

## POLICY NOTE

### THE LAND AND BUILDINGS TRANSACTION TAX (ADDITIONAL AMOUNT: TRANSACTIONS RELATING TO SECOND HOMES ETC.) (SCOTLAND) AMENDMENT ORDER 2024

SSI 2024/367

This Order is made in exercise of the powers conferred by paragraph 19(1) of schedule 2A of the Land and Buildings Transaction Tax (Scotland) Act 2013 (“the 2013 Act”). The making of this order is subject to provisional affirmative procedure.

#### Summary Box

**Purpose of the instrument.** This Order amends schedule 2A of the 2013 Act to increase the rate of the Land and Buildings Transaction Tax (LBTT) Additional Dwelling Supplement (ADS), as announced as part of Scottish Budget 2025-26 on 4 December 2024.

#### Policy Objectives

This instrument amends paragraph 4(2) of schedule 2A (Additional Amount: Second Homes) of the 2013 Act to provide for an increase to the rate of the Additional Dwelling Supplement announced in the Scottish Budget 2025-26. The effect is to increase the rate from 6% to 8% for transactions with an effective date on or after 5 December 2024.

Transitional provisions provide that the amendment will not apply to transactions with an effective date on or after 5 December 2024 where the contract for the transaction was entered into prior to 5 December 2024.

This increase in the ADS is intended to support the Scottish Government’s drive to protect opportunities for first-time buyers in Scotland, reinforcing the progressive approach in place for LBTT rates and bands.

The instrument will come into force on 5 December 2024. It will however only remain in force permanently if the Scottish Parliament approves the Order within a 28 day period of it having been made.

#### UN Convention on the Rights of the Child (Incorporation) (Scotland) Act 2024 Compatibility

The Scottish Ministers have made the following statement regarding children’s rights.

In accordance with section 23(2) of the United Nations Convention on the Rights of the Child (Incorporation) (Scotland) Act 2024 (the Act), the Scottish Ministers certify that, in their view, The Land and Buildings Transaction Tax (additional amount: transactions relating to second homes etc.) (Scotland) Amendment Order 2024 is compatible with the UNCRC requirements as defined by section 1(2) of the Act.

## **EU Alignment Consideration**

This instrument is not relevant to the Scottish Government's policy to maintain alignment with the EU.

## **Consultation**

There is no statutory requirement to consult on this instrument. The increase in the rate of the ADS was announced by the Cabinet Secretary for Finance and Local Government and published in the Scottish Budget 2025-26.

## **Impact Assessments**

**Equal opportunities** – This Order does not unlawfully discriminate in any way with respect to any of the protected characteristics (including age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex and sexual orientation) either directly or indirectly.

**Human Rights** – This Order does not infringe on or affect any subject areas of the European Convention on Human Rights (ECHR). We have not identified any differential impact on human rights nor any impact on any individual's civil liberties.

**Privacy impacts** – No privacy impacts resulting from this legislation have been identified.

**Island communities** – An assessment of the impact of the Additional Dwelling Supplement was made in relation to the Land and Buildings Transaction Tax (Amendment) (Scotland) Act 2016. No new impacts have been identified in relation to the provisions of this Order.

**Local government** – There will not be any additional administrative or compliance burdens specifically affecting local government beyond those duties local authorities are already subject to under the LBTT legislation.

**Sustainable development** – The Order will have no impact on sustainable development.

**Business and Regulatory** – A BRIA has been published for the regulations and orders associated with the 2013 Act.

## **Financial Effects**

The Scottish Fiscal Commission has set out its assessment of the impact of the increase in the Additional Amount on overall LBTT revenues as part of Scotland's Economic and Fiscal Forecasts December 2024, published on 4 December 2024 at: Scotland's Economic and Fiscal Forecasts | Scottish Fiscal Commission<sup>1</sup>

Scottish Government  
Directorate of Tax and Revenues

December 2024

---

<sup>1</sup> <https://fiscalcommission.scot/publication-categories/scotlands-economic-and-fiscal-forecasts/>