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COVID-19: SCOTLAND EXTENDS REFUND PERIOD FOR SECOND-HOME PURCHASE TAX

Homeowners in Scotland temporarily have three years to sell their home after buying a replacement property and claim a refund of land and buildings transaction tax (LBTT). In light of the coronavirus pandemic's impact on the housing market, the Scottish Parliament is temporarily extending the time period in which homeowners have to sell their main home after buying a replacement property and be able to claim a rebate on LBTT.

In Scotland the purchase of a second home is subject to an additional amount of LBTT equating to 4% of the purchase price. Where the second home is a replacement home, but there is a delay in selling the original home, a refund of the additional LBTT can be claimed where the first home is sold within 18 months of the new purchase.

Acknowledging that the stalling of the residential property market has made the 18 month time limit more difficult to achieve, the Scottish Parliament is temporarily extending the period to three years where the second home was purchased between 24 September 2018 and 24 March 2020.

The Coronavirus (Scotland) (No.2) Bill also provides Scottish Ministers with the power to extend the purchase period the measure applies to, as well as the length of the sale period, if necessary.

The extension of the period for selling the original property to three years temporarily brings Scotland into line with the stamp duty land tax rules on replacement properties in England and Northern Ireland and the land transaction tax rules in Wales.