Scottish Taxes Update

General Features

31 March 2021

Representatives of the CIOT's Scottish Technical Committee attended meetings with the Scottish government, the SNP Manifesto Development Team and Revenue Scotland.

Land and buildings transaction tax

Representatives of the CIOT's 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 land and buildings transaction tax (LBTT).

Revenue Scotland provided a number of operational updates, including in relation to the types of work they are seeing, their increased use of the secure messaging system within the Scottish Electronic Tax System and their work in relation to three-yearly lease reviews.

The Scottish government summarised a number of legislative issues, including confirmation of LBTT announcements in the Scottish Budget on 28 January 2021, such as:

- The introduction of reliefs for seeding of property authorised investment funds and transactions in co-ownership authorised contractual schemes will be delayed until the next parliamentary term (following the Scottish Parliamentary elections in May 2021).
- The Scottish government intends to consult on how to deal with various issues that have arisen in connection with the additional dwelling supplement.

The Scottish government: post-Budget meeting

Following the publication of the Scottish Budget on 28 January 2021, the Scottish government held a meeting with representatives from CIOT's STC, the ATT and

LITRG, as well as ICAS and the Law Society of Scotland.

The Scottish government thanked the representatives for their participation in pre-Budget roundtables organised by the Cabinet Secretary and for submitting responses to the pre-Budget consultation. They provided background and insights into the different decisions within the Scottish Budget. They also set out the expected timetable for the parliamentary process for the Budget Bill and the Scottish Rate Resolution to progress through the Scottish Parliament.

There was a recap of the different measures announced in the Scottish Budget, particularly in relation to Scottish income tax and LBTT. The Scottish government also took the opportunity to discuss the tax chapter within the Medium-Term Financial Strategy that was published alongside the Scottish Budget. This includes a commitment to a policy evaluation during 2021 of the Scottish income tax reforms of 2018/19, such as the introduction of a five-band structure. Stakeholders will have the opportunity to engage with the Scottish government on this.

SNP manifesto development team

The Scottish Parliamentary elections are due to take place on 6 May 2021. We are currently working on a joint tax manifesto with colleagues from ICAS. In light of this, we are arranging meetings or other forms of engagement with the manifesto development teams of the different political parties in Scotland. As part of this programme, representatives of the CIOT and ICAS met with the coordinator of the SNP’s election manifesto to discuss the emerging findings of our CIOT-ICAS joint tax manifesto. The purpose of the meeting was to set out areas of tax policy that we would like to see Scotland’s political parties consider for inclusion in their election manifestos later this year. We focused on areas related to improving decision making and accountability, developing a more strategic approach to tax policy making, and improving public awareness and understanding of devolved tax. We will be publishing our manifesto later this year to coincide with the Scottish Parliament election campaign.