



## FINANCE COMMITTEE

### AGENDA

**6th Meeting, 2013 (Session 4)**

**Wednesday 20 February 2013**

The Committee will meet at 9.30 am in Committee Room 5.

1. **Decision on taking business in private:** The Committee will decide whether to take item 3 in private.
2. **Land and Buildings Transaction Tax (Scotland) Bill:** The Committee will take evidence on the Bill at Stage 1 from—

Alan Cook, Partner, Pinsent Masons LLP;

Elspeth Orcharton, Director, Corporate and International Taxation, The Institute of Chartered Accountants of Scotland;

Nick Scott, Head of Property & Partner, Brodies LLP;

and then from—

Elaine Waterson, Strategy Manager, Energy Saving Trust;

Chas Booth, Senior Press & Parliamentary Officer at Association for the Conservation of Energy, Existing Homes Alliance.

3. **Post-16 Education (Scotland) Bill:** The Committee will consider a draft report on the Financial Memorandum of the Post-16 Education (Scotland) Bill.

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The papers for this meeting are as follows—

**Agenda item 2**

Paper by the clerk

FI/S4/13/6/1

**Agenda Item 3**

PRIVATE PAPER

FI/S4/13/6/2 (P)

## Finance Committee

6th Meeting, 2013 (Session 4), Wednesday 20 February 2013

### Land and Buildings Transaction Tax (Scotland) Bill: Stage 1

#### Introduction

1. The Finance Committee has been designated by the Parliamentary Bureau as the lead committee for the consideration of the [Land and Buildings Transaction Tax \(Scotland\) Bill](#) (LBTT Bill). The Committee will hold its sixth and seventh Stage 1 oral evidence sessions when it hears from—

- the Institute of Chartered Accountants in Scotland; Brodies; Pinsent Masons
- the Energy Savings Trust; Existing Homes Alliance.

2. Copies of the Bill and accompanying documents have been circulated to members along with the [SPICe briefing on the Bill](#). The witnesses [written submissions](#) are attached.

#### Background

##### *Approach*

3. The role of the Committee at Stage 1 is to consider and report on the general principles of the Bill. It issued a call for evidence on 5 December 2012 (Annexed) and the responses received have been published on the [Committee's LBTT Bill webpage](#).

##### *Bill purpose*

4. The purpose of the Bill is: 'to make provision about the taxation of land transactions.'

##### *Policy background*

5. This is the first of three Bills being brought forward by the Scottish Government (SG) as a consequence of the Scotland Act 2012. The [Landfill Tax Bill](#) (LT) is expected to come forward in spring 2013 with the [Tax Management Bill](#) (TM) in autumn 2013. The TM and LBTT Bills are to 'be viewed as a package' with the TM Bill expected to provide for issues relating to tax collection arrangements, appeals, offences and penalties. The SG has published consultation papers on both the LT (now closed) and TM Bills.

6. The SG has sought to reflect its four tax principles of certainty, convenience, efficiency and proportionality in the Bill. The tax will be collected by Revenue Scotland through Registers of Scotland. Revenue Scotland has been set up as an administrative unit of the SG which by 2015 will have been established in statute at arm's length from Ministers, in line with international good practice. The Committee will take evidence from both organisations (and the Cabinet Secretary) on 27 February 2013.

*Bill provisions*

7. The Bill provides for the rules and structure of LBTT which will impose a tax on anyone buying, leasing or taking other rights (such as options to buy) over land and property in Scotland. LBTT will cover both residential and non-residential (e.g. agricultural land, commercial property) transactions.

8. The [Policy Memorandum](#) (PM) deals with the following main issues and sets out the approach of the SG to consulting on the Bill.

- how the tax will be administered, including tax returns and payment arrangements and how it will be structured by reference to tax rates and bands (although actual tax rates and bands will be set nearer April 2015);
- the SG's approach to tax avoidance;
- transactions that will be exempt from LBTT and those that will be entitled to a full or partial relief;
- calculation of tax for commercial and residential leases; and
- arrangements for transactions involving companies, trusts, and partnerships.

9. The remainder of the PM goes in to more precise detail about each of the Bill's seven constituent parts—

- Part one: General provision for the tax
- Part two: Key concepts underlying the tax
- Part three: How tax is to be calculated, tax reliefs, who is liable to pay
- Part four: Tax returns, how tax is to be paid, other administrative matters
- Part five: Application of the tax to certain bodies, persons etc.
- Part six: General provisions and interpretation
- Part seven: Commencement and short title

*Financial Memorandum*

10. The Committee would normally consider the [Financial Memorandum](#) (FM) for each Bill and report to the lead committee. As it is the lead committee for this Bill, it will consider the FM as part of its Stage 1 scrutiny and address any particular FM issues in its Stage 1 report. The FM is set out in paragraphs 238-293 of the [Explanatory Notes](#).

**Conclusion**

11. The Committee is invited to note the above.

**Fergus D. Cochrane**  
**Senior Assistant Clerk to the Committee**

## ANNEX

## CALL FOR EVIDENCE

The Land and Buildings Transaction Tax (Scotland) Bill was introduced in the Parliament on 29 November 2012. The Finance Committee will be the lead committee in scrutinising this Bill. The lead committee's role at Stage 1 is to consider and report on the Bill's general principles. The Committee expects to consider written submissions and take oral evidence during January and February 2013 and report on the general principles around the end of March 2013.

The Committee is seeking views on the general principles of the Bill and in particular—

- the Scottish Government's overall policy objectives in introducing the Bill and, in particular, whether the Bill—

“makes provision for a tax which should be as simple as possible to understand and pay and which will place the minimum administrative burden on the taxpayer or their agent and on the tax authority.”

- the replacement of a “slab” structure with a “proportional progressive structure” and how this is reflected in the Bill;
- the Scottish Government's approach to tax avoidance in the Bill;
- the proposed exemptions within the Bill;
- the proposed reliefs within the Bill;
- how non-residential leases should be treated under LBTT;
- how companies, trusts and partnerships should be treated under LBTT;
- the role of Revenue Scotland in the administration of LBTT;
- the role of Registers of Scotland in the administration of LBTT;
- the formula for calculating the adjustment to the block grant;
- the financial implications of the Bill as estimated in the Financial Memorandum.