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ANNEX B

Request: Whether any briefings or memos were produced for Scottish Government ministers and/or officials about reducing the rates of LBTT in Scotland from 1 June 2020 to date. Please provide copies of any material where it exists.

Document 1: Extract from Tax scenario analysis for Cabinet Secretary for Finance and Minister for Public Finance and Migration, 30 June 2020

Purpose

1. To provide you with:
 - illustrative analysis of the impact of potential UK Government (“UKG”) tax changes; and
 - high level scenarios for devolved tax policy.

Priority

2. Routine. Officials are meeting with you on Thursday 2 July.

A. Background

3. Following your introductory meeting with officials on 10 June, you requested further briefing on the potential changes that the UKG could make to Income Tax or Stamp Duty Land Tax (“SDLT”) either in the Chancellor’s Summer Economic Statement (8 July) or in the next Autumn Budget. This note also provides that analysis and sets out some high level scenarios for Scottish tax changes in response.

4. The analysis set out in this paper is intended to give you an initial indication of the broad range of scenarios that could transpire. [REDACTED - Section 29(1)(a) - formulation or development of government policy]

Assumptions and Context

[REDACTED – not in scope]

[REDACTED – Section 28(1) - relations between Administrations of the UK]

8. There remains considerable uncertainty about the economic and fiscal effects of COVID-19. [REDACTED - Section 29(1)(a) - formulation or development of government policy]

[REDACTED – not in scope]

D. UK SDLT Scenarios

[REDACTED - Section 29(1)(a) - formulation or development of government policy]

Conclusion

36. You are invited to note the analysis provided on the potential scenarios for Income Tax and LBTT, ahead of the discussion with officials on 2 July.

ANNEX A:

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[REDACTED – *not in scope*]

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Document 2: Extracts of note to Ministers on the UK SDLT announcement of 8 July 2020, 8 July 2020

Cabinet Secretary for Finance

UK ANNOUNCEMENT: INCREASING THE SDLT 0% THRESHOLD TO £500K

Purpose

1. The UK Chancellor has announced an increase in the SDLT nil rate threshold from £125,000 to £500,000, effective immediately and running to the end of March 2021. No change has been made to the SDLT Higher Rate for Additional Dwellings, the equivalent of LBTT ADS. This note provides initial analysis of the effect of this in terms of the Block Grant Adjustment (BGA) and provides advice on potential options for LBTT, taking account of steers from Ministers following the note provided on Monday.

Estimated BGA Impact

2. Temporarily increasing the SDLT nil rate threshold to £500,000 will mean that around 88% of transactions would not pay “core” SDLT in England and Northern Ireland. According to UK figures, this will reduce SDLT revenues by around £3.8bn over the nine months.

3. [REDACTED - Section 30(b)(a) – free and frank advice] we will not formally receive updated BGAs from HMT until the Autumn Budget, where the BGAs will be calculated on the basis of updated OBR forecasts.

[REDACTED - Section 29(1)(a) – formulation or development of government policy; Section 30(b)(a) – free and frank advice]

Impact of a Significant Tax Cut or “Holiday”

5. Available evidence suggests that transaction tax holidays can stimulate housing market activity, assisting buyers who could not otherwise afford to purchase a property, bringing purchases forward and, in turn, supporting firms heavily dependent on the housing market through a downturn. The timing of an intervention and the wider economic background has however a significant bearing on its effectiveness.

[REDACTED - Section 29(1)(a) – formulation or development of government policy; Section 30(b)(a) – free and frank advice]

Operational, Legal and Communications Considerations

17. Should Ministers wish to make a change to LBTT, it could **not** be introduced immediately due to the time required to prepare legislation and for Revenue Scotland to be ready to implement it. The coming into force date of the legislation would need to be aligned with Revenue Scotland’s readiness to implement it.

[REDACTED - Section 29(1)(a) – formulation or development of government policy; Section 30(b)(a) – free and frank advice]

Conclusion

20. I would invite you to:

- Note that the Chancellor’s announcement will lead to immediate calls for equivalent action on LBTT.

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[REDACTED - Section 29(1)(a) – *formulation or development of government policy*; Section 30(b)(a) – *free and frank advice*]

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Document 3: Note updating Ministers on a change to the Block Grant Adjustment in respect of the SDLT cut, 14 July 2020

Overview

The OBR published their Fiscal Sustainability Report earlier today and this included an updated costing of the Stamp Duty Land Tax (SDLT) cut announced in the Chancellor's Economic Update from last week. **This significantly reduces the estimated cost of the measure**

[REDACTED - Section 29(1)(a) – formulation or development of government policy; Section 30(b)(a) – free and frank advice]

Change in the BGA

We provided briefing to Ministers last week (8 July) on the basis of the figures set out in HMT's Economic Update. The Economic Update estimated that the SDLT cut would reduce UKG revenues by £3.8bn in 2020-21. [REDACTED - Section 29(1)(a) – formulation or development of government policy; Section 30(b)(a) – free and frank advice]

Ministers agreed to increase the nil rate threshold for LBTT to £250k (compared to £500k under the SDLT change) which we estimated would reduce LBTT revenues [REDACTED - Section 29(1)(a) – formulation or development of government policy; Section 30(b)(a) – free and frank advice]

However, the updated costing from the OBR today has reduced the estimated reduction in SDLT revenues from £3.8bn in 2020/21 to £1.3bn in 2020-21 and 2021-22. [REDACTED - Section 29(1)(a) – formulation or development of government policy; Section 30(b)(a) – free and frank advice] The main driver for the difference is that the HMT figure was based on pre-COVID modelling – the OBR forecast has considered the impact of COVID on the property market and reduced the number of transactions by around 40%.

We also received a final costing of the LBTT measure from the SFC today which estimates that the measure will reduce LBTT revenues by £33m in 2020-21 and £15m in 2021/22 [REDACTED - Section 29(1)(a) – formulation or development of government policy; Section 30(b)(a) – free and frank advice]

[REDACTED - Section 29(1)(a) – formulation or development of government policy; Section 30(b)(a) – free and frank advice]

Impact on Budget and next steps

[REDACTED - Section 29(1)(a) - formulation or development of government policy; Section 30(b)(a) – free and frank advice]

[REDACTED - Section 30(b)(a) – free and frank advice]

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Document 4: Updated FMQ Brief, 14 July 2020

TEMPORARY INCREASE IN LBTT ZERO RATE THRESHOLD FROM £145,000 TO £250,000 UNTIL 31 MARCH 2021

ISSUE – 15 July: Legislation introduced to temporarily increase the residential LBTT zero rate threshold from £145,000 to £250,000. This will run until the 31 March 2021. The rates for the Additional Dwelling Supplement and non-residential LBTT will remain unchanged.

14 July: The Welsh Government announced that the zero rate threshold for Land Transaction Tax will be increased from £180,000 to £250,000 from 27 July.

9 July: Announcement by the Cabinet Secretary for Finance of an increase in the zero rate threshold from £145,000 to £250,000, to be introduced as quickly as possible.

8 July: The Chancellor announced a temporary increase in the zero % threshold for SDLT in the July Economic update in response to the Covid-19 crisis taking 90% of taxpayers out of SDLT. Scottish Government expected to respond with a similar tax cut though analysis suggests that a more measured tax cut is more appropriate for our circumstances.

Top Lines

- Effective from 15 July 2020, the residential LBTT zero rate threshold has been raised to £250,000, until 31 March 2021.
- Increasing the starting threshold to £250,000 means that, excluding ADS, the temporary tax cut takes 8 out of 10 taxpayers out of tax altogether.
- This is a significant change and results in a tax cut of up to £2,100 for home-movers.
- Overall, increasing the LBTT threshold will help increase housing market activity, boost the construction sector and stimulate our economy.
- Tax devolution is about separate tax policies for Scotland not just about matching those in the rest of the UK.
- We have a strong track record on LBTT – due to the reforms we have previously taken.
- Pre UK announcement, our higher starting threshold of £145,000 in Scotland has meant that around half of all transactions paid no tax.
- We continue to focus support on first-time buyers and in assisting people as they progress through the property market.
- By introducing the change so rapidly, we are providing certainty to people in the process of purchasing a home.

This tax cut isn't as substantial as the SDLT tax cut, why can't you go as far as the Chancellor went on this?

- Focus is solely on what is required to support the housing market and taxpayers in Scotland.
- By taking a distinctive approach in Scotland to raising the starting threshold under LBTT I am able to target further support elsewhere and to target it, where the UK Government failed to provide funding to devolved administrations.

Why didn't you make this change immediately like the UK?

- Scottish Government responded by laying legislation to implement the tax change within 5 working days - as quickly as it could in the circumstances. UK Government had weeks to prepare for its decision to raise the threshold at which Stamp Duty Land Tax is paid, yet we were given no advance notice.

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- Have made clear that time was required to prepare legislation, and for Revenue Scotland to be ready to collect and manage the tax. The alternative would have been to say nothing and to create even more uncertainty in the market.
- Have worked to introduce this as soon as possible to ensure that as many buyers as possible can benefit.

This move isn't helping hard-pressed first-time buyers who cannot afford £250,000 properties

- We have already helped 21,000 first-time buyers with the dedicated tax relief we introduced in June 2018.
- Change now ensure that approximately 90% of First-Time Buyers pay no LBTT until 31 March 2021.
- In cash terms this means that a First-Time Buyer buying a property of £250,000 receives a tax cut of £1,500.

How is this helping second and third-steppers in the housing market?

- Impact greater on home-movers as First Time Buyers already receive more tax relief.
- Means that a home-mover trading up to buy a property of £250,000 receives a tax cut of £2,100.
- Means that a home-mover buying a property of £500,000 receives a tax cut of £2,100.

To help the private rented market and landlords already facing financial difficulty, why haven't you included a temporary tax cut for those paying the 4% ADS charge which is already higher than in RUK (3%)?

- We have to prioritise.
- Want to ensure that first-time buyers and those moving through the market benefit the most from this temporary tax change.
- Focus in this crisis is not on cutting the tax on second homes and investment properties.
- People buying such properties will pay no more tax than they did anyway.
- The Chancellor didn't include tax cuts for these types of transactions in his measures announced yesterday.

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Document 5: Email to housing officials, 15 July 2020

From: [REDACTED]@gov.scot
Sent: 15 July 2020 16:27
To: [REDACTED]@gov.scot
Cc: [6 REDACTED]@gov.scot
Subject: For info: LBTT SSI

Hi all

The LBTT Rates and Bands SSI was laid in Parliament this morning, as provisional affirmative. Effective from today (15 July), it temporarily increases the residential LBTT zero rate threshold from £145,000 to £250,000. This will run until the 31 March 2021. The rates for the Additional Dwelling Supplement and non-residential LBTT will remain unchanged. Link - <http://www.legislation.gov.uk/id/ssi/2020/215>.

This is a significant change which, taking account of property prices in Scotland, will mean that – excluding consideration of the LBTT Additional Dwelling Supplement – 8 out of 10 house buyers in Scotland will pay no LBTT.

I flagged the laying of the SSI to HfS this morning, as I know they had a particular interest.

Please let me know if you have any questions, and it would be appreciated if you could forward on anything you receive in relation to this change to myself.

Also grateful if you could forward this update on to appropriate colleagues.

Thanks

[REDACTED – name and contact details]

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Document 6: FMQ note on the LBTT change, 10 July 2020

TEMPORARY INCREASE IN LBTT ZERO RATE THRESHOLD FROM £145,000 TO £250,000 UNTIL 31 MARCH 2021

ISSUE – 10 July: Announced that legislation will be introduced next week to provide that the increase in the starting LBTT threshold from £145,000 to £250,000 set out by the Cabinet Secretary for Finance on **9 July** would be introduced with effect from Wednesday 15 July. Change to run until 31 March 2021. Rates for the Additional Dwelling Supplement and non-residential LBTT will remain unchanged.

8 July: The Chancellor announced a temporary increase to £500,000 for the zero % threshold for SDLT in the July Economic update in response to the Covid-19 crisis, taking 90% of taxpayers out of SDLT. Scottish Government expected to respond with a similar tax cut though analysis suggests that a more measured tax cut is more appropriate for our circumstances.

Top Lines

- Tax devolution is about separate tax policies for Scotland not just about matching those in the rest of the UK
- We have a strong track record on LBTT – due to the reforms we have previously taken,
- Pre UK announcement, our higher starting threshold of £145,000 in Scotland has meant that around half of all transactions paid no tax.
- We continue to focus support on first-time buyers and assisting people as they progress through the property market.
- Increasing the starting threshold to £250,00 means that, excluding ADS, the temporary tax cut takes 8 out of 10 taxpayers out of tax altogether.
- This is a significant change and results in a tax cut of up to £2,100 for home movers.
- By introducing the change so rapidly, we are providing certainty to people in the process of purchasing a home.
- Overall, increasing the LBTT threshold will help increase housing market activity, boost the construction sector and stimulate our economy.

This tax cut isn't as substantial as the SDLT tax cut, why can't you go as far as the Chancellor?

- Focus is solely on what is required to support the housing market and taxpayers in Scotland
- By taking a distinctive approach in Scotland to raising the starting threshold under LBTT, Scottish Government is able to target further support elsewhere and to target it where the UK Government failed to provide funding to devolved administrations.
- By providing an additional £100m to for targeted employment support and training, to help keep people in work or help them retrain.

Why couldn't you make this change immediately like the UK?

- Scottish Government responding as quickly as it can in the circumstances. UK Government had weeks to prepare for its decision to raise the threshold at which Stamp Duty Land Tax is paid, yet we were given no advance notice.
- Announcement on 9 July clarified our policy intentions and we have quickly moved to confirm the change will apply to purchases with an effective date from next Wednesday.
- To mitigate the immediate adverse impact on the housing market in Scotland as a result of the Chancellor's announcement, we are now working at pace on the necessary legislation and to ensure Revenue Scotland is ready to collect and manage the tax.

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This move isn't helping hard-pressed first-time buyers who cannot afford £250,000 properties

- We already have helped more than 21,000 first-time buyers on tax with the dedicated tax relief we introduced in June 2018
- Change now ensures that approximately 90% of First Time Buyers pay no LBTT until 31 March 2021
- In cash terms this means that a First-Time Buyer buying a property of £250,000 receives an additional tax cut of £1,500

How is this helping second and third-steppers in the housing market?

- Impact greater on home-movers as First Time Buyers already receive more tax relief
- Means that a home-mover trading up to buy a property of £250,000 receives a tax cut of £2,100 (-100%)
- Means that a home-mover buying a property of £500,000 receives a tax cut of £2,100 (-9%)

To help the private rented market and landlords already facing financial difficulty, why haven't you included a temporary tax cut for those paying the 4% ADS charge which is already higher than in RUK (3%)?

- We have to prioritise.
- Want to ensure that first-time buyers and those moving through the market benefit the most from this temporary tax change
- Focus in this crisis is not on cutting the tax on second homes and investment properties
- People buying such properties will pay no more tax than they did anyway.
- The Chancellor didn't include tax cuts for these types of transactions in the measures he announced.

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Document 7: Extracts of request for approval to lay legislation in Parliament, 14 July 2020

From: [REDACTED]
DOTFS: Tax
14 July 2020

Minister for Public Finance and Migration

THE LAND AND BUILDINGS TRANSACTION TAX (TAX RATES AND TAX BANDS) (SCOTLAND) AMENDMENT (NO. 2) ORDER 2020: REQUEST FOR APPROVAL TO LAY LEGISLATION

Purpose

1. To seek your approval for the draft secondary legislation and Policy Note set out at **Annexes A and B** to be laid in the Scottish Parliament. The legislation, which uses the provisional affirmative procedure, is intended to provide for the temporary increase to the LBTT nil rate announced by the Cabinet Secretary in Parliament on 9 July 2020.

Timing

2. **Immediate.** The instrument is due to be signed at 16:30 today (14 July 2020) and laid in the Scottish Parliament on 15 July 2020 so that it applies in relation to transactions with an effective date of on or after 15 July 2020. This will deliver the public commitment given on the instrument.

The Land Buildings Transaction Tax (Tax Rates and Tax Bands) (Scotland) Amendment (No.2) Order 2020

3. I attach at **Annex A** an Order to provide for the temporary increase to the nil rate band for residential LBTT. This instrument:

- amends – for transactions with an effective date of between 15 July 2020 and 31 March 2021 (inclusive) – Table A of the 2015 Rates and Bands Order so that the nil rate band applies where the relevant consideration is not more than £250,000 instead of £145,000;
- for these transactions, renumbers the second, third and fourth tax bands in Table A as the first, second and third tax bands respectively. This is on the basis that, as a result of this change, the 2% tax band provided for in the 2015 Order (£145,000 to £250,000) is no longer relevant to these transactions.

4. The intended effect is that the amended nil rate band will apply only to transactions with an effective date on or before 31 March 2021. Any transactions with an effective date after 31 March 2021 will pay tax based on the current rates and bands.

[REDACTED - Section 29(1)(a) – formulation or development of government policy. Section 30(b)(a) – free and frank advice]

5. The Order does not include any transitional provisions. This means that the amended arrangements can only apply to transactions with an effective date (in broad terms usually the date that someone gets the keys to a house and moves in) within the period 15 July 2020 to 31 March 2021.

6. A policy note for the Order is provided at **Annex B**.

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7. If you are content, the Order will be made available for signing by you later today (16:30 on 14 July 2020).

Other Points: First Time Buyer Relief and Substantial Performance

[REDACTED - Section 29(1)(a) – formulation or development of government policy. Section 30(b)(a) – free and frank advice]

Timing

8. The Order will allow for the change to be introduced with immediate effect, applying in relation to transactions for which the effective date is on or after 15 July 2020. It will however cease to have effect if not approved by a resolution of the Scottish Parliament within 28 days of the date it is made. The parliamentary sitting days during recess count for one day each so, by laying on 15 July, that would mean the 28 day period expires on 2 September 2020.

Parliamentary Handling

9. This will be the first time that a change has been made to LBTT rates and bands outside of the Budget process.

10. The Cabinet Secretary wrote to the Presiding Officer and to the Clerks of the DPLRC and Finance and Constitution Committee on Friday (10 July 2020) to alert them to the intention to lay legislation and to provide context. [REDACTED – name] also provided the Clerks of the Finance and Constitution Committee with an in-confidence update on Friday.

[REDACTED - Section 29(1)(a) – formulation or development of government policy. Section 30(b)(a) – free and frank advice]

Conclusion

11. On the basis of the above and the content of Annexes A and B, I would invite you to indicate if you are content for the Order and policy note to be laid in Parliament so that the changes come into effect from 15 July. If you are content, a copy of the instrument will be provided for signing at 16:30 today.

[REDACT – Name]

DOTFS: Tax

14 July 2020

Copy List:	For Action	For Comments	For Information		
			Portfolio Interest	Constitution Interest	General Awareness
Cabinet Secretary for Finance Minister for Parliamentary Business			X X		

Permanent Secretary
DG Exchequer
Director of Tax

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Chief Executive, Revenue Scotland
Callum McCaig
[REDACTED 7 Scottish Government officials]

ANNEXES

[REDACTED - *Section 25 (1)* – Information otherwise accessible]

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Document 8: FMQ Note – 28 July 2020

ISSUE:

15 July: Legislation introduced to the Scottish Parliament to increase the starting LBTT threshold from £145,000 to £250,000, as announced by the Cabinet Secretary for Finance on 9 July. Change to run until 31 March 2021, subject to Parliamentary approval. Rates for the Additional Dwelling Supplement (ADS) and non-residential LBTT will remain unchanged. Change responds to the UK SDLT announcement (for England and Northern Ireland) on 8 July.

LBTT - 4 bands	£0-250k	£250k-£325k	£325k-750k	£750k+
Rates 15/7/20- 31/3/01	0%	5%	10%	12%
SDLT - 4 bands	£0-500k	£500k-£925k	£925k-£1.5m	£1.5m+
Rates 8/7/20- 31/3/01	0%	5%	10%	12%

24 July: Latest Revenue Scotland statistics show a 63% and 60% decline in residential transactions and LBTT revenues respectively for the period April to June 2020 compared to the same period in 2019-20. [REDACTED Section 30(b)(a) – free and frank advice] but surveys show signs of improvement in the market in July following the re-opening of the Scottish housing market on 29 June.

- Tax devolution is about taking specific tax decisions for Scotland, not just matching those in the rest of the UK
- We continue to focus support on first-time buyers and assisting people as they progress through the property market.
- Increasing the starting threshold to £250,000 means that, excluding ADS, the temporary tax cut to end March next year takes 8 out of 10 taxpayers – and 9 out of 10 first time buyers - out of tax altogether.
- This is a significant change worth up to £2,100.
- By introducing the change so rapidly, we have provided certainty to people in the process of purchasing a home.
- Overall, increasing the LBTT threshold will help increase housing market activity, boost the construction sector and stimulate our economy.

Scottish Government introduced LBTT changes as quickly as it could in the circumstances.

- UK Government had weeks to prepare for its decision to raise the threshold at which Stamp Duty Land Tax is paid, yet we were given no advance notice.
- Announcement policy intentions on 9 July and we quickly moved to confirm the change would apply to purchases with an effective date from 15 July.
- Our decision harder due to changing information on the SDLT policy costing. HMT said £3.8 bn and a week later OBR said it was £1.3bn for 2020-21
- Therefore very difficult to assess the Block Grant Adjustment (BGA) impact. Not a sustainable basis to conduct tax policy in either Scotland or RUK

Focus is solely on what is required to support the housing market and taxpayers in Scotland

- Tax devolution is about taking specific tax decisions for Scotland, not just matching those in the rest of the UK
- Have taken a distinctive approach in Scotland, taking account of house price distribution and the market here.
- March UK House Price Index shows average property prices in Scotland at £152,000 compared to £232,000 in UK difference of £80,000 or a third.

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- Given that difference, it makes sense to set the zero % threshold at the appropriate level for Scotland. Welsh Government has done similar in Wales.
- Excluding ADS, the temporary cut to LBTT takes 8 out of 10 taxpayers – and 9 out of 10 first time buyers - out of tax altogether.

Previous arrangements were already helping first-time buyers and assisting people as they progress through the property market.

- Pre UK change, LBTT starting threshold of £145,000 in Scotland was higher than that for SDLT - meant around half of all transactions paid no tax.
- Dedicated tax relief worth up to £600 introduced in June 2018 helped more than 21,000 first-time buyers to buy their first home.
- Increase in zero threshold benefits first time buyers by up to an additional £1,500 relative to this – meaning a total tax reduction of up to £2,100.
- And 90% of first-time buyers will pay no tax at all

Latest LBTT figures show the impact of coronavirus (COVID-19) on the market.

- Residential revenues in the first quarter of 2020-21 are around 60% lower than in the same period in 2019-20.
- However, June's figures represent a significant improvement on April and May data as the property market begins to recover from the impact of coronavirus –
- Survey evidence from selling agents and surveyors on the Scottish residential market in July was encouraging even before the tax change.

Non-residential LBTT tax rates and bands intended to ensure that Scotland remains a competitive and attractive location

- We are competitive on conveyances - 47% of non-residential conveyances (£150,000 and below) pay no tax, whilst no-one pays more tax for a non-residential conveyance than in England and Northern Ireland.
- Also competitive on most leases - 41% of leases (NPV of £150,000 or below) pay no tax and 95% of leases pay no more tax compared to RUK counterparts

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Document 9: Note to Ministers on SSI Introduction Date

From: [REDACTED]@gov.scot

Sent: 10 July 2020 12:17

To: First Minister; First Minister FMQs

Cc: Cabinet Secretary for Finance; Minister for Public Finance and Migration; DG Scottish Exchequer Mailbox; Director of Tax; Chief Executive of Revenue Scotland; Callum McCaig; Elizabeth Lloyd; 4 REDACTED@gov.scot]

Subject: URGENT - LBTT change - confirming date of introduction

Importance: High

FM/PO,

We have been working at speed with colleagues in Revenue Scotland and SGLD since yesterday to work through the legislative and implementation steps required before the LBTT change can be introduced.

We can confirm that the LBTT change will come into effect from Wednesday next week (15 July), with legislation being introduced to Parliament on this date – [REDACT - Section 30(b)(a) – free and frank advice]

I've provided some further lines to take below.

We will work with Comms on a news release and update our key stakeholder group.

Thanks,

[REDACT - name]

Lines

- Following the Cabinet Secretary for Finance's announcement yesterday that the starting threshold for LBTT will be increased from £145,000 to £250,000, I can confirm that this change will come into effect from Wednesday next week (15th July) and legislation will be introduced to Parliament on this date.
- The Scottish Government has responded as quickly as possible in the circumstances. UKG gave us no advance warning of their intention to make a change to SDLT.
- It is essential that any change is introduced effectively and efficiently and time is required to prepare legislation, and for Revenue Scotland to be ready to collect and manage the tax.
- The alternative would have been to say nothing and to create even more uncertainty in the market.

[REDACT – name and contact details].

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Document 10: Extract from PowerPoint Presentation

- Residential LBTT: two measures: (1) Temporary (to end March 2021) increase to starting threshold, from £145k to £250k. 8/10 pay no tax (excluding Additional Dwelling Supplement - ADS). Costing £33m/£15m in 2020-21/2021-22; (2) ADS(4% of purchase price) repayment window doubled to 36 months for specified transactions to allow time to sell a previous main residence in disrupted market. Costing £10m over 3 years.

[REDACT – not in scope]

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Request - Details and minutes of any meetings where Scottish Government Ministers and/or their special advisors were in attendance and LBTT was discussed from 1 June 2020 to date.

Document 11: Details of meeting held by the Minister for Public Finance and Migration

LBTT STAKEHOLDER CALL

MINUTES OF MEETING HELD VIA CONFERENCE CALL AT 12:00 ON WEDNESDAY, 1 JULY 2020

Present:	Ben Macpherson Scottish Government officials	Minister for Public Finance and Migration
In Attendance:	Fionna Kell John Boyle Hew Edgar John Blackwood Claire Flynn Robin Blackwood	Homes for Scotland Rettie & Co RICS Scottish Association of Landlords ESPC Scottish Property Federation

Readout of LBTT Stakeholder Engagement call:

From: [REDACTED]@gov.scot
Sent: 03 July 2020 10:16
To: [REDACTED]@gov.scot
Cc: [REDACTED]@gov.scot>; [REDACTED]@gov.scot
Subject: LBTT Stakeholder Engagement - Follow Up

[REDACTED – out of scope]

The Minister (Ben Macpherson) had a call with LBTT stakeholders on Wednesday, brief read out below.

Attendees:

- John Blackwood, Scottish Association of Landlords
- Fionna Kell, Homes for Scotland
- Claire Flynn, Solicitors Property Centre
- Robin Blacklock, SPF
- John Boyle, Rettie

Main points of discussion were:

- Generally, market going well before lockdown measures but collapse in activity since late March. One stakeholder forecasts a 20-35% fall in transactions in 2020.
- Attendees were in agreement that there is likely to be a surge in property transactions over summer following the reopening of the market (29 June), followed

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by a dip in Autumn due to wider economic situation and restrictions on loan-to-value percentages in the mortgage market.

- Attendees were all in favour of an LBTT holiday or a significant reduction in LBTT rates by 50-70% to stimulate the residential market. A non-residential LBTT holiday would not on its own boost activity.
 - And continue to support moving residential 10% threshold from £325k in long term to support 'second/third steppers' in the market.
- Noted potential for more demand for rural properties following lockdown, working from home, etc. but will require adequate wifi/broadband.
- In future, a desire to align LBTT rates to energy efficiency of properties and align with reducing VAT (a reserved tax issue) on home improvements that relate to energy efficiency.
- Attendees stated LBTT was a barrier in some markets (e.g. Edinburgh) – Minister keen to receive evidence on this which officials will follow up on.

[REDACTED – out of scope]

[REDACTED – contact details]

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Document 12: Details of phone meeting between Minister for Public Finance and Scottish Government officials. 26 June 2020

Title: Meeting With Officials - Covid-19 asks - submission

Date & Time: 26 June 2020; 14:00 – 14:45

Venue: Phone

Attendees:

Minister for Public Finance, Ben Macpherson

Scottish Government officials

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Document 13: Details of meeting held by the Minister for Public Finance and Migration

**QUARTERLY MEETING WITH REVENUE SCOTLAND CHIEF EXECUTIVE AND CHAIR
OF REVENUE SCOTLAND**

**MEETING HELD VIA CONFERENCE CALL
AT 12:00 ON WEDNESDAY, 17 JUNE 2020**

Present: Ben Macpherson Minister for Public Finance and Migration
Scottish Government officials

In Attendance: Elaine Lorimer Chief Executive of Revenue Scotland
Dr Keith Nicholson Chair of Revenue Scotland

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Document 14: Details of phone meeting between Minister for Public Finance and Scottish Government officials. 10 June 2020

Title: Meeting: LBTT Discussion with Officials

Date & Time: 10 June 2020; 9:30 – 10:15

Venue: Phone

Attendees:

Minister for Public Finance, Ben Macpherson
Scottish Government officials