

Property Tax

Land & Buildings Transaction Tax – Additional Dwellings Supplement (ADS) General rules

From 1 April 2016, individuals buying a second home or a buy-to-let in Scotland over the value of £40,000 will now incur an LBTT surcharge on the consideration payable. The surcharge is now payable at a rate of 4% from 25 January 2019.

This is known as the 'Additional Dwellings Supplement' (ADS) and is payable on top of the LBTT due on the purchase. The surcharge applies even where the consideration is below the LBTT nil rate band of £145,000, but is in excess of £40,000.

It should be noted that where the consideration is £40,000 or more, the ADS is charged on the total consideration, and not simply on the consideration in excess of the £40,000 limit.

The ADS is reported on the LBTT return, and is payable along with any LBTT due within 30 days of the effective date of the transaction.

The ADS applies to the purchase of any residential property by a company.

Full relief is available from the ADS where an individual or a company is buying six or more residential properties in one transaction.

Replacing your main residence

You will not have to pay the ADS if you are replacing your main residence. However, you should be aware that if you purchase a new home and at the completion date you have not yet sold your current home, you will be caught by these new rules and will be required to pay the ADS. However, if you sell your original home within 18 months, you will be able to claim a refund of the ADS.

If you have any queries or require any advice please contact us at taxation@eqaccountants.co.uk or on 01382 312100 for specific advice on how this could affect you.



Want more information? Talk to the **EQ Taxperts** today.