

# J & H Mitchell <sup>WS</sup>

**SOLICITORS & ESTATE AGENTS**

— Since 1836 —



*This is one of a series of Fact Sheets provided by J. & H. Mitchell, W.S.*

## **Land and Buildings Transaction Tax**

Land and Buildings Transaction Tax (LBTT) replaced Stamp Duty Land Tax (SDLT) on purchases of land and buildings from April 2015. The tax is administered by Revenue Scotland on behalf of the Scottish Government, rather than by HM Revenue and Customs.

The tax operates in much the same way to LBTT, but purchasers do need to be aware of the different rates of tax. Generally, purchasers of residential property in Scotland will pay slightly less tax than in the rest of the UK up to the top of the 5% band (per the table below) but, once into the 10% band, the tax payable for purchasing in Scotland can very quickly exceed what would have been payable for an equivalent purchase elsewhere in the UK.

Like SDLT, LBTT is charged on a progressive basis. This means that the rates shown in the right hand columns below apply only to that part of the purchase price falling within the band shown in the left hand columns.

The Residential rates of LBTT are as follows:-

<b>Purchase Price</b>	<b>Tax Rate</b>
£0 - £145,000	0%
£145,001 - £250,000	2%
£250,001 - £325,000	5%
£325,001 - £750,000	10%
Above £750,000	12%

The non-residential rates of LBTT are as follows:-

<b>Purchase Price</b>	<b>Tax Rate</b>
£0 - £150,000	0%
£150,001 - £350,000	1%
Above £350,000	5%

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Revenue Scotland have a useful calculator available via the following link:

<https://www.revenue.scot/land-buildings-transaction-tax/tax-calculator/lbtt-property-transactions-calculator>

### **Additional Dwelling Supplement**

In addition to LBTT, many residential property purchases (as well as mixed purchases which include a residential element) will also now attract Additional Dwelling Supplement (ADS) at 4% of the total purchase price. This will be payable if the purchaser, or any joint purchaser, or any spouse of a purchaser, already owns another residential property anywhere in the world. It will also be payable on any purchase of a residential property by any limited company or other non-natural person, regardless of whether or not that entity owns any other residential property.

There are exemptions available, the most notable being where the purchaser is replacing his or her main residence, and has sold his or her previous main residence at any time within the 18 months prior to the purchase. ADS paid on the purchase of a main residence can also be reclaimed if a purchaser sells his or her previous main residence at any time in the 18 month period after the purchase.

The rules on when ADS might apply are not straightforward, and we would encourage you to discuss the full circumstances of your purchase with one of our solicitors so that we can advise you on whether or not it will be payable.

*Although carefully prepared, this Fact Sheet is a guide only and is not intended to be comprehensive. Specific advice should be requested on individual situations.*

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