

Rettie Land & Buildings Transaction Tax (LBTT) Briefing September 2025

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# Ten Years of LBTT Sees Revenues *Reaching* an All Time High





# Introduction

As LBTT marks its 10th anniversary, we're taking a fresh look at Scotland's Land & Buildings Transaction Tax, examining receipts and returns over 2024/25 compared with earlier years, and assessing how the new financial year has begun.

LBTT is now ten years old, having been introduced by the Scottish Government in April 2015. The nation's LBTT bill that month was just £7 million. By contrast, at the start of its tenth year in April 2025, this bill had climbed to £61 million.

**Around 70% of sales** are now over the £145,000 threshold, meaning the vast majority of Scottish house buyers can expect an LBTT bill.

In 2024/25, Residential LBTT revenue reached **a record high** in Scotland of c.£700 million, driven by a small increase in the house sales market and rising prices. This revenue had dropped back slightly in 2023/24 but remained close to the levels seen in previous years despite the more difficult market conditions.

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*“Residential LBTT revenues in Scotland rose again in the most recent financial year, helped by rising levels of ADS, as the Scottish housing market modestly improved over the year. Prime sales continue to drive revenues, with sales over £750,000 responsible for 22% of revenues despite only accounting for about 1% of residential sales. There are a lot of eggs in a small basket.”*

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# Key findings.



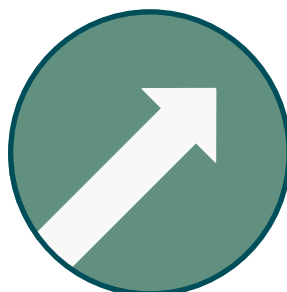
## 01. 7 in 10 house sales now pay LBTT

**70% of Scottish house sales are now over the minimum £145,000 threshold** on which LBTT must be paid, which represents the highest proportion of transactions since the introduction of the tax in 2015/16, up from the previous high of 64% in 2023/24.



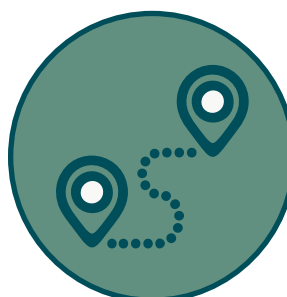
## 02. Steady rise in count of receipts during 2024/25

The **count of LBTT receipts YoY has risen in most months in the past year**, with a marginal dip in April 2025 and stabilising over the following months.



## 03. ADS revenue is climbing

Revenue generated by the **Additional Dwelling Supplement (ADS)** on second homes (including buy to let purchases) now **accounts for 35% of Residential LBTT revenue**, nearly 10 percentage points higher than the previous year. The ADS rate was hiked to 8% (from 6%) in December last year.



## 04. Geography lessons

**The Edinburgh market remains the major source of LBTT revenue.** Five of the top 10 postcode districts for LBTT revenue generation are located in Edinburgh, with three in Glasgow. St Andrews and East Lothian account for the final places in the top 10.

# Key findings *explored.*

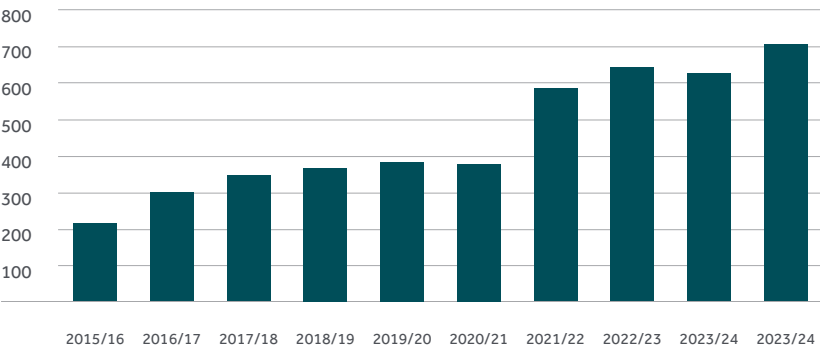
## 01. 7 in 10 house sales now pay LBTT

Residential LBTT revenues increased over 2024/25, up by c.19% on 2023/24 levels, which had been relatively weak compared with previous years.

When LBTT was introduced in 2015/16, over 50% of transactions met the £145,000 threshold. However, as house prices have risen (and bands have not been adjusted), around 70% of sales are in the LBTT orbit.

**Figure 1: LBTT revenues in 2024/25 are up 19% compared to the previous year.**

Total Residential LBTT Revenue in Scotland, 2015/16-2024/25 (£millions)

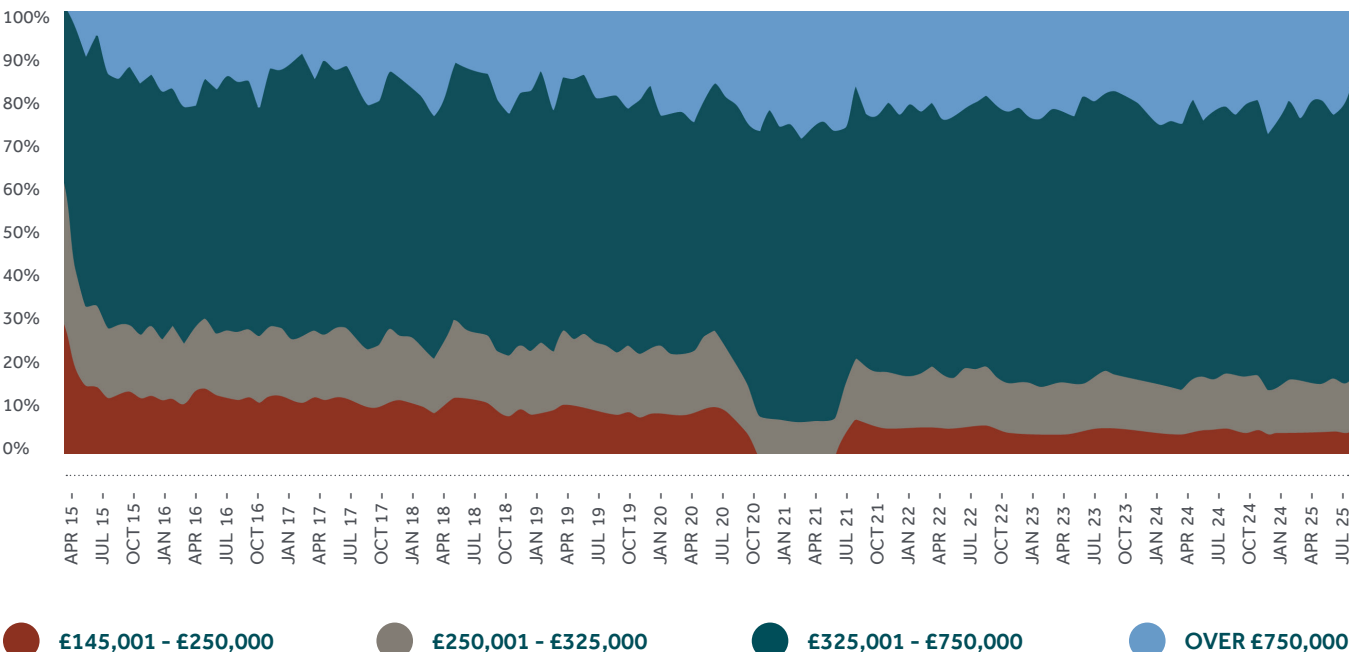


Source: Revenue Scotland

Similar to the previous year, in 2024/25, a third of sales were above £250,000, up from 16% when the tax was first introduced. This 'fiscal drag' means that around 95% of LBTT revenue comes from house sales over £250,000 and 22% from transactions over £750,000, which only accounts for around 1% of sales.

**Figure 2: The vast bulk of LBTT revenues is generated by the third of sales over £250k in Scotland**

Proportion of Residential LBTT Revenue by House Price Bracket



Source: Revenue Scotland

# Key findings *explored.*

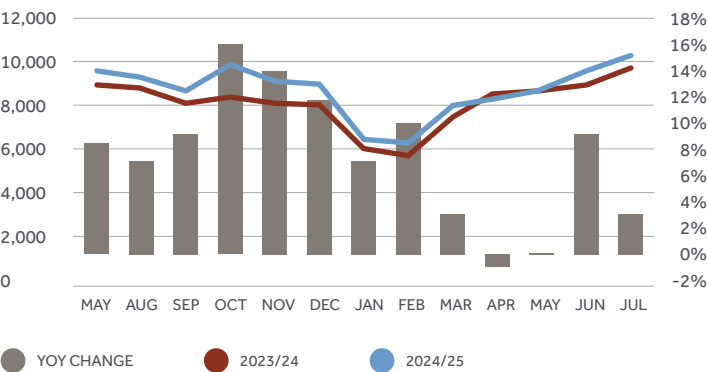
## 02. Steady rise in the count of receipts in 2024/25

The count of LBTT receipts on a monthly basis has generally increased over 2024/25, with the rise compared to 2023/24 levels particularly noticeable in Oct-Dec 2024.

Receipt counts slightly dropped back in April 2025 and stabilised in May before year-on-year rises started again in Summer 2025, although at reduced levels compared with the late 2024 period.

**Figure 3: The count of receipts has risen YoY for most of 2024/25**

Count of LBTT Receipts by Month in Scotland and YoY Change, 2023/24 vs. 2024/25



Source: Revenue Scotland



# Key findings *explored.*

## 03. ADS revenue is climbing

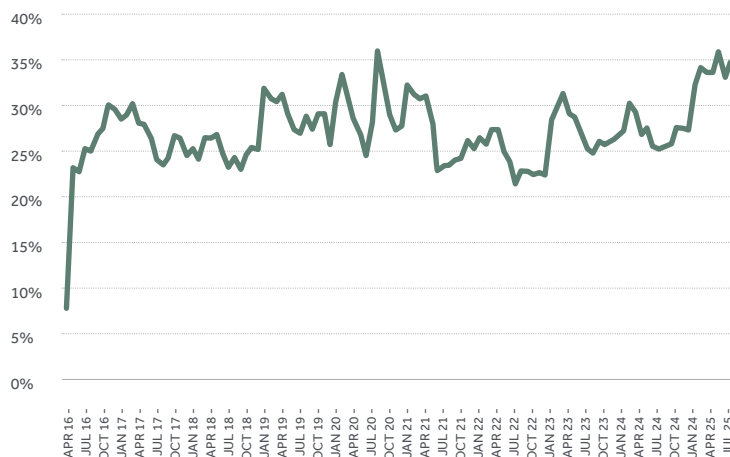
Residential LBTT revenue has fluctuated in recent years due to housing market volatility. However, ADS has been on a steadier rising trend since 2022.

It was raised from 4% to 6% of the purchase price for second home transactions taking place after 16th December 2022 and then to 8% for transactions after 5th December 2024.

These rises in the tax rate have been a major reason for the climb in ADS revenues, which were around 25% of total Residential LBTT revenue in mid-2024 but are around 35% of such revenue in July 2025.

**Figure 4: ADS is now 35% of Residential LBTT revenue**

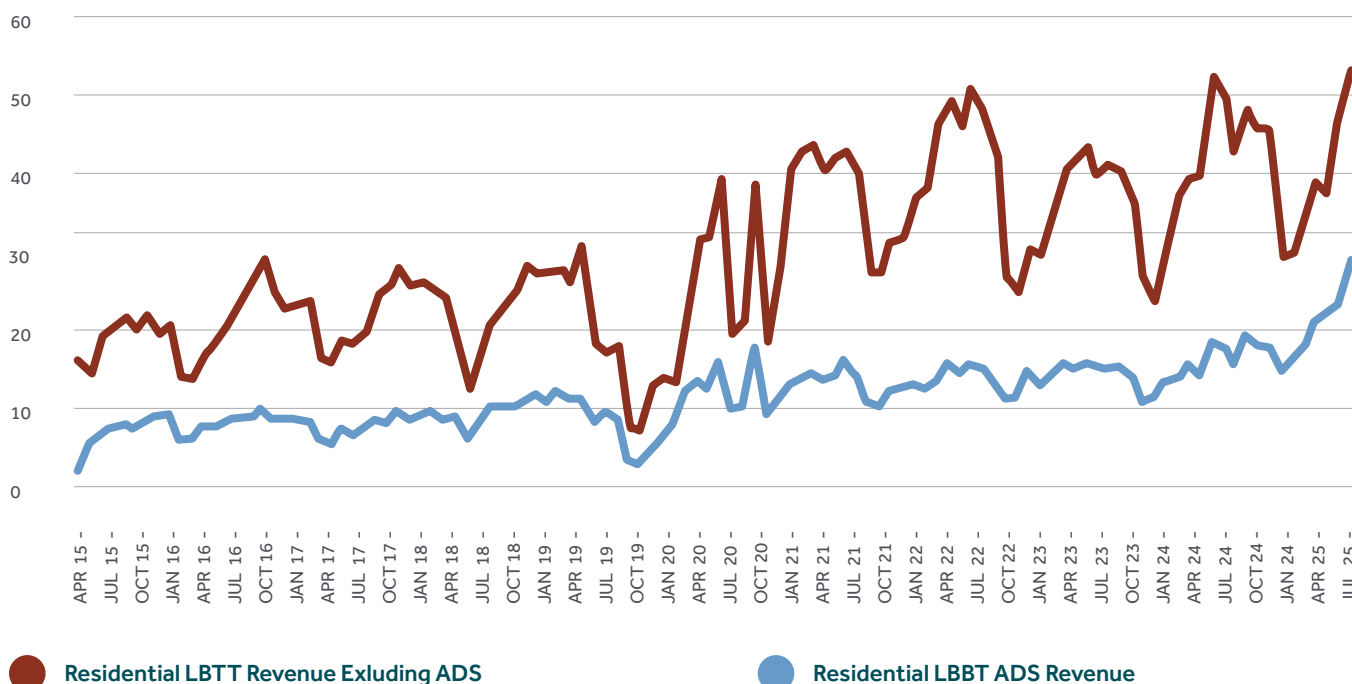
ADS as a Percentage of Residential LBTT Revenue, 2016-25



Source: Revenue Scotland

**Figure 5: ADS revenue has been on a consistent rising trend in the last 2 years while Residential LBTT revenue has fluctuated**

Residential LBTT and ADS revenues, 2016-25



Source: Revenue Scotland

# Key findings *explored.*

## 04. Geography lessons

Analysis of Residential LBTT revenue by geography highlights some interesting trends across the country. In 2024/25, five of the Top 10 LBTT revenue generating postcodes were in Edinburgh, with three in Glasgow. KY16, which includes St Andrews, and EH39, which includes North Berwick, are the only postcode districts outside of the two major cities within the Top 10.

Total Residential LBTT revenue from the Capital is estimated to be **just under £98 million** in 2024/25 compared to the next highest area, **Glasgow**, which generated **around £55 million**.

The postcodes that generated the most revenue in 2024/25 were EH10 (including Morningside), EH4 (including Barnton and Cramond), EH3 (including the Edinburgh New Town), EH12 (including Murrayfield) and G61 (including Bearsden).

The highest average LBTT bill by area was in Fife in KY9 (including Elie) at just under £27,000, followed by EH10 in south-west Edinburgh at around £25,000, and by EH39 (including North Berwick) at £24,000.

### EH10 is the top revenue generating postcode area in Scotland

Top 10 Residential LBTT Revenue Generating Postcodes in 2024/25

Postcode	Avg Sales Price	Est. Avg LBTT	Est. LBTT 2024/25
EH10	£514,342	£24,784	£17,621,566
EH4	£407,250	£14,075	£15,693,625
EH3	£456,797	£19,030	£11,912,592
EH12	£363,628	£9,713	£11,140,582
EH9	£495,751	£22,925	£9,789,018
G61	£445,381	£17,888	£7,942,316
G77	£411,760	£14,526	£7,466,364
G12	£372,177	£10,568	£6,499,136
KY16	£430,362	£16,386	£6,128,439
EH39	£500,838	£23,434	£3,843,143

**Source:** LBTT Calculated on Registered Sales July 2024 to End of June 2025



# A New Property Tax?

There has been some speculation about property taxation in the media in the run-up to the UK Budget on 26th November. The UK Government just now is in something of a bind given the size of the national debt and its difficulties in cutting expenditure and raising taxes while still standing by its election promises.

Given the Government's 'red lines' on not raising taxes for working people (taken to mean income tax and NI contributions), there apparently has been some policy work going on to see if property taxes could be restructured to boost economic growth and increase tax take.

Some of the proposals trailed include:

- An annual levy on homes worth over £500,000.
- Capital Gains Tax (CGT) on the sale of homes over £1.5 million.
- Landlords to pay National Insurance contributions on private rental income.

There is also the possibility of removing Stamp Duty as part of these changes in an effort to increase house sales and labour market mobility and (as a consequence) economic growth.

There would be pros and cons of such policy changes. The removal of Stamp Duty should boost house sales and economic growth in the wider market, but the top end of the market may be badly hit by levies or the introduction of CGT. Stamp Duty brings in around £10 billion a year to the UK Treasury, so the Government would need to ensure that any plans can generate at least this level of revenue.

Property taxes are devolved in Scotland, so the Scottish Government would be responsible for making any policy changes on LBTT, although the CGT proposals would be applied across the UK (CGT is not devolved).

All such proposals are speculative at the moment, but we will need to keep a watchful eye. Given the risks of introducing such significant changes without informed and considered assessments of revenue impacts, etc., it would appear unlikely that we will get such significant reforms in the Autumn Budget, although the NI contributions for landlords seems the most likely of the above options. This, of course, would have impacts on what landlords' charge tenants.



# Conclusion

Ten years on from its introduction, LBTT has become a central feature of Scotland's property market, with revenues now at record levels. Rising house prices and unadjusted thresholds have steadily brought more buyers into scope, while the Additional Dwelling Supplement has grown into a significant driver of receipts. Revenues are increasingly reliant on a small share of high-value transactions, particularly in Edinburgh and Glasgow, which underlines both the strength and vulnerability of the current tax base.

Looking ahead, policy discussions around property taxation at the UK level, and the potential for reform in Scotland, will be important to monitor. For now, however, LBTT continues to provide a growing source of revenue, shaped by the dynamics of Scotland's housing market and the concentration of activity in its prime areas.



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