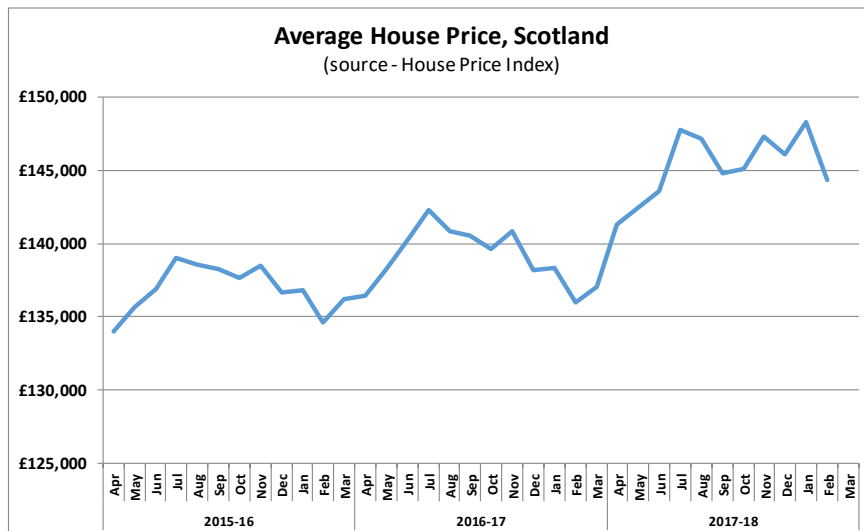
- Introduction of ADS in 2016-17
- Increase in residential LBTT excluding ADS

Residential excluding ADS

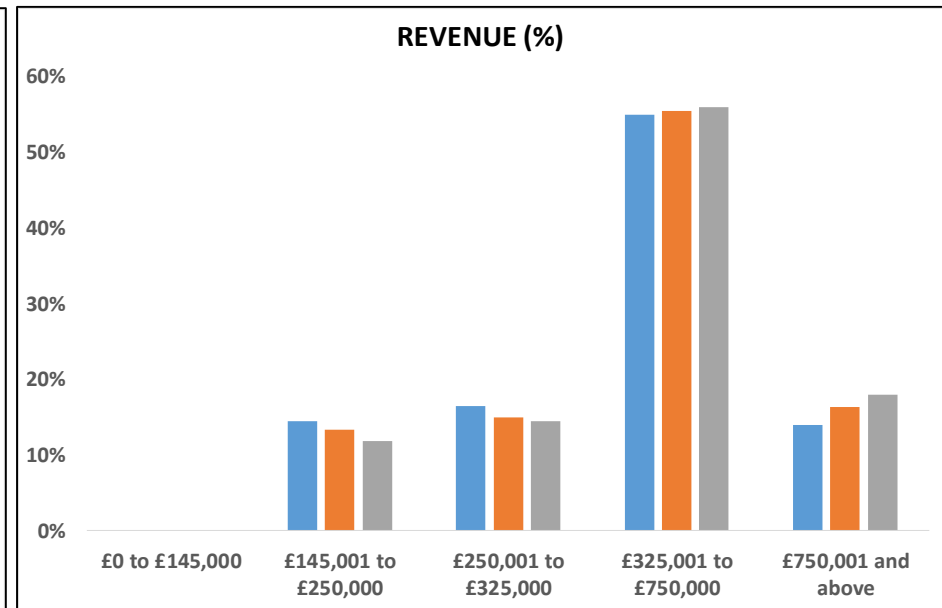
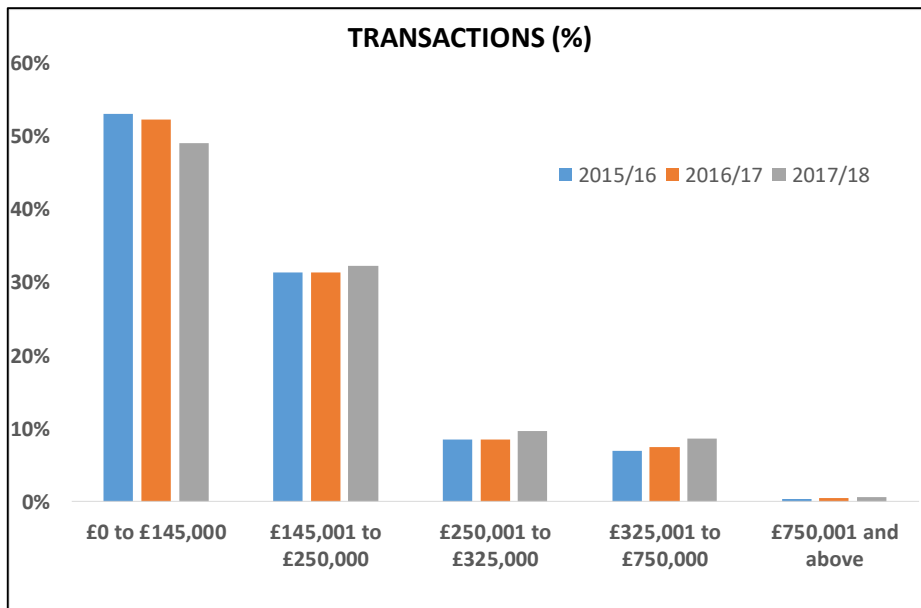
Residential LBTT (excl ADS) – revenue and volume of transactions



- Number of transactions is fairly constant
- Higher value of transactions increases revenue



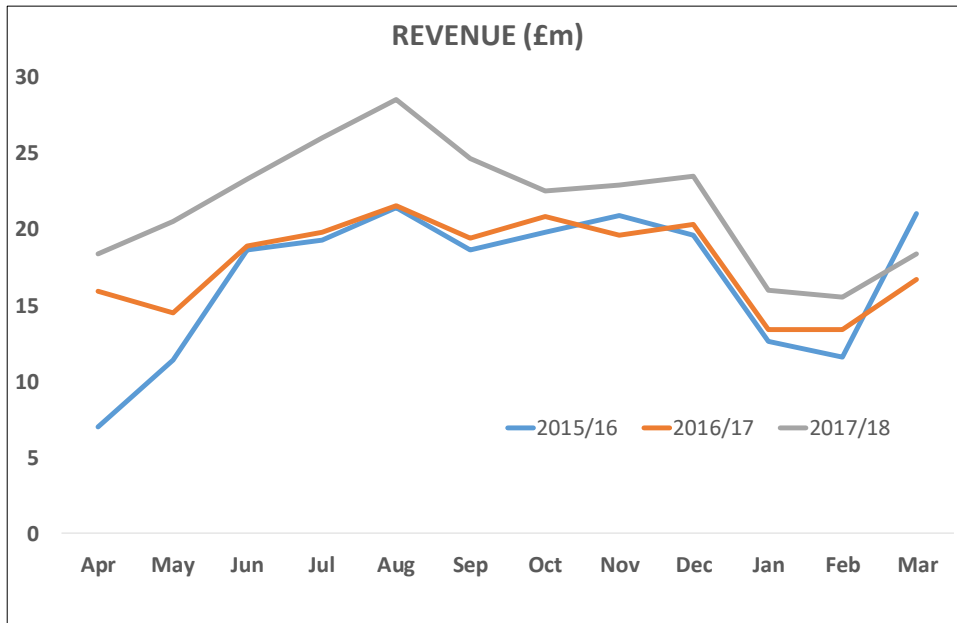
Change with time of distribution between residential tax bands



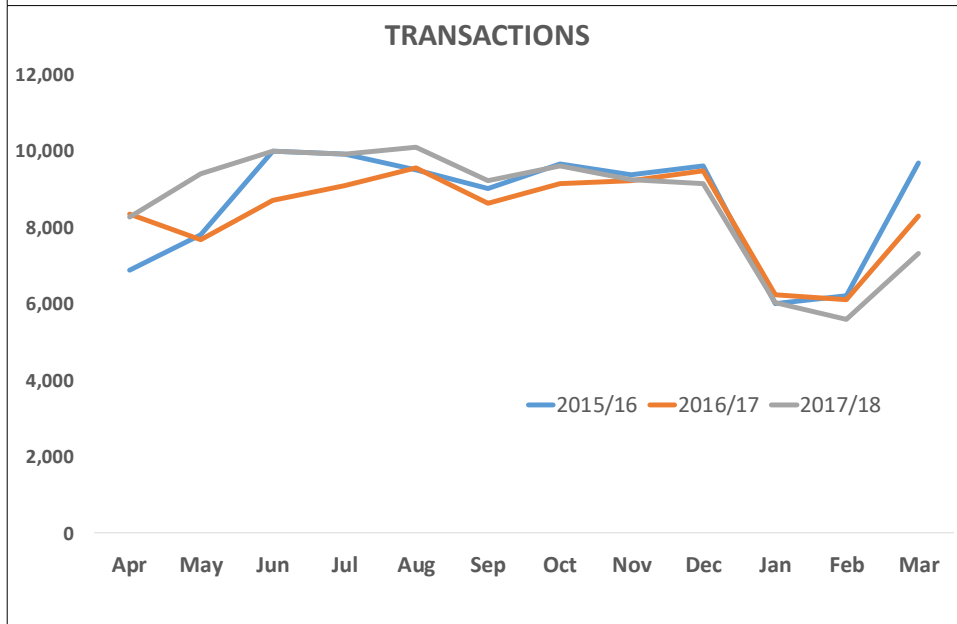
Shift towards higher tax bands

- Proportion of transactions below £145k decreasing
- Proportion of Revenue coming from top 2 tax bands increasing

Seasonality in residential LBTT (excl ADS)



- Quieter period in January and February
- Transactions fairly constant from summer to December
- March/April/May can be influenced by policy changes



Additional Dwelling Supplement (ADS)

Can be reclaimed where taxpayer is moving into new property and sells previous main residence within 18 months

Around 23% of residential transactions pay ADS

Reclaim of ADS results in significant revisions to the statistics

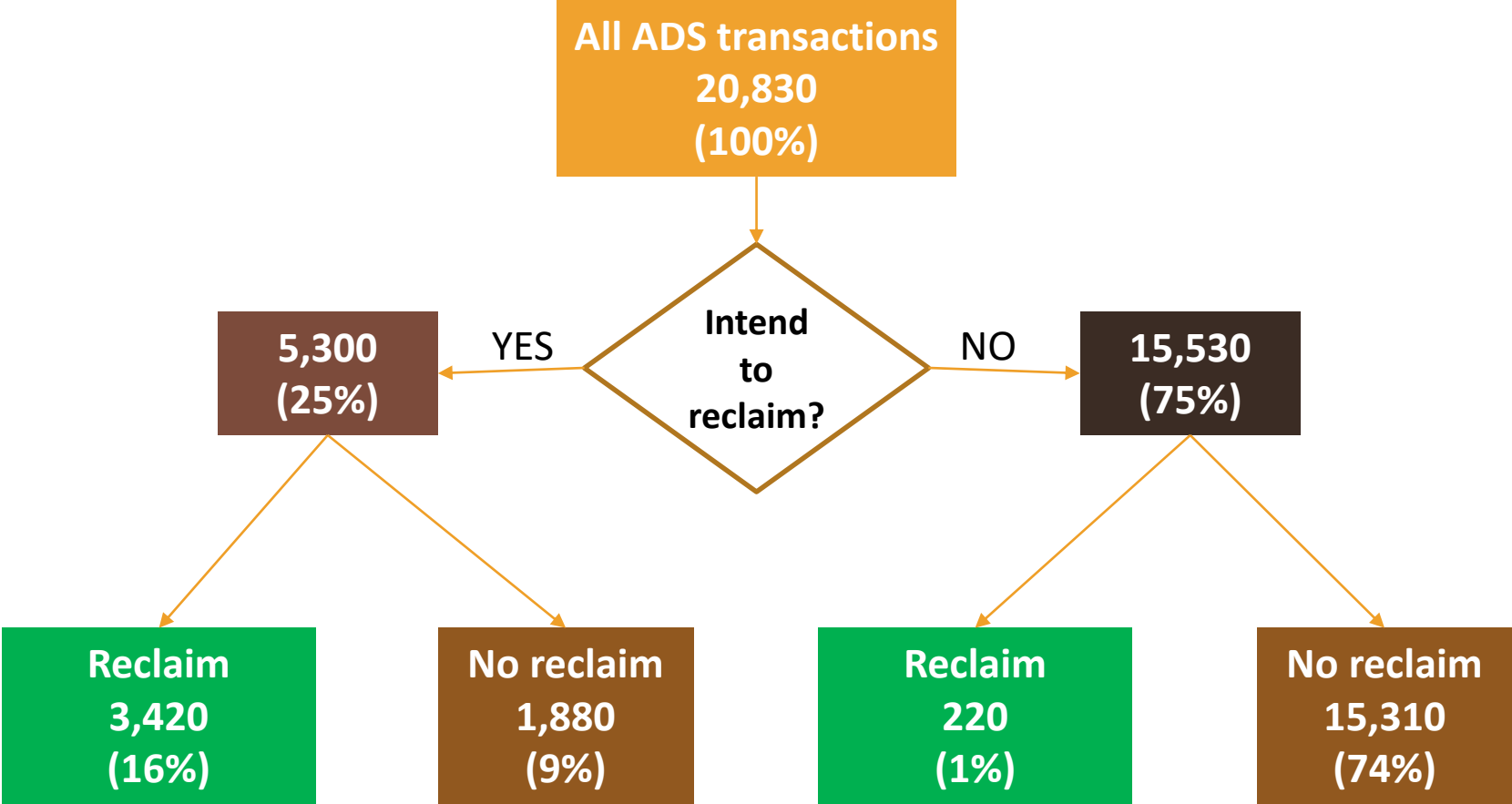
ADS - revenue and volume of transactions

	Gross ADS	ADS reclaimed	
2016/17	£103m	£27m	26%
2017/18	£122m	£28m	23%

	Total ADS tax returns	Repayment claims	
2016/17	20,830	3,640	18%
2017/18	23,530	3,600	15%

- The data above reflects claims for repayment of ADS received up to and including 30 November 2018 and will be revised over time as more claims for repayment of ADS are received.

Intention to reclaim and actual reclaims (2016-17)

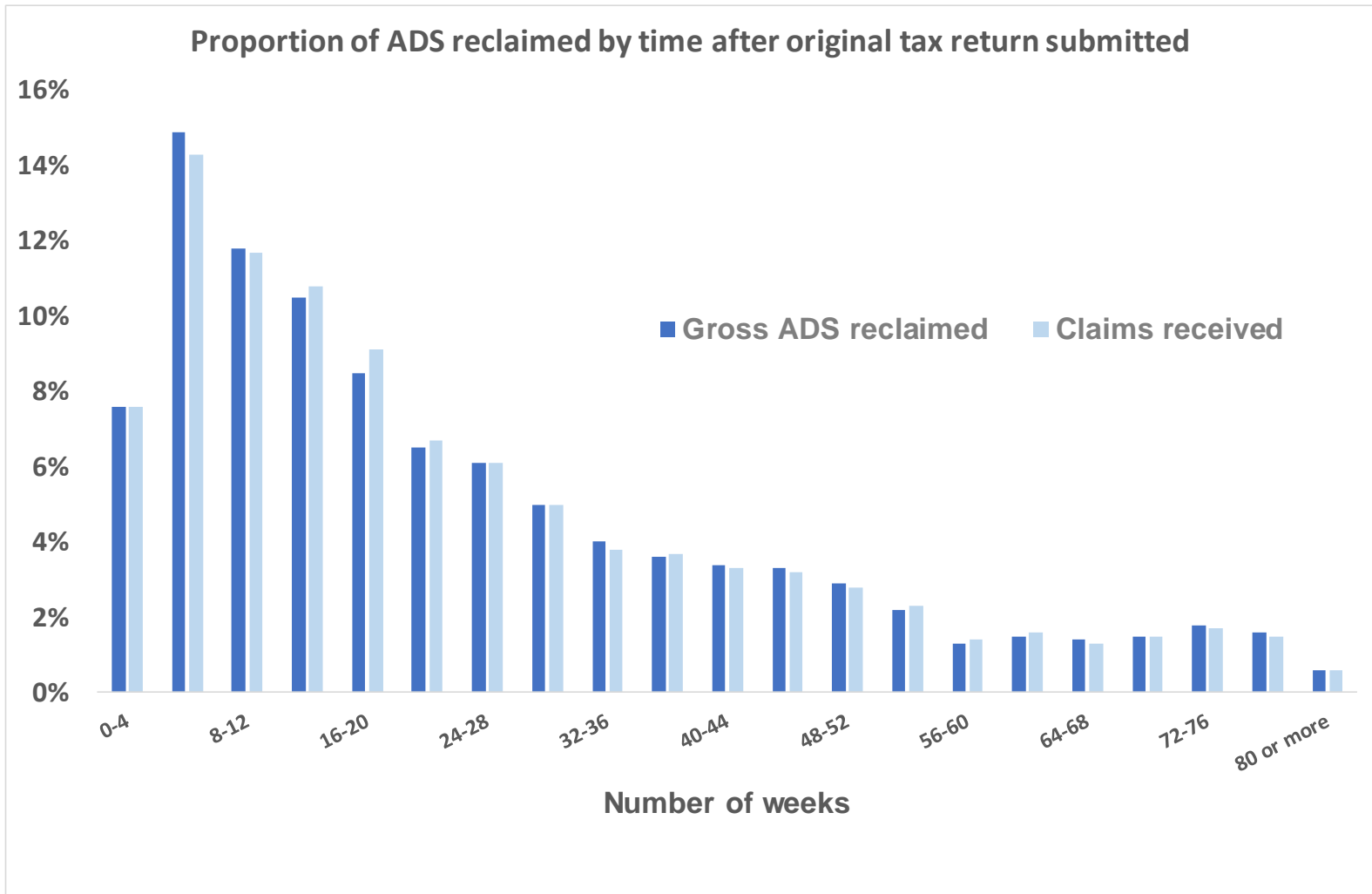


Distribution of transaction by intention to reclaim ADS (or not)

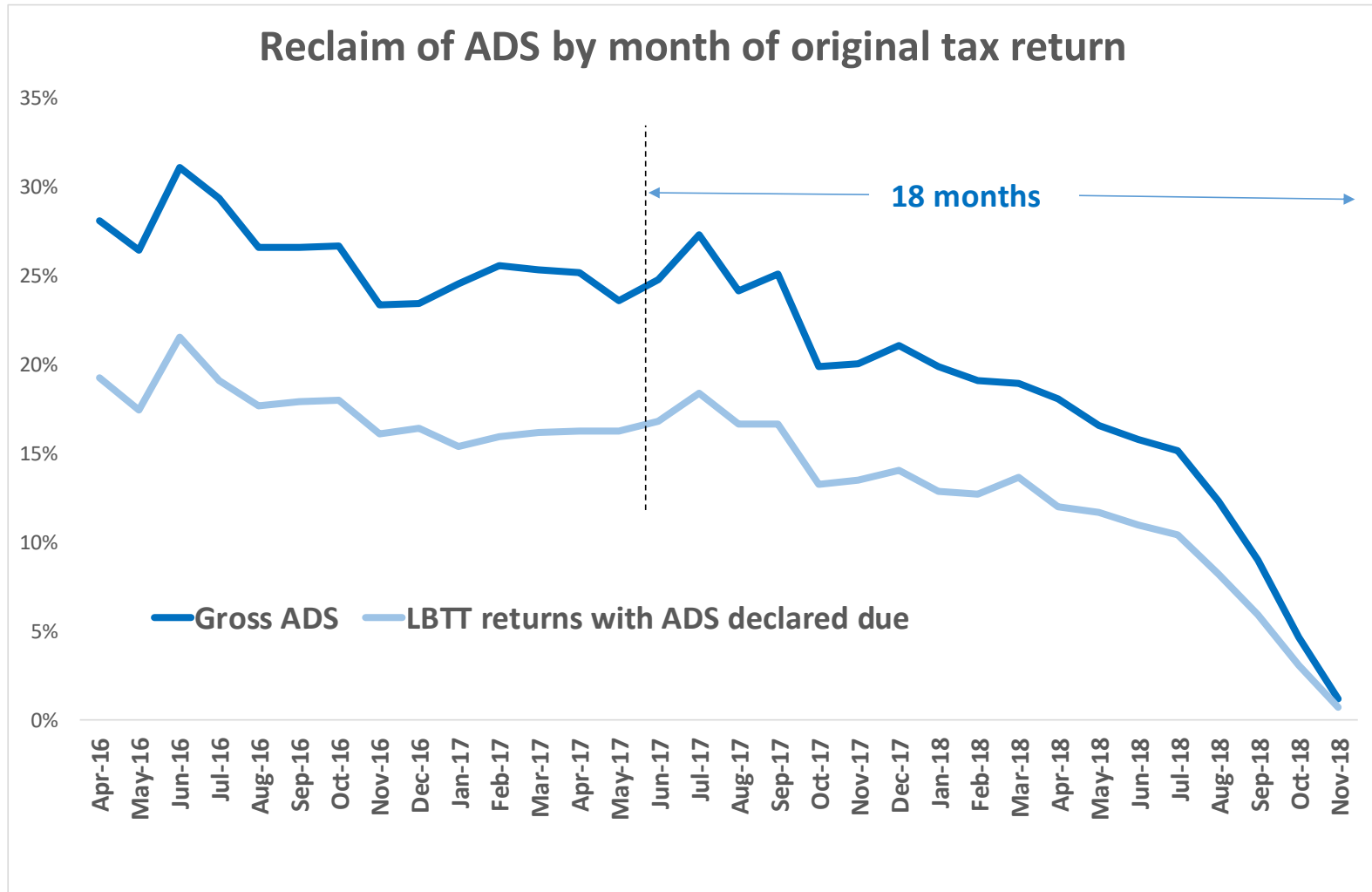


- **Do not intend to reclaim** – tend to be lower value properties (second homes, buy-to-let, etc)
- **Intend to reclaim** – tend to be higher value properties (eg. moving up property ladder)

Timescales observed for reclaim of ADS



Timescales observed for reclaim of ADS



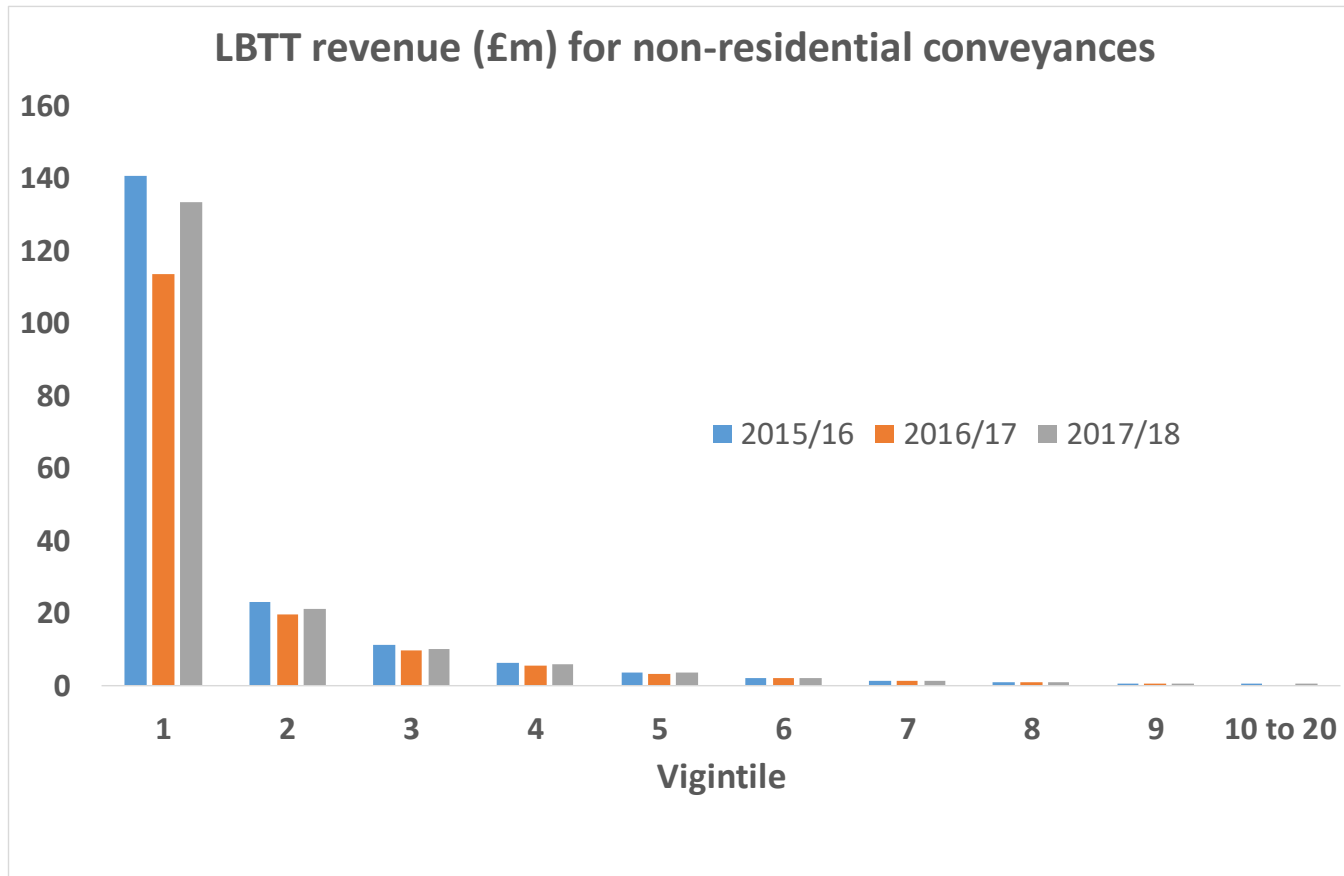
Non-Residential conveyances

Non-residential conveyance - revenue and volume of transactions

	2015/16	2016/17	2017/18
LBTT Revenue	£190m	£155m	£178m
		-18%	15%
Number of tax returns	6,220	6,810	6,880
		10%	1%
Revenue per return	£30,500	£22,700	£25,800

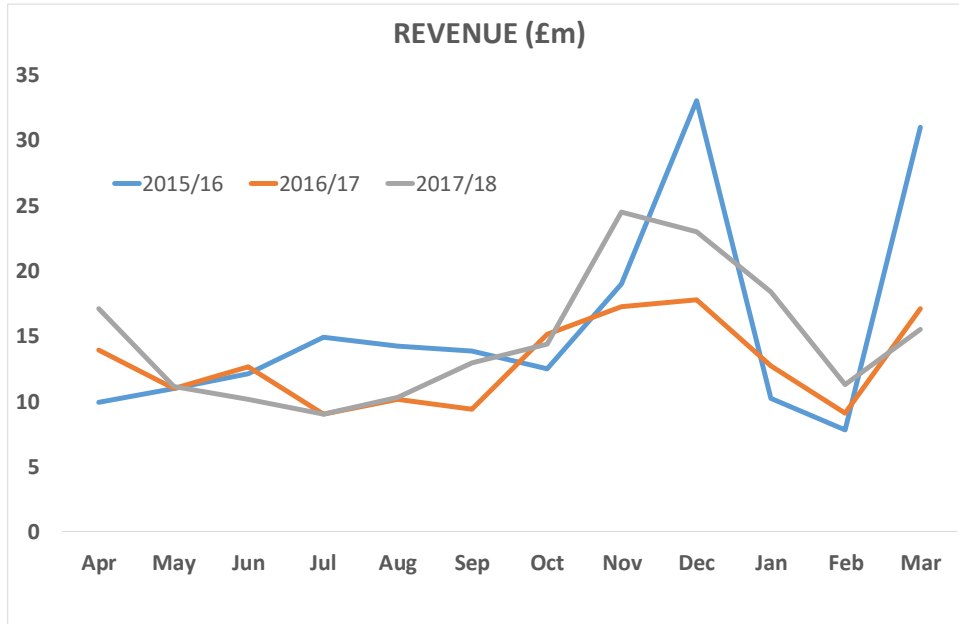
- Variation driven by large variations in average revenue per return

Distribution of revenue from non-residential conveyances

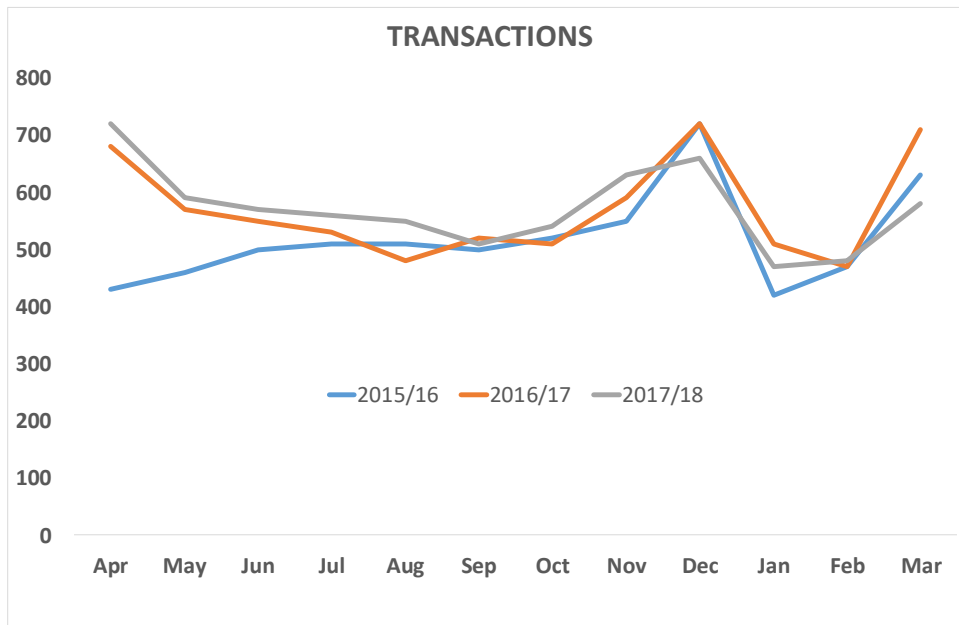


- Top 5% of transactions account for around 75% of revenue
- Annual variation dominated by variation in number/value of very large transactions

Seasonality in non-residential LBTT



- Quieter period in January and February
- Peaks in December and March
- Revenue far more variable than number of transactions due to impact of small numbers of very large transactions



Leases (non-residential)

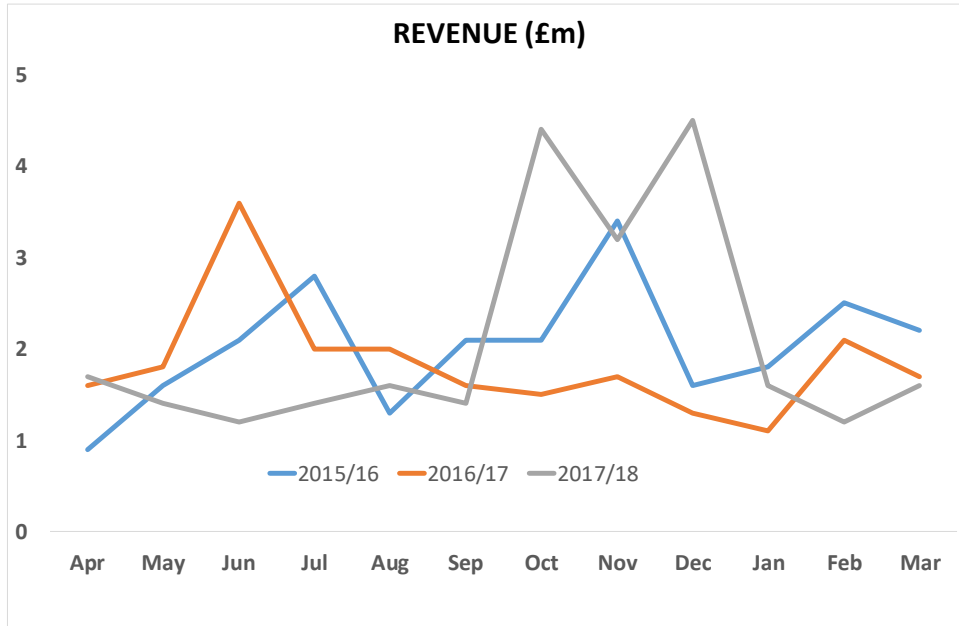
Leases - revenue and volume of transactions

	2015/16	2016/17	2017/18
LBTT Revenue	£24m	£22m	£25m
		-9%	14%
Number of tax returns	5,280	5,740	5,590
		9%	-3%
Revenue per return	£4,600	£3,800	£4,500

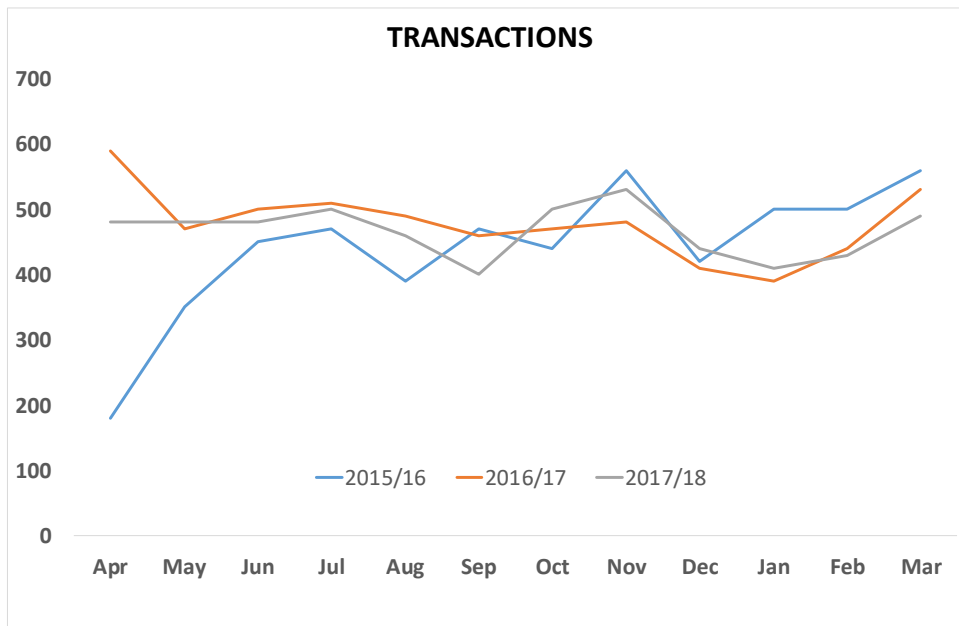
Similar to non-residential LBTT but lower value

- Variation driven by variation in numbers and value of large transactions
- Top 5% of transaction account for around 72% of revenue

Seasonality in LBTT for leases



- No clear seasonality
- Revenue far more variable than number of transactions due to impact of small numbers of large transactions



Scottish Landfill Tax (SLfT) trends

Darren Knox

Senior Assistant Statistician

What is Scottish Landfill Tax (SLfT)?

- SLfT is a tax on the disposal of waste to a landfill in Scotland
- SLfT applies to all taxable disposals made in Scotland on or after 1 April 2015
- The current rates for SLfT are set by the Scottish Government and approved by the Scottish Parliament

Year	SLfT rate per tonne	
	Standard rate waste	Lower rate waste
2015/16	£82.60	£2.60
2016/17	£84.40	£2.65
2017/18	£86.10	£2.70
2018/19	£88.95	£2.80

Official Statistics on SLfT

- Revenue Scotland publishes quarterly and annual official statistics on SLfT:
<https://www.revenue.scot/about-us/publications/statistics/scottish-landfill-tax-statistics> (quarterly)
<https://www.revenue.scot/about-us/publications/statistics> (annual)
- These statistics provide information on the SLfT declared due, declared taxable disposals by SLfT rate and European Waste Catalogue (EWC) code, and contributions to the Scottish Landfill Communities Fund (SLCF)
- These statistics are not a commentary on the volume of waste from all sources or volume of waste landfilled in Scotland. The Scottish Environment Protection Agency publish comprehensive waste data for Scotland
<https://www.sepa.org.uk/environment/waste/waste-data/>

Declared taxable disposals

Year	Declared taxable disposals (tonnes)		
	Standard rate	Lower rate	All
2015/16	1,869,300	1,050,300	2,919,600
2016/17	1,816,400	771,600	2,588,000
2017/18	1,775,100	790,200	2,565,300

SLfT declared due and contributions to Scottish Landfill Communities Fund (SLCF)

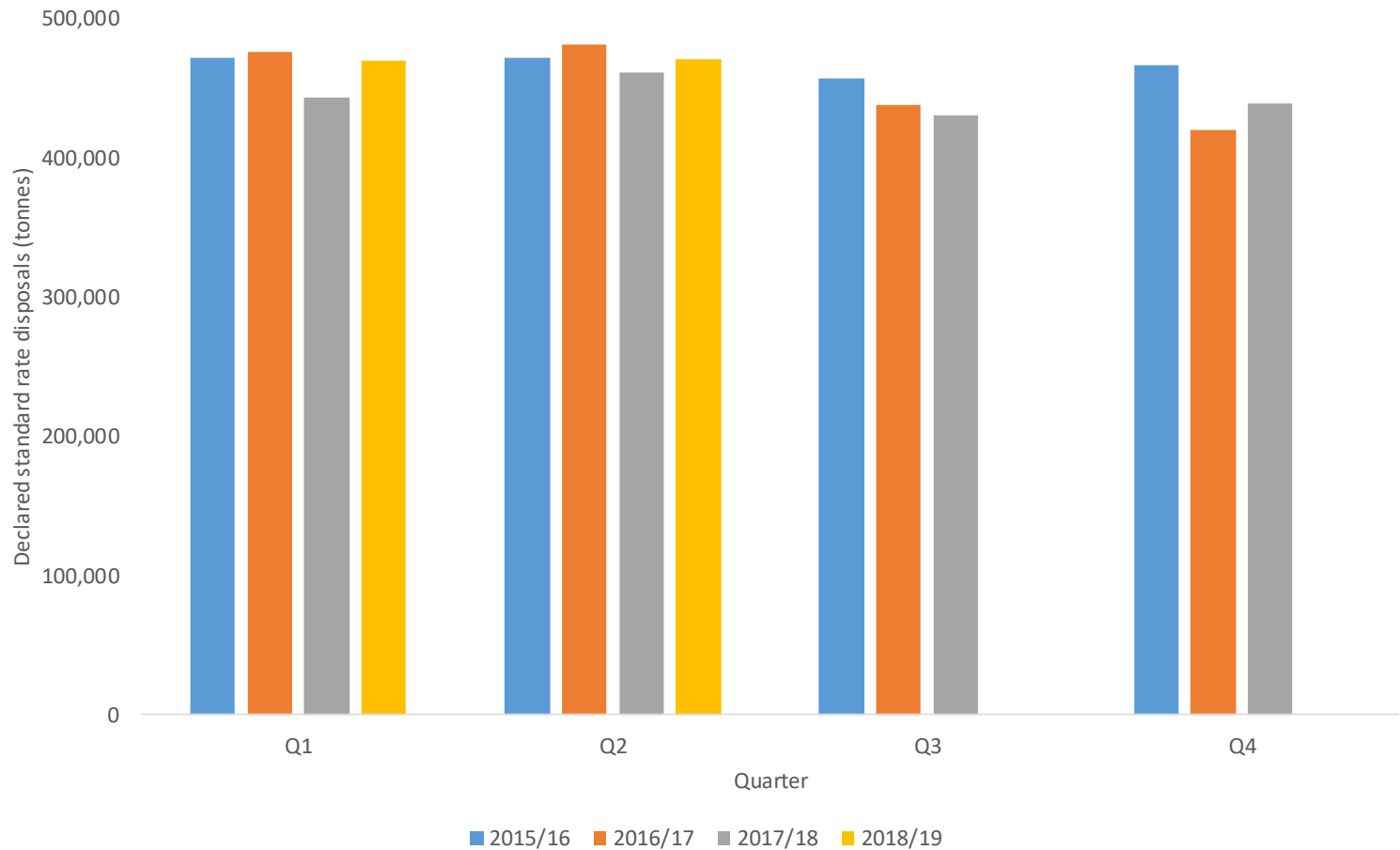
Year	£ millions				
	Gross SLfT declared due			Contributions to SLCF	Net SLfT declared due ²
	Standard rate disposals	Lower rate disposals	All ¹		
2015/16	154.4	2.7	157.7	9.1	149.3
2016/17	153.3	2.0	156.3	8.9	148.0
2017/18	152.8	2.1	155.0	9.0	146.6

Notes:

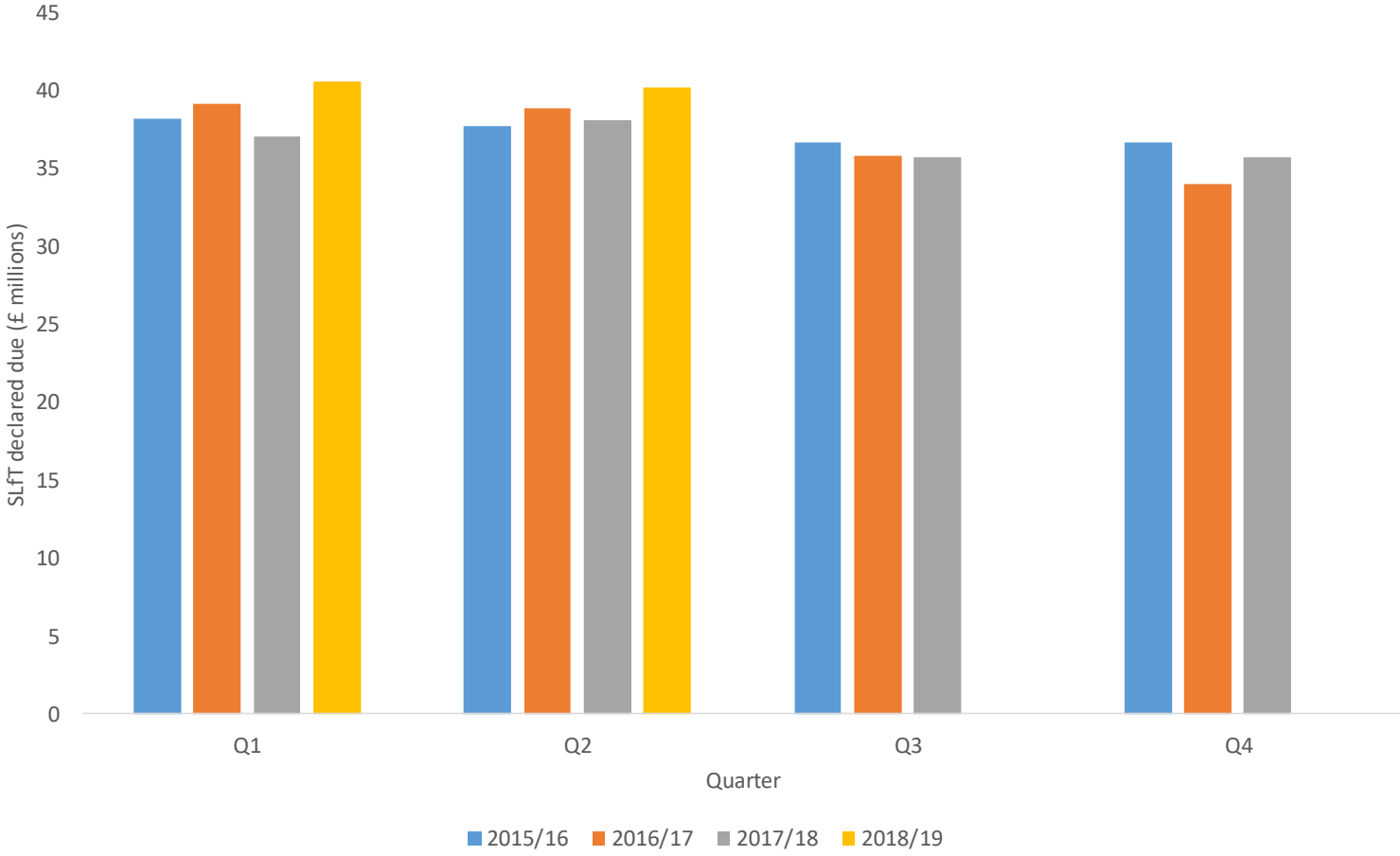
1. For 2015/16 and 2016/17 this column will not equal the sum of the previous two columns. This is because of a small number of operators who have not reported the tonnages associated with taxable disposals subject to a partial water discount. The disposals were included in the gross SLfT declared due and, therefore, do not have any tax implications.

2. Taxpayers can claim a credit equal to 90 percent of their contribution to the SLCF. Therefore the net SLfT declared due will be approximately equal to the difference between the gross SLfT declared due and 90 per cent of the contributions to the SLCF. The equivalence is approximate as other credits can be claimed by taxpayers (e.g. credit for bad debt and/or permanent removals) but these are small in value.

Declared standard rate disposals by quarter and year



SLfT declared due by quarter and year



Gross SLfT (%) by EWC code and year

EWC code	Description	Proportion of gross SLfT declared due		
		2015/16	2016/17	2017/18
20 03 01	mixed municipal waste	64.9%	65.4%	66.8%
19 12 12	other wastes (including mixtures of materials) from mechanical treatment of wastes other than those mentioned in 19 12 11	22.7%	25.0%	26.7%
Other or unknown		12.4%	9.6%	6.5%

Disposals by EWC code and SLfT rate

EWC code	Description	Row percentages (%)		Taxable disposals (tonnes)
		Standard rate	Lower rate	
20 03 01	mixed municipal waste	100.0%	0.0%	3,460,000
19 12 12	other wastes (including mixtures of materials) from mechanical treatment of wastes other than those mentioned in 19 12 11	70.0%	30.0%	1,837,700
Other or unknown		25.8%	74.2%	2,775,300

Break

LBTT - Sub-Scotland Estimates

Darren Knox

Senior Assistant Statistician

Outline

- Data collected and data quality
- Registers of Scotland data
- Methodology
- Results
- Future developments

Data collected and data quality

The image shows a screenshot of a web form titled "About the Property". The form contains several input fields and a checkbox. A red arrow labeled "Mandatory" points to the "Local authority number" field. Another red arrow labeled "Optional" points to the "Postcode" field. The form also includes fields for "Title number", "Parent title number", and "Address". A question "Is Additional Dwelling Supplement due on this property?" is followed by "Put 'X' in one box" and two checkboxes labeled "YES" and "NO".

Mandatory →

Optional →

About the Property

Local authority number
(Enter the code from the guidance notes)

Title number

Parent title number

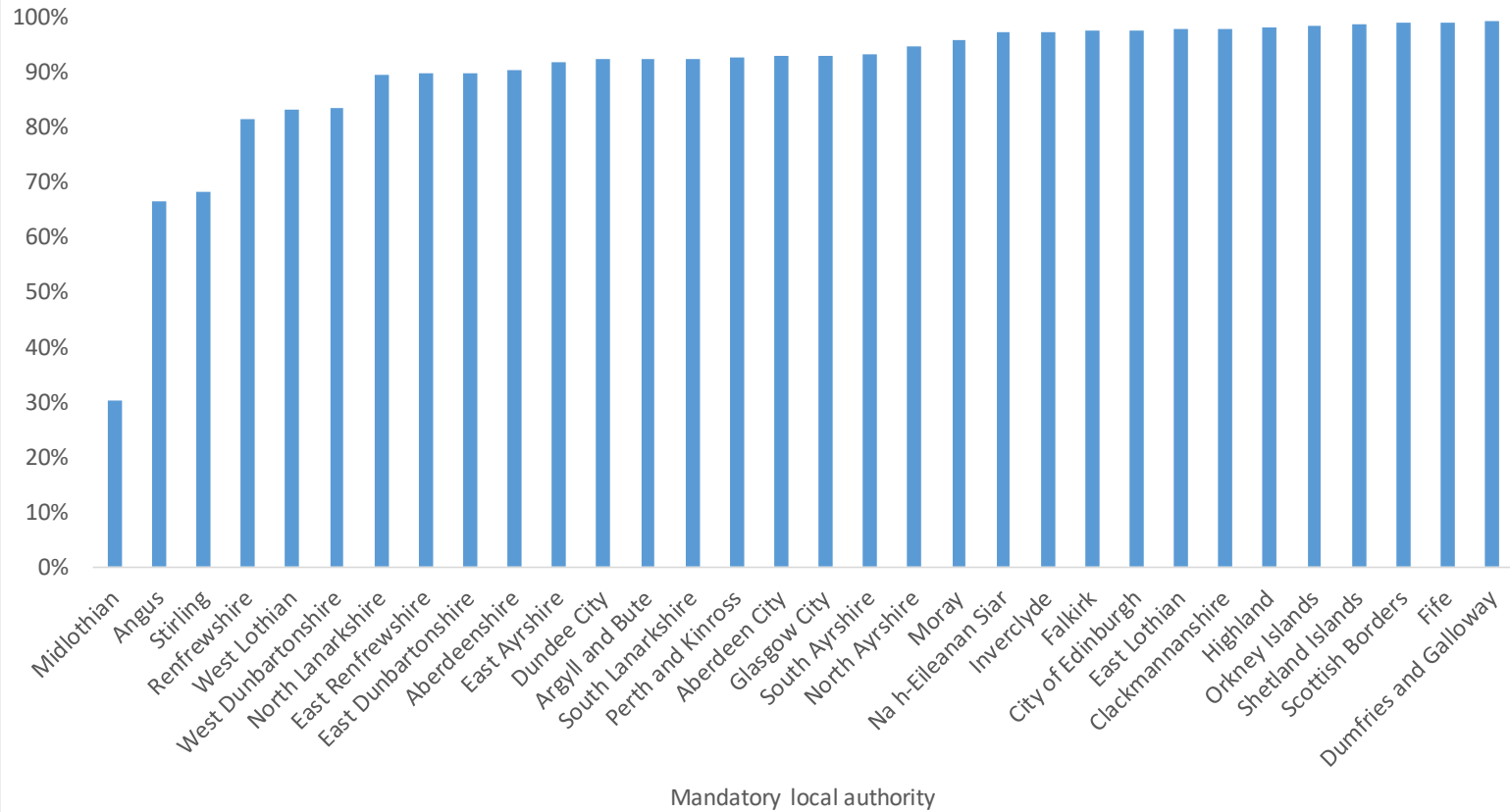
Address

Is Additional Dwelling Supplement due on this property?
Put 'X' in one box
 YES NO

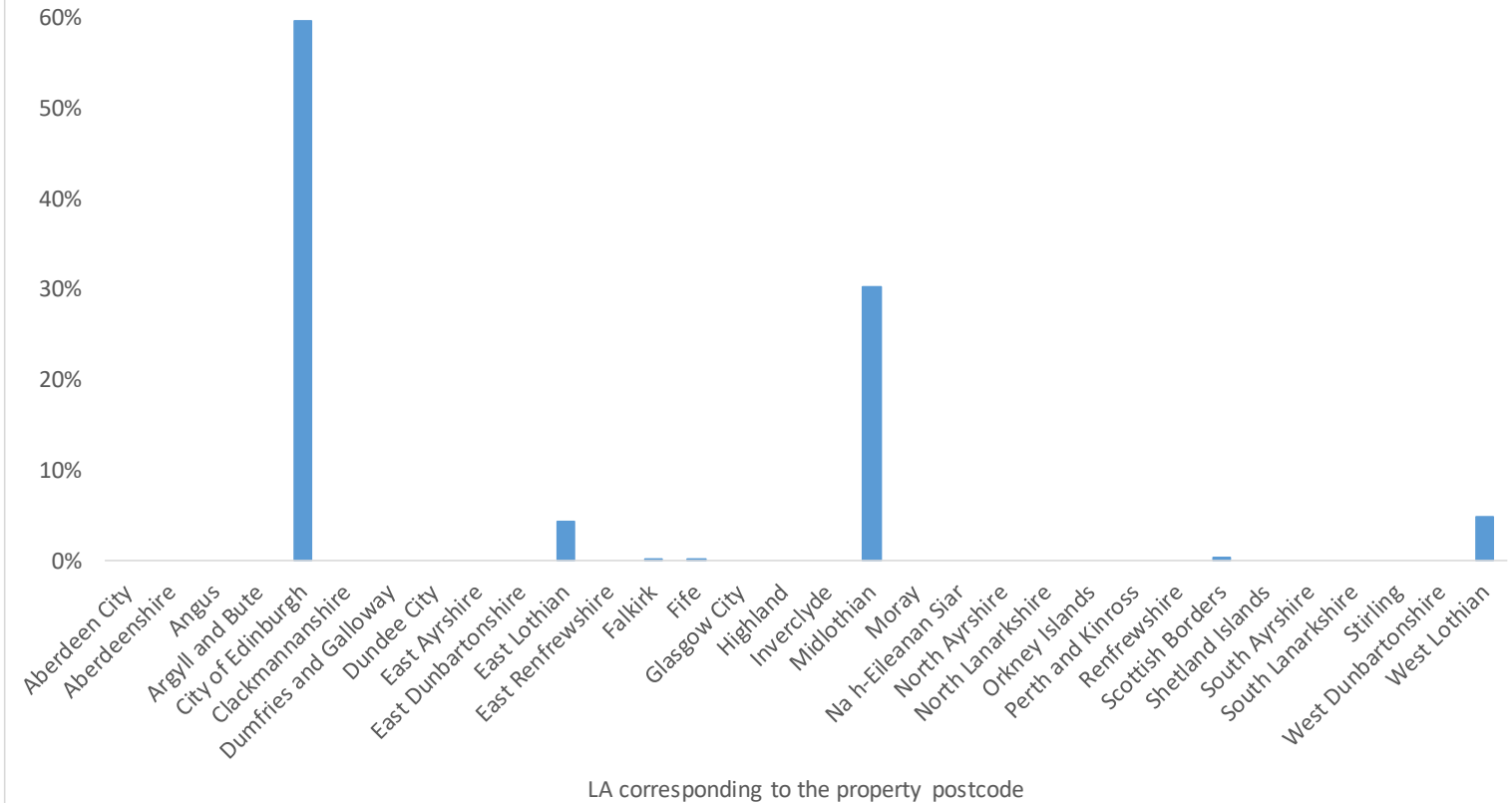
Postcode

- Local authority is a mandatory field in 'About the Property' section of the LBTT return
- Postcode is an optional field
- However, Revenue Scotland have concerns about the quality of this data

Proportion of LBTT returns received (conveyances only) where the property postcode (when provided and valid) is consistent with the mandatory local authority, 2015/16 to 2017/18



Proportion of LBTT returns received (conveyances only) where the mandatory local authority (LA) is **Midlothian** by the LA corresponding to the property postcode (when provided and valid), 2015/16 to 2017/18



Residential conveyances by a description of the postcode information provided

Description of the postcode information provided	Number of residential conveyances			Column percentages (%)		
	2015/16	2016/17	2017/18	2015/16	2016/17	2017/18
Valid postcode provided	86,640	82,140	85,240	83.6%	81.7%	82.0%
Invalid postcode provided	790	710	740	0.8%	0.7%	0.7%
No postcode provided	16,250	17,660	17,950	15.7%	17.6%	17.3%
All	103,680	100,500	103,930	100.0%	100.0%	100.0%

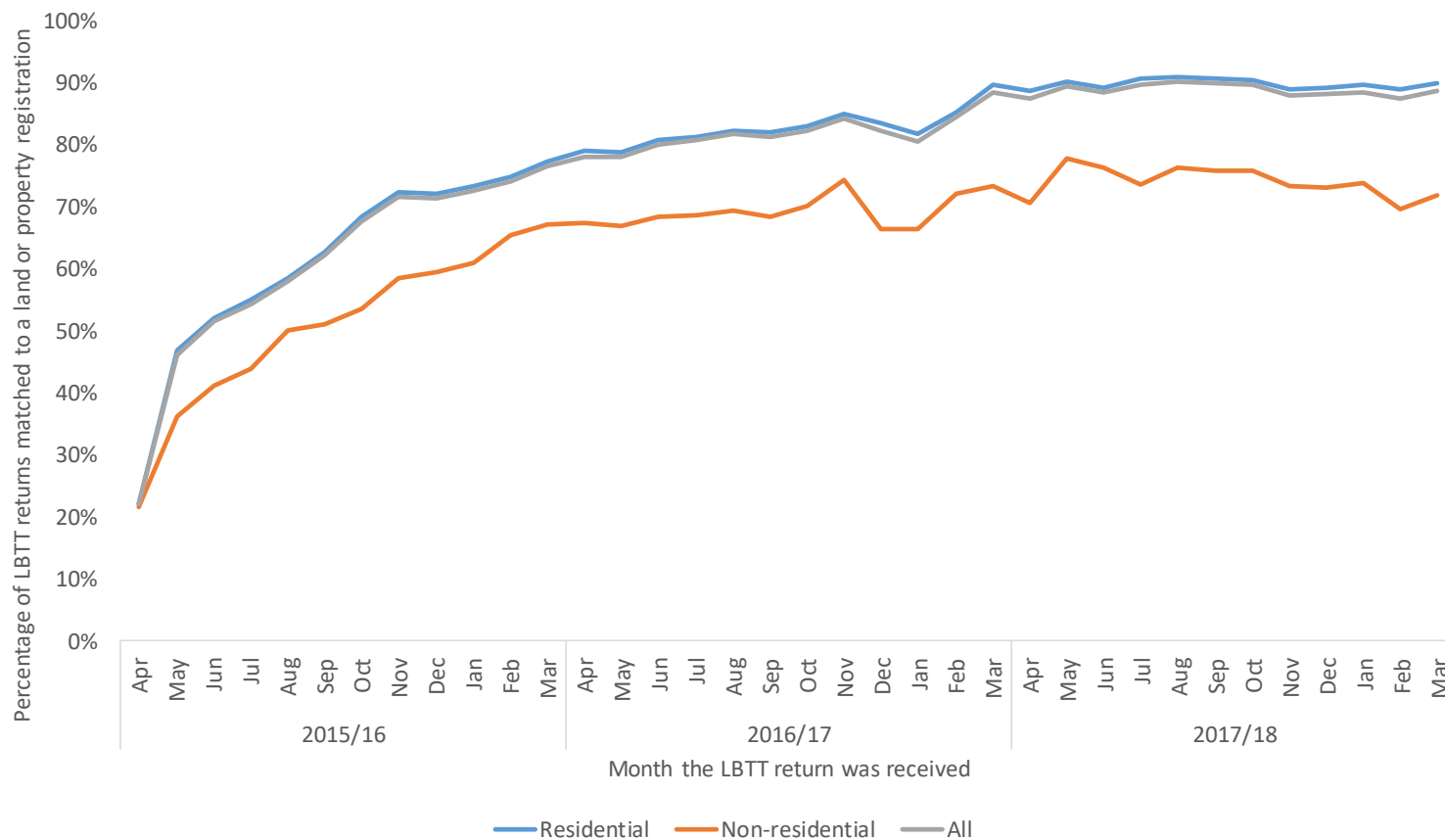
Non-residential conveyances by a description of the postcode information provided

Description of the postcode information provided	Number of non-residential conveyances			Column percentages (%)		
	2015/16	2016/17	2017/18	2015/16	2016/17	2017/18
Valid postcode provided	3,470	3,810	3,800	55.9%	56.0%	55.3%
Invalid postcode provided	50	50	50	0.8%	0.7%	0.7%
No postcode provided	2,690	2,950	3,030	43.3%	43.3%	44.1%
All	6,220	6,810	6,880	100.0%	100.0%	100.0%

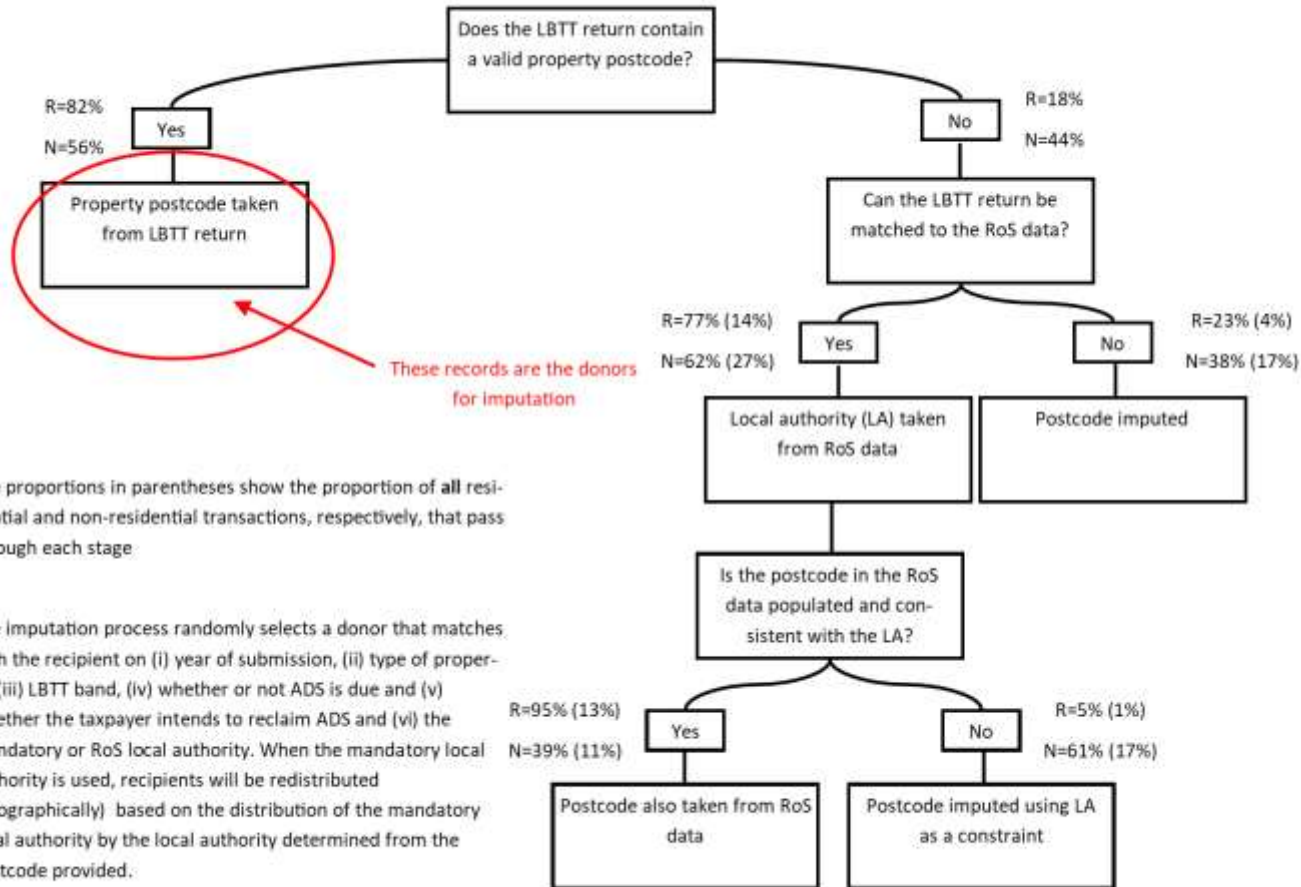
Registers of Scotland data

- Revenue Scotland purchases monthly data on land and property registrations from Registers of Scotland
- When applicable, the data includes a link between the land or property registration and the LBTT return. This data is collected as part of the section 43 check
<http://www.legislation.gov.uk/asp/2013/11/section/43/enacted>
- Also included is data on the property postcode (when provided in the application) and local authority. The local authority is derived from the mapping of the title being registered

Percentage of LBTT returns matched to a land or property registration by the month the LBTT return was received



Methodology

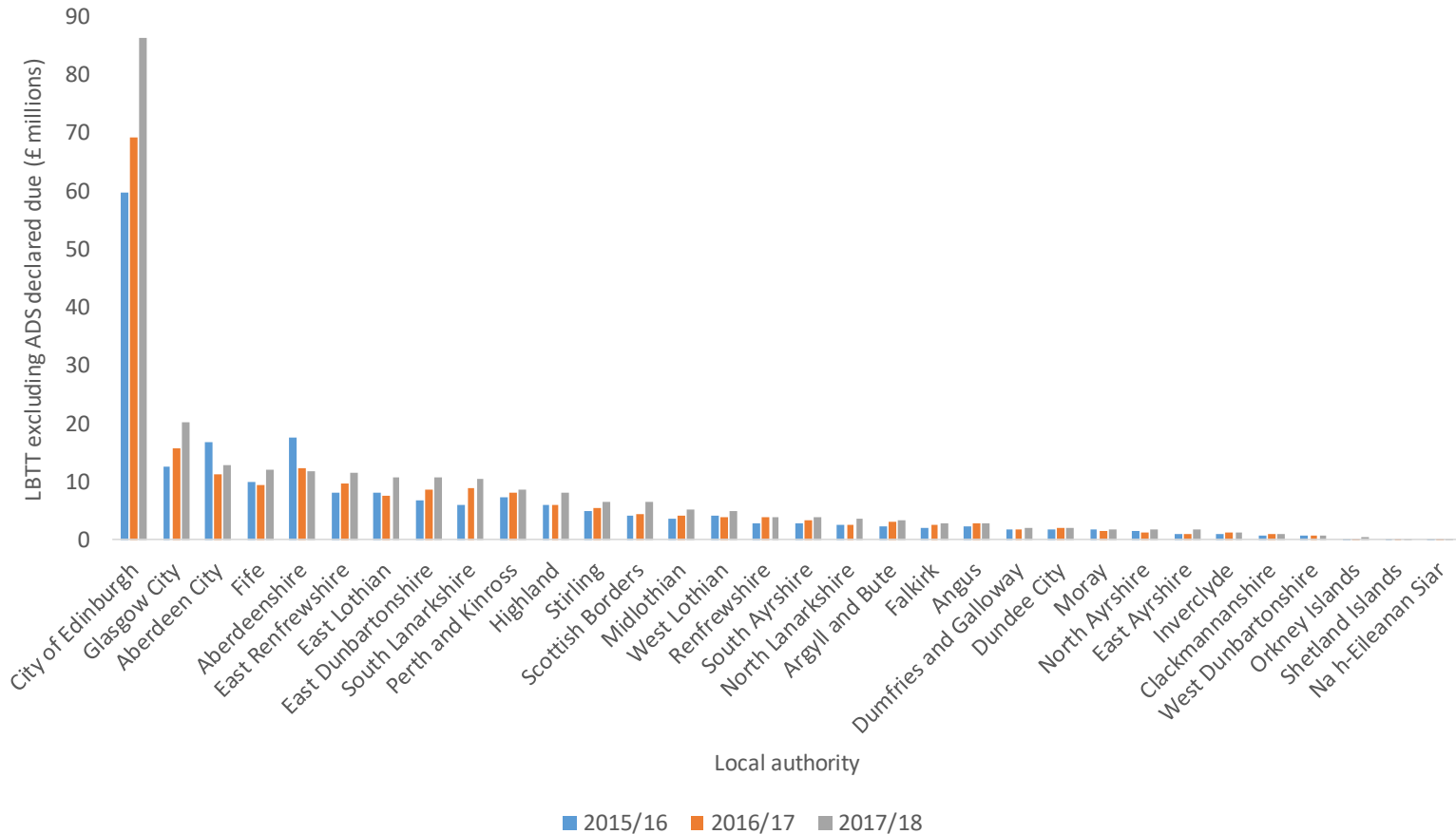


The proportions in parentheses show the proportion of **all** residential and non-residential transactions, respectively, that pass through each stage

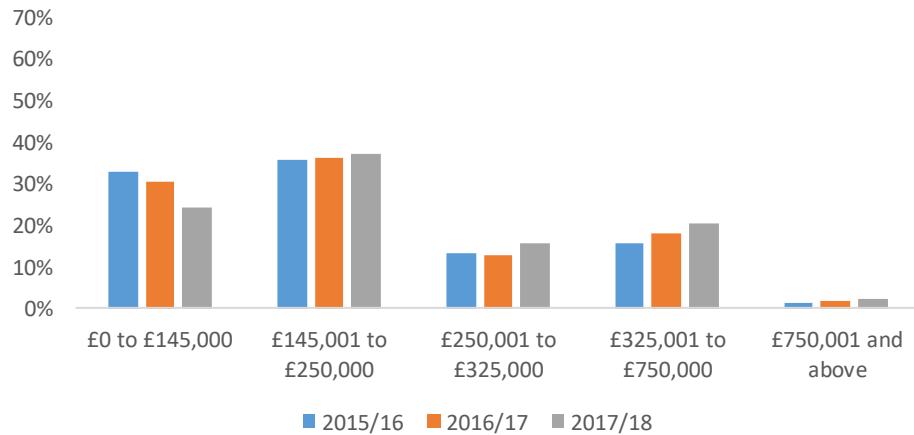
The imputation process randomly selects a donor that matches with the recipient on (i) year of submission, (ii) type of property, (iii) LBTT band, (iv) whether or not ADS is due and (v) whether the taxpayer intends to reclaim ADS and (vi) the mandatory or RoS local authority. When the mandatory local authority is used, recipients will be redistributed (geographically) based on the distribution of the mandatory local authority by the local authority determined from the postcode provided.

Results

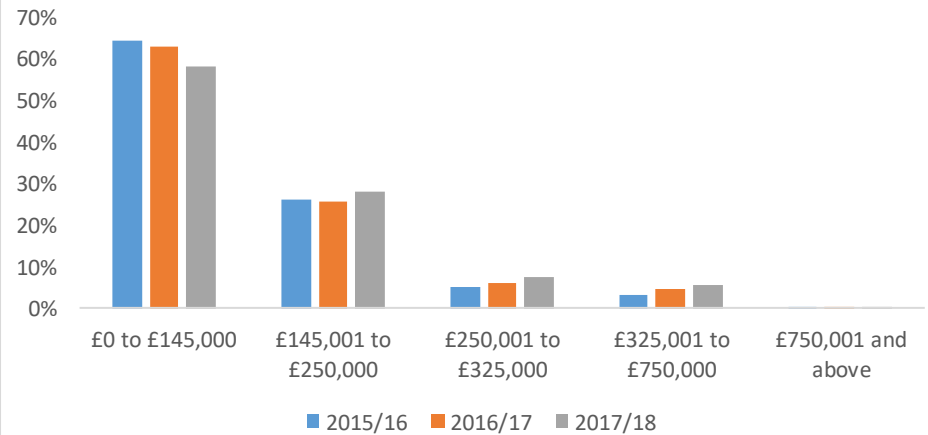
Estimates of LBTT excluding ADS declared due by local authority and year for residential conveyances



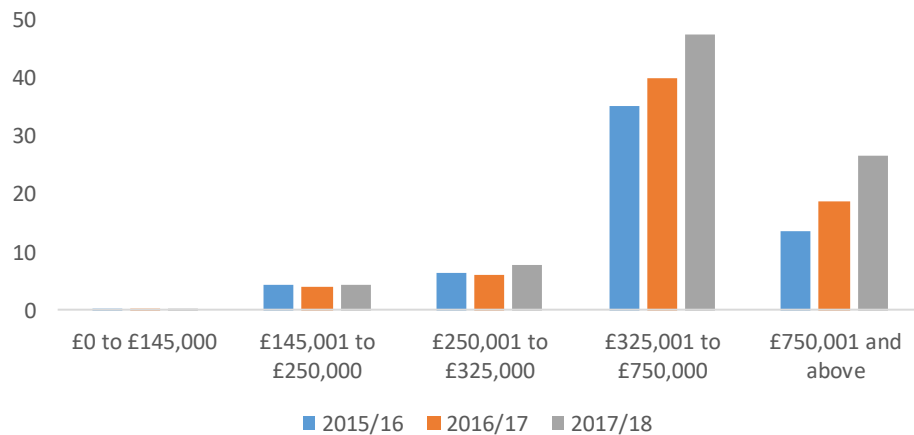
Distribution of residential conveyances received by residential LBTT band and year for City of Edinburgh



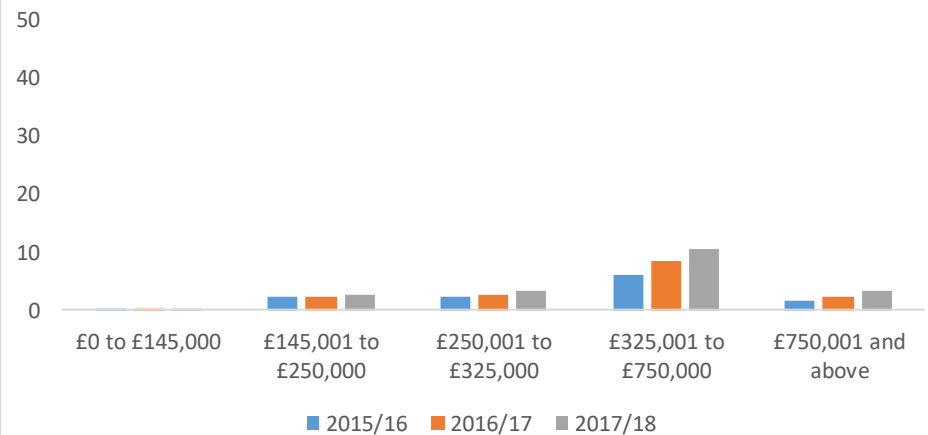
Distribution of residential conveyances received by residential LBTT band and year for Glasgow City



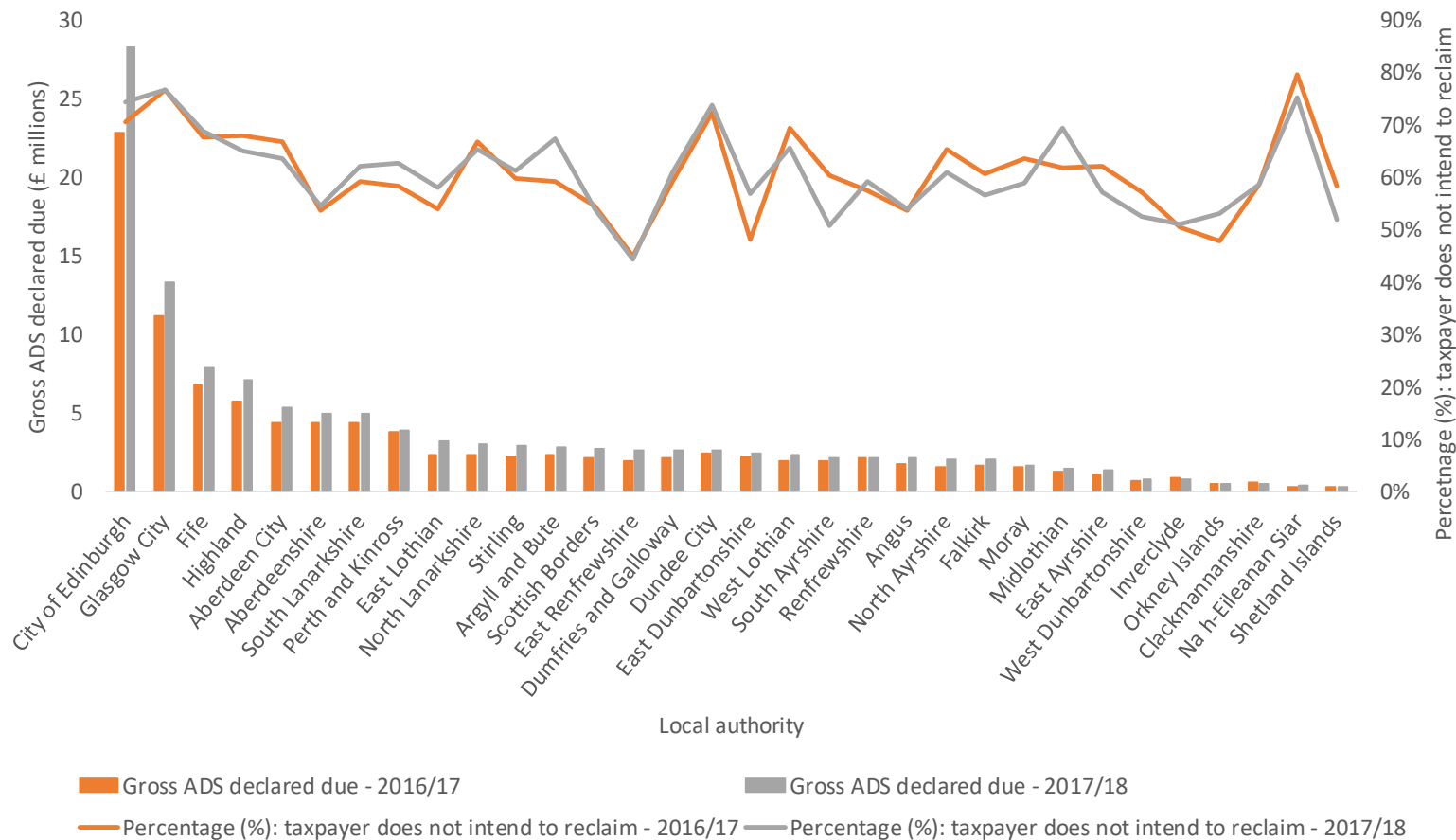
LBTT excluding ADS (£M) by residential LBTT band and year for residential conveyances for City of Edinburgh



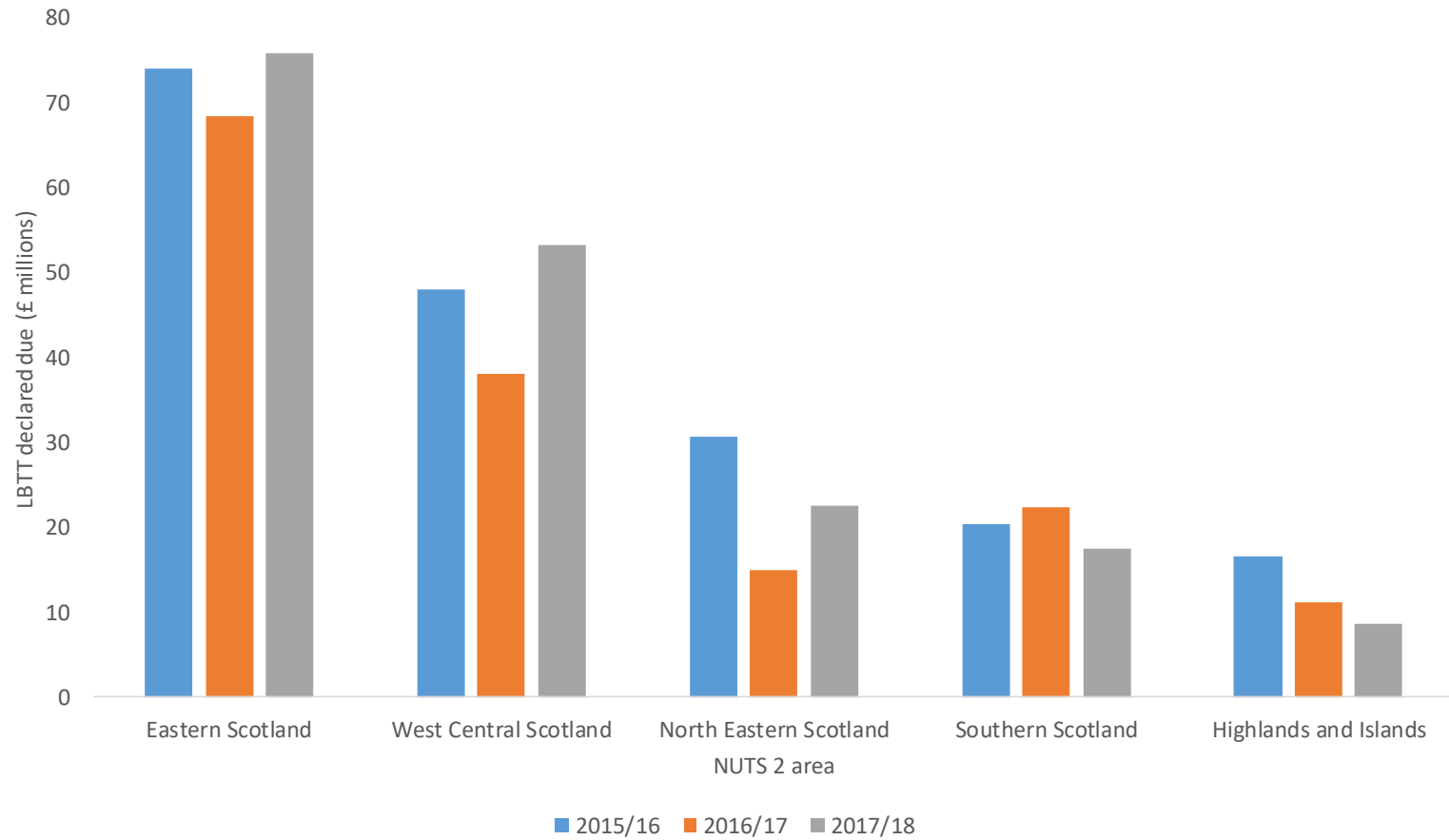
LBTT excluding ADS (£M) by residential LBTT band and year for residential conveyances for Glasgow City



Estimates of gross ADS declared due by local authority, intention to reclaim ADS and year for residential conveyances



Estimates of LBTT declared due by NUTS 2 area and year for non-residential conveyances



Future developments

- Scope to further disaggregate (e.g. sub-local authority) data on residential conveyances
- Improve the match rate between LBTT returns (Revenue Scotland) and land or property registrations (registers of Scotland)
- Replacement of the Scottish Electronic Tax System (SETS)

Relationship between Revenue Scotland's Statistics, Accounts and other Data Sources

Andrew Macartney
Statistician

Scale of the difference

	2015-16	2016-17	2017-18	Total
Published accounts	424.9	483.6	557.3	1465.8
Statistics at 31 March of relevant year	416.4	481.1	568.9	1466.4
Difference	8.5	2.5	-11.6	-0.6
Difference (%)	2%	1%	-2%	-0.04%

- Totals are very similar
- Differences are predominantly due to allocation of revenue to different time periods due to differences between the stats and accounting treatments

Comparison of basis for statistics and basis for accounts

		Date Revenue Scotland received tax return / amendment / ADS reclaim	
		Apr/May (accrual period)	June to March
Accounts	Original return	If "effective date" <u>before 1 April</u> - reported against <u>previous</u> financial year If "effective date" <u>on or after 1 April</u> - reported against <u>current</u> financial	Reported against current financial year
	Amended return	If "effective date" <u>before 1 April</u> - reported against <u>previous</u> financial year If "effective date" <u>on or after 1 April</u> - reported against <u>current</u> financial	Reported against current financial year
	ADS reclaim	If "date of sale of previous main residence" was <u>before 1 April</u> - reported against <u>previous</u> financial year If "date of sale of previous main residence" was <u>on or after 1 April</u> - reported against <u>current</u> financial year	Reported against current financial year
Statistics	Original return	Reported against month and financial year <u>original return was received</u>	
	Amended return		
	ADS reclaim		

- Data for **accounts** are fixed at **31 May**; accounts for previous years are not restated
- **Statistics** for previous months and years are revised when amendments and ADS repayments are received

Example – original return

Accounts

2016-17
accounts

- 1. Effective date – Mar 2017
- 2. Effective date – May 2017
- 3. Effective date – Mar 2017

Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar												
2015-16												2016-17												2017-18												2018-19											

Statistics

- 1. Effective date – Mar 2017
- 2. Effective date – May 2017
- 3. Effective date – Mar 2017

Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar												
2015-16												2016-17												2017-18												2018-19											

- Transaction 1 – May 2017 statistics; 2016-17 accounts (accrual)
- Transaction 2 – May 2017 statistics; 2017-18 accounts
- Transaction 3 – Nov 2017 statistics; 2017-18 accounts (after accrual cut-off date)

Example – amended return (not ADS reclaim)

Accounts

-
- 1. Effective date – Mar 2017; original return Mar 2017
 - 2. Effective date – May 2017; original return Apr 2017
 - 3. Effective date – Nov 2016; original return Dec 2016
- 2016-17 accounts

Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar												
2015-16												2016-17												2017-18												2018-19											

Statistics

-
- 1. Effective date – Mar 2017; original return Mar 2017
 - 2. Effective date – May 2017; original return Apr 2017
 - 3. Effective date – Nov 2016; original return Dec 2016
- Mar 2017 stats
- Apr 2017 stats
- Dec 2016 stats

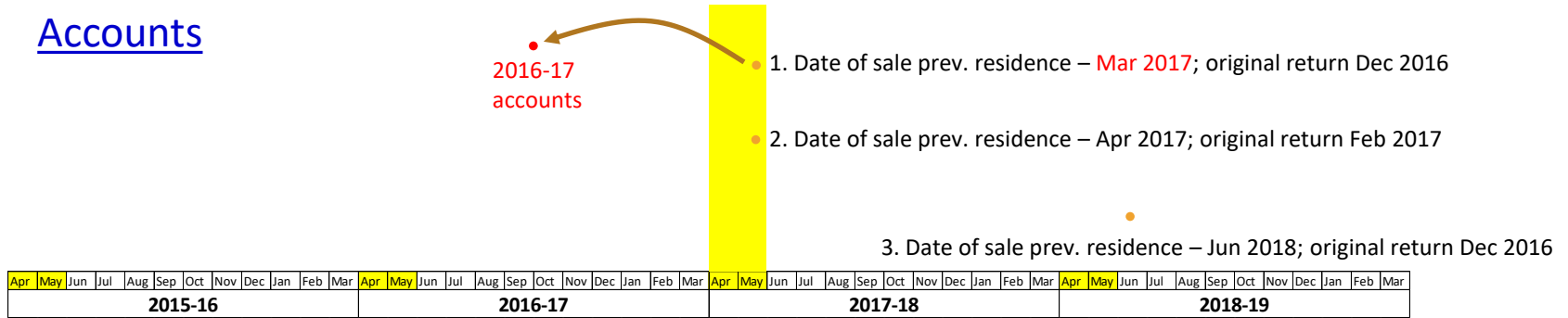
Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar												
2015-16												2016-17												2017-18												2018-19											

- Transaction 1 – Mar 2017 statistics; 2016-17 accounts (accrual)
- Transaction 2 – Apr 2017 statistics; 2017-18 accounts
- Transaction 3 – Dec 2016 statistics; 2017-18 accounts (after accrual cut-off date)

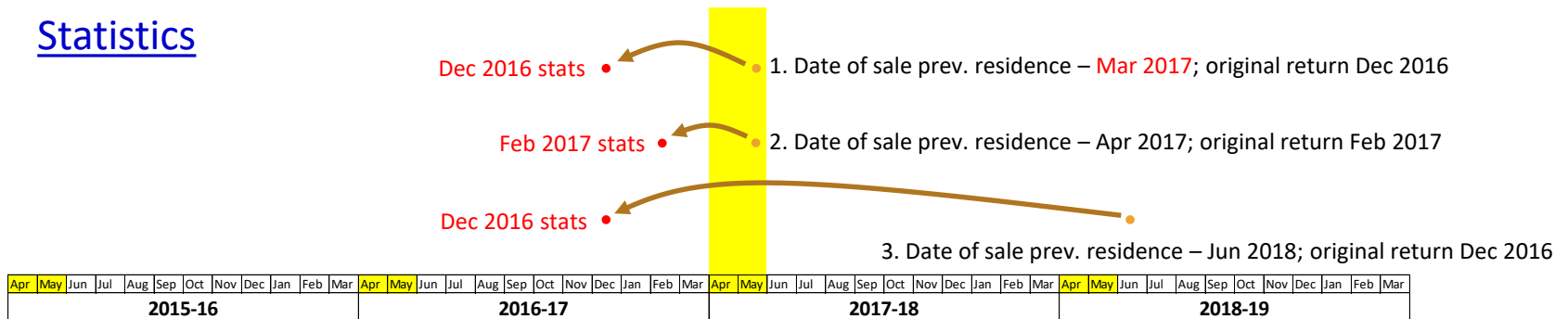
Note – excluding ADS reclaims, amendments are a very small proportion of tax returns

Example – ADS reclaim

Accounts



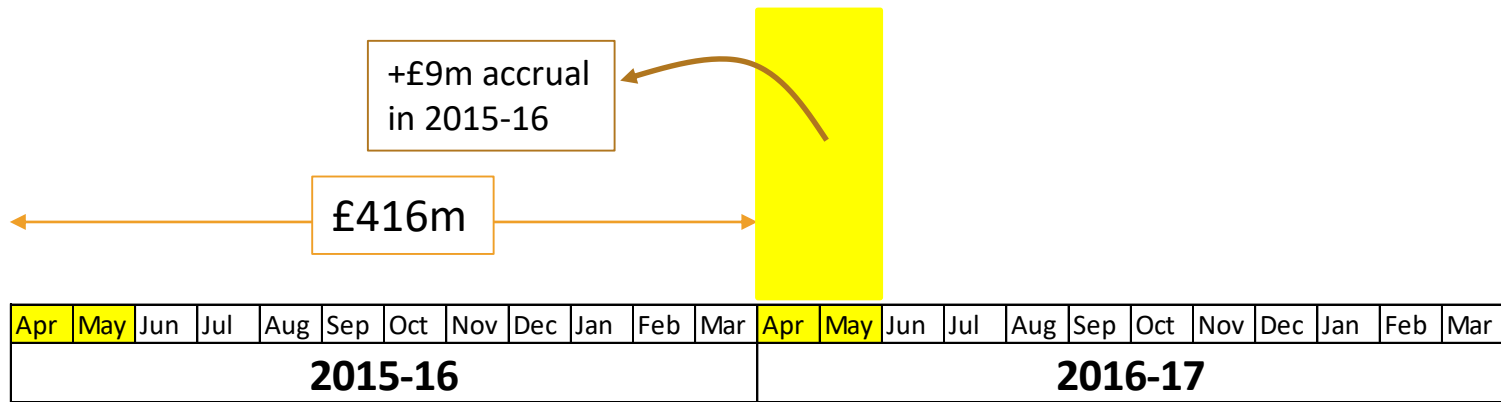
Statistics



- Transaction 1 – Dec 2016 statistics; 2016-17 accounts (accrual)
- Transaction 2 – Feb 2017 statistics; 2017-18 accounts
- Transaction 3 – Dec 2016 statistics; 2018-19 accounts

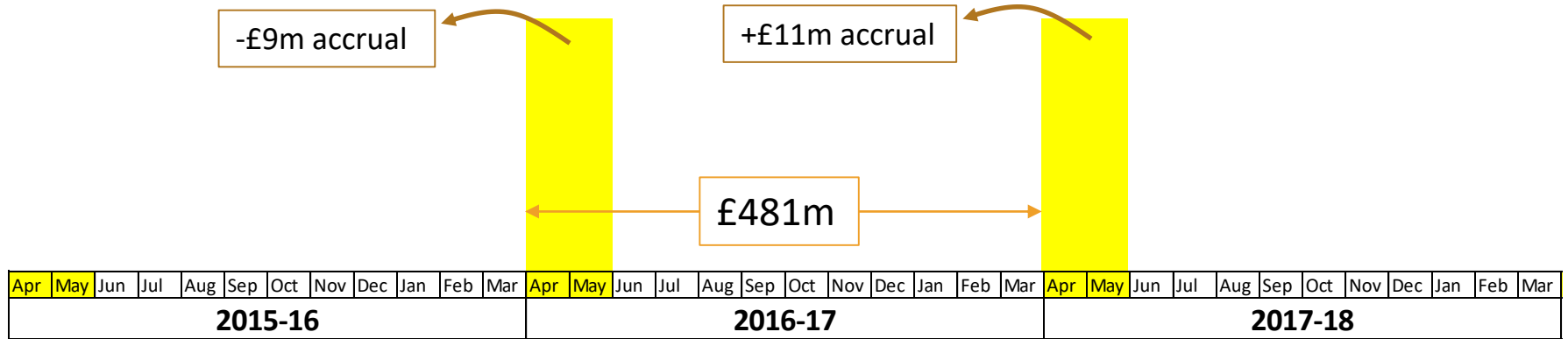
Note – excluding ADS reclaims, amendments are a very small proportion of tax returns

2015-16



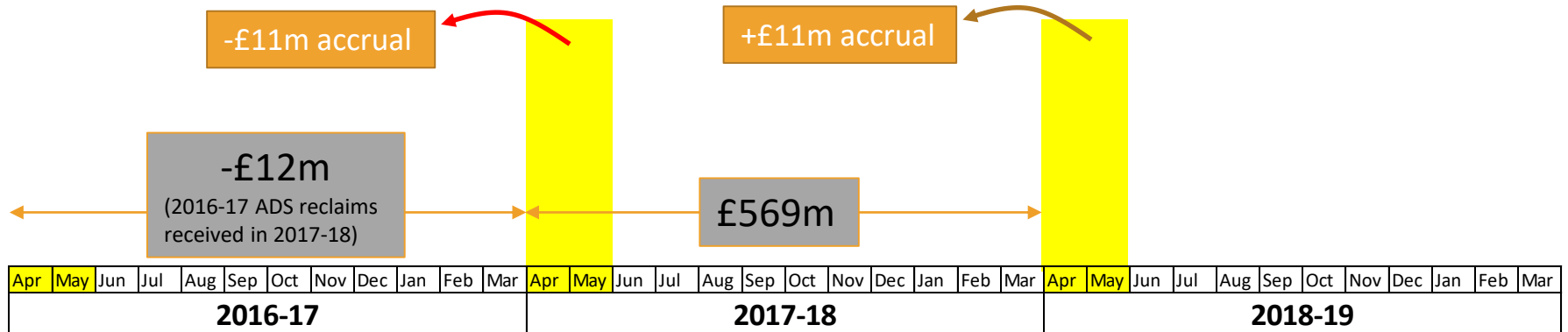
Accounts	£416m + £9m = £425m
Statistics (at 31 Mar 2016)	£416m

2016-17



Accounts	£481m + £3m (<u>net</u> accrual) = £484m
Statistics (at 31 Mar 2017)	£481m

2017-18

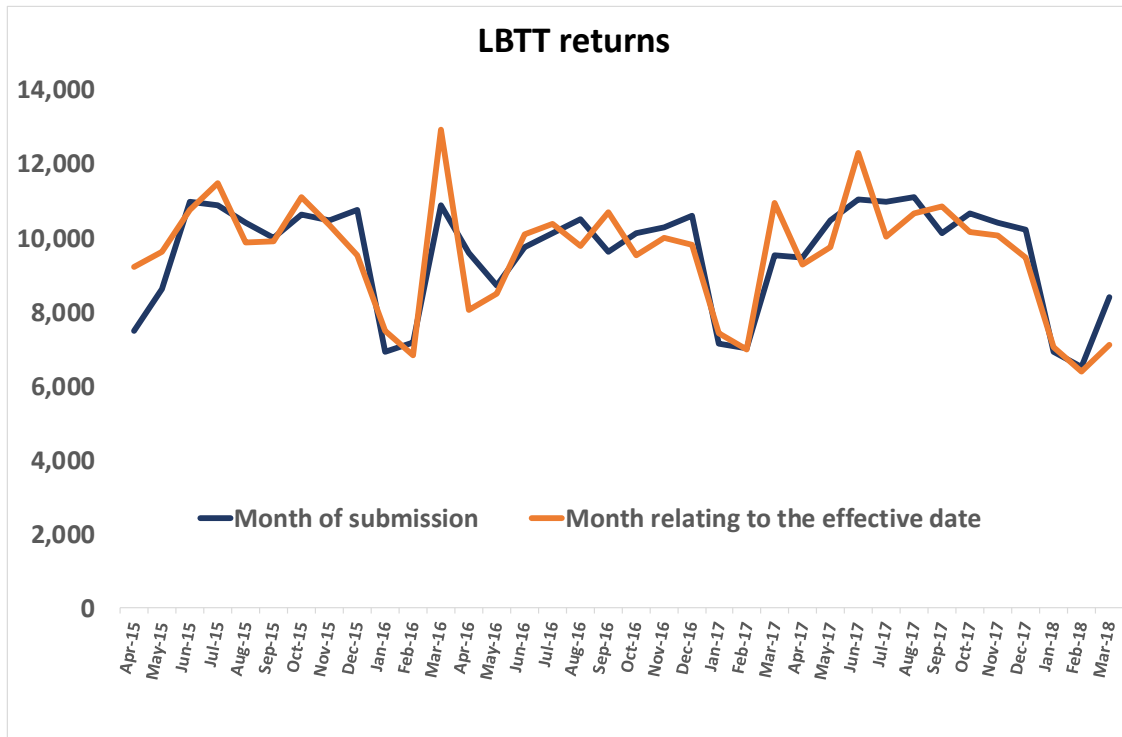


Accounts	<p>£569m</p> <p>-£12m (2016-17 ADS reclaims received in 2017-18)</p> <p>+ £0m (<u>net</u> accrual)</p> <p>= £557m</p>
Statistics (at 31 Mar 2018)	£569m
Change in 2016-17 (31 Mar 2018 compared to 31 Mar 2017)	-£12m (ADS repayments)

Why do we publish statistics by date of receipt of original return?!

a) Compared to publishing by “effective date”

- **Timeliness** – publish within 3 weeks of end of previous month
 - Publishing by effective date would introduce time lag or estimate of returns not yet received
- **Data quality** - receipt date is time stamped by system; effective date is entered by taxpayer/agent
- **Time difference is relatively short** (median 3 days between received date and effective date)
- **Disadvantage** – difference between stats and accounts due to end year accruals



Why do we publish statistics by date of receipt of original return?!

b) Compared to applying a 31 May cut-off (like the accounts)

- **Retains the link to the original time period** the transaction occurred
 - Particularly important for ADS where the allowed time period for repayments is long (at least 18 months)
 - This allows repayment of ADS to be tracked rather than potentially merging ADS repayment relating to 3 different year
- **Disadvantage** – difference between stats and accounts

How can we use published stats to roughly estimate 2018-19 revenue in the accounts?

1. Sum all LBTT revenue (1 April 2015 to 31 March 2019) as at 31 March 2019
2. Subtract LBTT revenue from the accounts for:
2015-16 (£425m), 2016-17 (£484m) and 2017-18 (£557m)
3. Add an estimate for the accrual from April/May 2019 into 2018-19

This is a simplification - end-year accounting procedures are considerably more detailed and subject to audit.

The approach above provides a simple method to take into account the factors mentioned in this presentation to provide a **rough estimate** but does not allow for all factors, and certainly **does not provide a definitive value**.

Information included in annual statistics (published 18 Jan)

Annex B of annual stats publication – “Comparison of Published Statistics with Revenue Scotland’s Annual Report and Financial Statements”

Year	£ millions								
	a) LBTT excluding ADS	b) Gross ADS	Value of ADS repayments claimed			Net LBTT (a + b - c)	Accounts	Diff	Diff (%)
			Year claim relates to						
			2016/17	2017/18	c) All				
2015/16	415.8					415.8	424.9	9.1	2.1%
2016/17	389.7	104.7	13.3		13.3	481.1	483.6	2.5	0.5%
2017/18	461.0	124.4	12.4	17.1	29.5	555.9	557.3	1.4	0.2%

Other data sources

1. Property data

- **Registers of Scotland** publish comprehensive property data and is the official source for property data in Scotland:
 - Quarterly House Price Statistics
 - Scottish component of the UK House Price Index (HPI)
 - 10 year report
- Revenue Scotland is the official source of LBTT data for Scotland

2. Landfill data

- **SEPA** publish comprehensive waste data for Scotland and is the official source of landfill waste data in Scotland
- Revenue Scotland is the official source of SLfT data for Scotland
 - some “exempt waste” included on SLfT tax returns is not ultimately landfilled hence SEPA and Revenue Scotland total waste figures will not agree