



## **Land and Building Transaction Tax (Amendment) (Scotland) Bill**

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| Bill Number:   | SP Bill 85                     |
| Introduced on: | 27 January 2016                |
| Introduced by: | John Swinney (Government Bill) |
| Passed:        | 8 March 2016                   |
| Royal Assent:  | 24 April 2016                  |

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### **Passage of the Bill**

The Land and Building Transaction Tax (Amendment) (Scotland) Bill [SP Bill 85] was introduced on 27 January 2016. The Stage 1 debate took place on 23 February 2016, the Bill was considered at Stage 2 on 2 March 2016 and was passed by the Parliament on 8 March 2016.

### **Purpose and objectives of the Bill**

In his Spending Review and Autumn Statement of 25 November 2015, the Chancellor of the Exchequer announced a supplementary Stamp Duty Land Tax (SDLT) charge in the rest of the UK of 3% on the purchase of additional residential properties. In setting out his tax and spending proposals on 16 December 2015, the Deputy First Minister announced that legislation would be introduced proposing a new LBTT supplement on purchases of additional residential properties in Scotland (such as buy-to-let properties and second homes) with a market value of £40,000 and over.

The stated policy objective of the Scottish Government in replicating the UK Government's proposal is to

“...ameliorate the likely distortions which will arise in Scotland when new SDLT higher rates of tax for the purchase of additional residential properties are introduced in the rest of the UK from 1 April 2016. The absence of a similar LBTT supplement could make it more attractive to invest in buy-to-let properties and second homes (and in particular those properties at the lower end of the market) in Scotland compared to other parts of the UK, making it difficult for first time buyers in Scotland to purchase a main residence.”

The Scottish Government wish to “ensure that the opportunities for first time buyers to enter the housing market in Scotland remain as strong as they possibly can, aligning with LBTT policy on rates and bands.”

### **Provisions of the Bill**

The Bill as passed provides for an LBTT supplement to apply to the total purchase price of an additional residential property purchase with a market value of £40,000 or above (£40,000 is the point at which a buyer is required to make an LBTT return). The LBTT supplement will be chargeable if, at the time of the settlement of a transaction involving the purchase of a dwelling in Scotland, the buyer owns more than one dwelling (whether in Scotland or another country) unless that dwelling is a replacement of the buyer’s existing main residence.