



Finance Committee
The Scottish Parliament
Edinburgh
EH99 1SP

25 September 2015

Dear Sirs,

Call for Evidence: The Land and Buildings Transaction Tax (“LBTT”)

Thank you for the opportunity for PricewaterhouseCoopers LLP (“PwC” or “We”) to contribute to the Committee’s review of the operation of LBTT since its introduction on 1 April 2015.

PwC is the largest professional services organisation in the UK, and employs around 16,000 people, of whom 300 staff and partners are in Wales, 850 in Scotland and 1,200 in Northern Ireland. We provide advisory services to Government departments, public bodies and agencies, as well as to organisations throughout the private sector. We consider ourselves well-placed to comment constructively and independently on “the performance of Revenue Scotland in administering and collecting the tax.”

We do not consider that we are qualified to respond on the other areas on which views are sought as, whilst we do have anecdotal evidence from clients and contacts (particularly in the housebuilding sector) about the impact that the LBTT has had on the timing of transactions, and on the residential housing market more generally, we do not have, and have not seen any detailed research/evidence, to confirm these comments or otherwise.

The performance of Revenue Scotland in administering and collecting the tax

It is early days and our experience may be indicative of isolated teething problems. For example we had a client case where we submitted a request for an opinion and we experienced some significant delays and difficulties in obtaining a conclusive response. There are similar measures in the UK where we have not had this experience.

Our perception of the reasons for the delay in reaching a conclusion were as follows.

- A. There is no clear guidance on what information is required in order to seek and obtain an opinion from Revenue Scotland. Whilst a ‘checklist’ is available on the Revenue Scotland website, subsequent additional information was requested which was not originally contained within the ‘checklist’.
- B. There appears to be a lack of communication as to the reason for the delay in responding, and when a response might be expected.

In this particular client case the technical point at issue related to a section of the LBTT rules which precisely mirror the equivalent provisions within the Stamp Duty Land Tax (SDLT) legislation. Our client had previously sought and obtained a non-statutory HMRC clearance on the application of the SDLT provisions to the same structure at issue, and Revenue Scotland was provided with copies of this HMRC clearance. Based on this experience we believe that it would be beneficial for Revenue Scotland to improve communication and knowledge sharing with HMRC in relation to the non-statutory clearance process for LBTT.



This is only one example of a request for a non-statutory clearance, and we are mindful of the fact that Revenue Scotland has only been operational for the last six months which may have been a contributing factor to the delays. We are keen to ensure that we are able to assist Revenue Scotland with the timely resolution of any future requests.

Our experience otherwise to date of Revenue Scotland administering LBTT has generally been positive. For example, the 'Guidance' and 'Forms' sections on the Revenue Scotland website are easy to navigate and provide useful information. In addition, the portal for submitting LBTT returns is user friendly and easy to navigate.

If you wish to discuss these issues further, please do not hesitate to contact me on 0131 260 4671 or Susannah.m.simpson@uk.pwc.com should you have any queries. Alternatively, please send any correspondence to the address at the bottom of the first page.

Yours faithfully

Susannah M Simpson

Partner, Edinburgh