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**From:** [Redacted]

**Sent:** 16 May 2018 17:59

**To:** [Redacted]

**Cc:** [Redacted] Ireland J (John); [Redacted]

**Subject:** OFFICIAL SENSITIVE – Final Forecasts and Fact-check – Land & Buildings Transaction Tax (LBTT) – May 2018

All,

In accordance with the Protocol, the Commission is now formally sharing our final forecasts with the Scottish Government and sharing our report for fact-checking purposes. Please find below the final forecast for Land & Buildings Transaction Tax. In the absence of a significant quality assurance issue these forecasts will not change.

<< OLE Object: Picture (Device Independent Bitmap) >>

The Scottish Government is invited to confirm the factual accuracy of the report, accompanying spreadsheet and the presentation of Scottish Government policy. As per the protocol we require any comments to be received by the end of Monday 21<sup>st</sup> May. For ease we are sending the report in sections directly to the relevant teams, please ensure that all relevant people in the Scottish Government are included on this copy list and have sight of the report.

**This report and forecasts are being shared strictly for the purposes of commenting on the factual accuracy of the report and for the development of the Scottish Government's Medium Term Financial Outlook. The report and forecasts contains Scottish Fiscal Commission assumptions and determinants that are classified as OFFICIAL-SENSITIVE until the time of publication, they must be protected at all times and must not be shared beyond those requiring access for the purposes of fact-checking.**

Please note that the report is still being finalised and the Commission retains the right to change any element of the report. As per the protocol the report will be shared with the Cabinet Secretary for Finance and the Constitution on Thursday 24<sup>th</sup> May. A final pre-release version will be shared with the Cabinet Secretary on Wednesday 30<sup>th</sup> May and the final version of the report will be published on Thursday 31<sup>st</sup> May.

We will also cover LBTT in the summary section of the report, this is still in development as we work on the overall narrative of the report. We will provide this separately for fact-checking on the 22<sup>nd</sup> May, and invite comments on factual accuracy back from the Scottish Government by the morning of the 24<sup>th</sup> May. The final version of the report will be provided to the Cabinet Secretary for Finance and Constitution in the afternoon of the 24<sup>th</sup> May.

Best regards,

[Redacted]

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**From:** [Redacted]

**Sent:** 21 May 2018 09:48

**To: [Redacted]**

**Subject:** Official sensitive - one additional para in LBTT section of Report

Morning both,

With apologies that this comes a little late, I have written one additional para in the uncertainty part of the non-res section. It's fairly descriptive, so hopefully not an issue, but I just want to make sure I run it by you guys for fact check also. I have sent also to Martin in Revenue Scotland.

Para:

April 2018 ~~will also be~~ is the first month for tax returns received for three year lease reviews. Unless a lease has been terminated or transferred to another party, a further LBTT return must be submitted by the tenant at every third anniversary of the effective date of a lease and any additional LBTT must be paid or overpaid LBTT can be reclaimed. We will monitor data as it comes in and revisit our forecasts again in December accordingly.

Cheers,

**[Redacted]**

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**From: [Redacted]**

**Sent:** 21 May 2018 16:35

**To: [Redacted]**

**Cc: [Redacted]**

**Subject:** RE: Official sensitive - one additional para in LBTT section of Report

**[Redacted]**

Just one suggested factual change now the first figures on this have been published. Looking over the main paper and may have some factual comments on that too

**[Redacted]**

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**From: [Redacted]**

**Sent:** 21 May 2018 19:33

**To: [Redacted]**

**Cc: [Redacted]** Ireland J (John); **[Redacted]**

**Subject:** RE: OFFICIAL SENSITIVE – Final Forecasts and Fact-check – Land & Buildings Transaction Tax (LBTT) – May 2018

**[Redacted]**

A few factual comments from SG for your consideration:

3.1

Insert “the purchase or lease of” before “non-residential property” on line 2 just to bring leases into the opening text.

Insert “purchase or lease of non-residential land or property” instead of “purchase of land or non-residential properties” on line 6.

3.10

Table 3.15 shows a downwards revision for 2017-18 and an upward revision for all years thereafter so this doesn’t match the current text.

3.17.

Given legislation is now in Parliament could say more definitively “is legislating to” instead of “plans to.” See also comment on Annex B below.

Annex B.

General point from James McLellan – we weren’t expecting any change to the policy costings for the FTB relief although the text explains why this has happened in 3.17. We would appreciate a further word on this. Also, the text in Annex B seems to relate to Income Tax rather than LBTT and doesn’t include any of the reasoning in 3.17 so it may be that this is still work-in-progress?

3.25

Replace “and will make” with “which makes.”

Table 3.18

General comment – and I may be missing something here. In the March 2018 published data, ADS repayments for 2017-18 are sitting at £17.6 million on a cash basis for but the reclaimed/repaid forecast figure on an accruals basis is £32 million. Is it your intention to say anything more about the sizeable difference?

3.29 Replace “Additional Dwelling Supplement” with “ADS.”

Also, add “from 2018-19 onwards” to final sentence as the 17-18 in-year forecast is a downwards revision.

3.36

Replace first sentence with: “Non-residential LBTT applies to purchases and leases of commercial land and property such as shops.....”

Add “respective” before “tax band.”

3.55

This accurately reflects our position on Group Relief.

3.58

Add “UK Government” before “Spring Statement.”

Data tables

The attached Excel tables 3.12-3.24 tally with your text and are consistent with the UK Government Spring Statement BGAs and the March 2018 OBR forecast data.

[Redacted]

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**From:** [Redacted]

**Sent:** 22 May 2018 10:59

**To:** [Redacted]

**Cc:** [Redacted] Ireland J (John); [Redacted]

**Subject:** RE: OFFICIAL SENSITIVE – Final Forecasts and Fact-check – Land & Buildings Transaction Tax (LBTT) – May 2018

Hi [Redacted]

Thanks very much to you and others for looking through the document and for the suggestions below. Will review and amend accordingly.

Best regards,

[Redacted]

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**From:** [Redacted]

**Sent:** 23 May 2018 09:54

**To:** [Redacted]

**Cc:** [Redacted] Ireland J (John); [Redacted] Grisewood A (Aidan); [Redacted]

**Subject:** RE: OFFICIAL SENSITIVE – Final Forecasts and Fact-check – Land & Buildings Transaction Tax (LBTT) – May 2018

[Redacted]

Thanks for the chat just now. For the benefit of others on the copylist I've set out what we discussed on the FTB relief costing.

We weren't aware until the final draft came around that you were planning on updating the costing of the FTB relief. Although the change is relatively small, this was not picked up when the secondary legislation was laid last week and it wasn't mentioned in the letter to the Finance and Constitution Committee on LBTT costings.

On the presentation of it, I'm concerned that the wording in the summary chapter talks about introduction being “postponed” to 30 June. When the relief was announced in the Draft Budget the commitment was for it to be introduced by June which we are on track to do. For modelling purposes the SFC used the date of 1 June – this was not a date which SG ever committed to. I'll reflect this in our comments on the summary chapter but I thought it would also be helpful to set this out in email.

[Redacted]

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**From:** [Redacted]

**Sent:** 23 May 2018 10:02

**To:** [Redacted]

**Cc:** [Redacted] Ireland J (John); [Redacted] Grisewood A (Aidan); [Redacted]

**Subject:** RE: OFFICIAL SENSITIVE – Final Forecasts and Fact-check – Land & Buildings Transaction Tax (LBTT) – May 2018

Thanks [Redacted] – just to note that I've also managed to track down the written return from SG stating the policy on FTB relief and that has June, rather than 1<sup>st</sup> June. So we'll amend wording accordingly.

As discussed, I'll also draft a para for our Annex B just stating why we have updated the costing and why we didn't do it for the introduction of the SSI.

[Redacted]