



# The Land and Buildings Transaction Tax Additional Dwelling Supplement

## Evidence submitted to the Scottish Government 17 March 2023

This is a response to the Scottish Government's consultation on proposed amendments to the Additional Dwelling Supplement (ADS) of the Land and Buildings Transaction Tax (LBTT).

### Background

The ADS came into force in Scotland from 1 April 2016 and is a charge added to LBTT when an additional residential dwelling with a value of £40,000 or more is purchased, for example as a second home, holiday home, or rental property. ADS is currently set at six per cent of the total purchase price (with some exemptions and reliefs).

The ADS was introduced to protect and support opportunities for first time buyers. When it was introduced, the legislation exempted registered social landlords (RSLs) from the charge, but local authorities were overlooked. This has meant that in some cases, local authorities making strategic acquisitions to add to affordable housing supply have incurred additional expenses. Paying ADS is not a good use of funds that should be used to maximise affordable housing supply.

Following consultation, the Scottish Government is now seeking to amend legislation to relieve local authorities of the additional charge for affordable housing acquisitions.

### Consultation questions

#### **Question 13: Do you think that the proposed amendments provide for the Scottish Government's intended change?**

Yes, we support the amendment to provide local authorities with relief from LBTT and ADS and agree that this will bring them in line with Registered Social Landlords. This will support the Scottish Government's affordable housing supply programme which does include the purchase of some homes "off the shelf". Indeed, the Scottish Government's vision for Housing to 2040 suggests an



acceleration of off the shelf purchases and buy backs to meet the affordable homes target.

These acquisitions should never have been subject to additional charges which reduced the funding available to invest in more much needed affordable homes and we are pleased that this anomaly is now being addressed.

**15. Do you think that the proposed amendments will in any way impact upon equal opportunities, human rights, businesses, island communities, privacy and/or sustainable development in Scotland?**

The proposal to provide local authorities with relief from LBTT ADS will have a positive impact on the human right to adequate housing, and sustainable development in Scotland by ensuring the best value for money is achieved when acquiring properties for affordable housing.

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