

Scottish Taxes Update

General Features

30 July 2021

Representatives of the CIOT's Scottish Technical Committee attended meetings with the Scottish government and Revenue Scotland.

Land and buildings transaction tax

Representatives of the Scottish Technical Committee (STC) joined stakeholders from the Law Society of Scotland and ICAS in meeting with Revenue Scotland and the Scottish government to discuss operational and policy issues around the land and buildings transaction tax (LBTT).

There is a new head of LBTT at Revenue Scotland, Mollie Johnson, who was previously at HMRC.

Revenue Scotland provided various updates in relation to penalties – having paused these for a time because of COVID-19, they are now issuing them for late filing and late payment, but are taking a sympathetic approach.

Revenue Scotland had to make adjustments during COVID-19, such that paper forms and cheques could no longer be accepted. Going forward, they are looking to implement this as a permanent position.

In terms of tax policy, following the parliamentary elections, and the commitment to a review of the additional dwelling supplement (ADS) by the SNP, the Law Society of Scotland agreed to put together an amalgamated list of ADS issues.

Various issues with guidance were discussed, including in relation to the assumption of mortgage debt as consideration, group relief, ADS and the split between what is residential and what is non-residential. There was also discussion about various issues in relation to leases, including those affected by the transitional rules between stamp duty land tax and LBTT.

Scottish government: post-budget meeting

Representatives of the CIOT, ATT, LITRG, ICAS and the Law Society of Scotland met with Scottish government officials.

There was an update in relation to the Scottish parliamentary elections – Kate Forbes MSP has been reappointed as the Cabinet Secretary, with an expanded remit covering the economy, as well as finance. Tom Arthur MSP is the minister with responsibility for devolved taxes and Scottish income tax. The CIOT will be meeting with him in August. The aim is also to have meetings with the spokespeople for finance from the main opposition parties.

There were brief discussions about Scottish income tax and LBTT. In addition to the review of the ADS referred to above, the Scottish government is also carrying out a review of the change to a five band structure of Scottish income tax and its impact on the wider tax system.

It appears to be a priority to pick up the work of the Devolved Taxes Legislation Working Group, which was put on hold because of COVID-19. This was looking at new legislative processes to ensure a means of 'spring-cleaning' the Scottish tax system.

Revenue Scotland: draft Corporate Plan 2021-24

CIOT joined a stakeholder meeting to provide feedback on Revenue Scotland's draft Corporate Plan 2021-24. This will be the Scottish tax authority's third corporate plan since its inception.

The draft plan picks up the themes from the previous (current) plan – excelling in delivery; investing in our people; reaching out; and looking ahead. The aim has been to broaden the key performance indicators to better reflect the range of activities carried out by Revenue Scotland staff. There was helpful discussion about service delivery and use of data.

The plan will go to Scottish ministers and the Scottish Parliament for approval.