

Finance Committee
The Land and Buildings Transaction Tax (LBTT)
Submission from Highland Council

The Highland Council welcomes the opportunity to provide comment/evidence.

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

On the basis that the majority of commercial/non-residential property sales we deal with are within the lower band, we do not anticipate a material impact.

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

There has been no impact to the non-residential property sales receipts.

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

We are not aware of the impact at this stage largely due to the majority of commercial property sales we deal with are within the lower band SDLT.

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

We are not aware of the impact at this stage largely due to the majority of commercial property sales we deal with are within the lower band SDLT.

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

At this particular stage, no but as further information and impacts become known/clearer the position may change.

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

The Highland Council has an active programme whereby it is seeking to deliver a significant number of Affordable housing units and new Council housing. The purchase of affordable housing units and new Council 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 LBBT on the basis they are delivering affordable housing so such LBBT 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 LBBT.

It is suggested that such LBBT 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.

In order to evaluate the performance of the Revenues Scotland in administering and collecting the tax a number of factors require to be reported, most importantly collection rates and cost of collection. Local Authorities are required to report these KPI's and it seems reasonable that the same requirement should apply.

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.

The Highland Council
2 October 2015