

Revenue Scotland  
PO Box 24068  
Victoria Quay  
Edinburgh  
EH6 9BR

Tel: 03000 200 310  
[www.revenue.scot](http://www.revenue.scot)

Bruce Crawford MSP  
Convener  
Finance and Constitution Committee  
The Scottish Parliament  
Edinburgh  
EH99 1SP

[Finance.Constitution@parliament.scot](mailto:Finance.Constitution@parliament.scot)

31 October 2019

Dear Mr Crawford

## **LAND AND BUILDINGS TRANSACTION TAX - ADDITIONAL DWELLING SUPPLEMENT**

I am writing regarding the Committee's consideration of the Land and Buildings Transaction Tax (LBTT) Additional Dwelling Supplement (ADS). Revenue Scotland officials have noted the issues that were raised at the round table discussion in May and in the light of those discussions, have analysed the queries from taxpayers or their agents to Revenue Scotland. It should be noted that almost all of the queries we receive will relate to operational rather than policy matters and will cover a range of issues within these categories.

The queries that are received by Revenue Scotland's are not held and recorded in the sort of detail that allows for a detailed analysis of the issues that the Committee are seeking to explore. However we have been able to allocate the queries to a number of categories that provide a broad indication of the scale and proportion of the queries we receive.

We have examined the queries received over a 6 month period from April - September 2019. The total number of queries received was 1,757, of which 859 (49%) related to the ADS. I would suggest a caveat should be placed on that percentage figure as the numbers are somewhat skewed by additional queries received from July relating to the introduction of our new online tax collection portal and by a change to the way in which we categorise queries. Based on the period from April to June, I would suggest that the proportion of tax queries relating to the ADS is closer to 70%.

I have provided a breakdown of the 859 ADS queries received between April and September in the table below:

**Additional Dwelling Supplement queries to Revenue Scotland from April – September 2019 by category**

Issue raised	Number of queries	Percentage of all ADS queries
<b>Application of ADS rules to specific transactions</b>	464	54%
<b>Repayments of ADS</b> following sale of previous main residence	205	24%
<b>Replacing a main residence</b> – understanding outcomes / timescales	91	11%
<b>Previous main residence not owned</b> – how do ADS rules apply in these circumstances?	43	5%
<b>Non-individuals</b> (i.e. ADS applying to companies acquiring residential property)	24	3%
Queries relating to <b>tax debt</b>	16	2%
<b>Divorce / separation</b>	16	2%
<b>Total</b>	<b>859</b>	<b>(figure does not add up to 100% due to rounding)</b>

As the table illustrates, over half of the queries about ADS relate to whether a particular transaction is likely to incur a charge to ADS and around a quarter of the queries relate to repayments of ADS following the sale of a previous main residence.

I trust that these statistics will be a useful indicator for the Committee of the range of queries we receive.

Yours sincerely,

**pp. Michael Paterson, Head of Tax (by email)**



Elaine Lorimer  
Chief Executive  
Revenue Scotland