

A consultation on the Proposed Land and Buildings Transaction Tax First-Time Buyers Relief

Response from NAEA Propertymark

March 2018

Background

1. NAEA Propertymark is the UK's leading professional body for estate agency personnel; representing more than 11,000 offices from across the UK property sector. These include residential and commercial sales and lettings, property management, business transfer, auctioneering and land.
2. NAEA Propertymark is dedicated to the goal of professionalism and by appointing an NAEA Propertymark agent to represent them consumers will receive in return the highest level of integrity and service for all property matters. NAEA Propertymark agents are bound by a vigorously enforced Code of Practice and adhere to professional Rules of Conduct. Failure to do so can result in heavy financial penalties and possible expulsion from the organisation.

Questions

Question 1: Do you agree with the Scottish Government's proposed four key criteria for the relief, as described above?

3. Yes, we agree with the Scottish Government's proposed four key criteria for the relief as described in the consultation document. To this end, we welcome any move to help First-Time Buyers and ensure the dream of homeownership becomes a reality. To further tackle the issue of affordability the Scottish Government must increase supply of housing stock and review the current Land and Buildings Transaction Tax (LBTT) to prevent a limiting of market activity.
4. Policies to assist First-Time buyers will increase demand from this portion of the market. If supply doesn't meet this demand it will push houses prices up. Following the stamp duty relief for First-Time Buyers in England¹, our members have noticed First-Time Buyers holding off on making purchases typically outside of London and saving for longer to maximise the full stamp duty relief.² As a result, First-Time Buyers

¹ <https://www.gov.uk/government/publications/stamp-duty-land-tax-relief-for-first-time-buyers-guidance-note>

² <http://www.naea.co.uk/media/1046783/naea-housing-report-january-2018.pdf>

are skipping the 'first-time home' and moving straight onto their second homes to avoid growing out of their property in four or five years and facing the cost of stamp duty. To combat this issue, the Scottish Government must increase the supply of new, affordable housing for First-Time Buyers.

5. The Scottish Government must also ensure that there are enough properties coming to the market to sell. This is particularly important to those struggling to buy their first home in more expensive parts of the country. Consequently, proposals for First-Time Buyers should also be considered alongside reforms to the middle and upper bands of LBTT, where significant amounts of tax become payable. Anecdotally, our members continue to report that LBTT is having an ongoing negative impact on those looking to sell in the middle to prime portion of the market. As a result, this is having a negative knock on effect in other house price brackets. An easing of LBTT can avoid the market stagnating further and ultimately increase tax revenues for the Scottish Government.

Question 2: Do you agree that, where there is more than one buyer, all buyers must meet the relevant criteria in order for the relief to be claimed?

6. No, we do not agree that where there is more than one buyer, all buyers must meet the relevant criteria for the relief to be claimed. This measure could prevent transactions and reduce movement in the market. For example, couples, where one partner may own a property but the other is a First-Time Buyer and they decide to buy a property together. Every penny is vital when buying a property and the relief if extended to couples in this situation would help contribute towards the deposit or moving costs. It will also not penalise someone who has made a prudent investment earlier in life and allow as many people as possible to benefit from the relief.

Question 3: Do you agree with the Scottish Government's proposed approach with regard to gifts, inheritance and trusts?

7. Yes, we agree with the Scottish Government's proposed approach with regard to gifts, inheritance and trusts.

Question 4: Are there any other issues which need to be considered with regard to assessing prior ownership of a dwelling?

8. Please refer to our response to question two.

Question 5: Do you agree with the Scottish Government's position on linked transactions? If not, in what scenarios should relief be available where there is a linked transaction.

9. Yes, we agree with the Scottish Government's position on linked transactions.

Question 6: Are there other issues, not covered in this consultation, that should be addressed in the legislation or guidance?

10. It is vital that the Scottish Government communicate widely with estate agents and consumers, so they understand that only transactions with effective date after the implementation of the relevant legislation will be eligible for the relief. Professional bodies such as NAEA Propertymark can assist the Scottish Government to do this.

Question 7: Do you have any views on the draft Land and Buildings Transaction Tax (First-Time Buyer Relief) (Scotland) Order 2018?

11. We do not have any views on the draft Land and Buildings Transaction Tax (First-Time Buyer Relief) (Scotland) Order 2018.

Question 8: Do you think that the planned first-time buyer relief will in any way impact upon equal opportunities, human rights, businesses, island communities, privacy and/or sustainable development in Scotland?

12. We do not think that the planned first-time buyer relief will impact upon equal opportunities, human rights, business, island communities, privacy and/or sustainable development in Scotland.