

Finance Committee

The Land and Buildings Transaction Tax (LBTT)

Submission from Aberdeenshire Council

Response is undernoted:-

- 1. *The impact on both the residential and commercial property market of the various rates and bands;***

The Council has no comment upon this

- 2. *The level of receipts for residential and non-residential transactions in relation to the forecasts;***

The Council has no comment upon this

- 3. *The extent to which higher priced transactions were brought forward to avoid the higher rates;***

The Council has no comment upon this

- 4. *The extent to which lower-priced transactions were delayed until after 1 April;***

The Council has no comment upon this

- 5. *Whether there should be any changes to the rates and bands for residential transactions in the draft budget for 2016-17;***

LBTT can have an adverse impact on the budgets for Local authorities when delivering affordable housing and other infrastructure projects.

Aberdeenshire Council has an active programme whereby it is seeking to deliver a significant number of Affordable housing units. The purchase of affordable housing units, or the land for them, can incur LBTT unless these are being acquired directly via developers obligation contained within a S75 agreement. Local authorities can end up paying LBTT, as if it was a commercial developer, but obviously there is no profit element for local authorities to offset such LBTT so it must form part of a projects budget.

Housing Associations do not have to pay LBTT on the basis they are delivering affordable housing so such LBTT relief should also extend to local authorities when delivering the same function.

It is inconsistent with the government aims to deliver more housing and supporting infrastructure if local authorities are then taxed upon their commitments by having to pay LBTT.

It is suggested that such LBTT would better utilised on the housing, education and infrastructure projects being promoted by local authorities.

6. *The performance of Revenue Scotland in administering and collecting the tax.*

The administrative system for LBBT can be frustrating and difficult for local authority lawyers to use as it can often take longer to log into the system than it does to complete the returns.