Rettie Land & Buildings Transaction Tax (LBTT) Briefing August 2026

LBTT Revenues Continue to *Increase*.

Introduction

Rettie are taking our usual annual delve into the performance of Scotland's **Land & Buildings Transaction Tax (LBTT)** and how returns and receipts have performed across the 2025/26 financial year compared with previous years as well as looking at how the new financial year has started.

LBTT was introduced by the Scottish Government in April 2015, marking a divergence from the UK's Stamp Duty regime. The nation's LBTT bill that month was just £7 million. By contrast, eleven years later, in April 2026, this bill had climbed to nearly £56 million.

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

In 2025/26, Residential LBTT revenue reached **a record high** in Scotland of c.£760 million, driven by a small increase in house sales and rising prices.

"Residential LBTT continues to be an effective revenue source for the Scottish Government, pushing towards £800 million per year, around four times the level when it was first introduced. With little adjustment to bands since 2015, more sales are now captured and at higher tax levels. However, the tax continues to be dependent on certain geographies, notably Edinburgh, and on the small proportion of sales over £750,000 (1%), which generate around 22% of revenues."

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Key *findings*.

01. 7 in 10 of house sales pay LBTT.

70% of Scottish house sales continue to be over the minimum £145,000 threshold on which LBTT has to be paid, which represents the **highest proportion** of transactions since the introduction of the tax and the same as the previous year in 2024/25.

02. Steady rise in count of receipts during 2025/26.

The **count of LBTT receipts YoY has risen in over half the months in the past year**, with a noticeable dip over April-May 2026, before stabilising again in June 2026.

03. ADS revenue is climbing.

Revenue generated by the **Additional Dwelling Supplement (ADS)** on second homes (including buy to let purchases) now **accounts for 33% of Residential LBTT revenue**, around six percentage points higher than the previous year. The ADS rate was hiked to 8% (from 6%) in December 2024.

04. Geography lessons.

The Edinburgh market remains the major source of LBTT revenue. Half of the top 10 postcode districts for LBTT revenue generation are located in Edinburgh, with three in Greater Glasgow. St Andrews and North Berwick account for the two final places in the top 10.

Key findings *explored*.

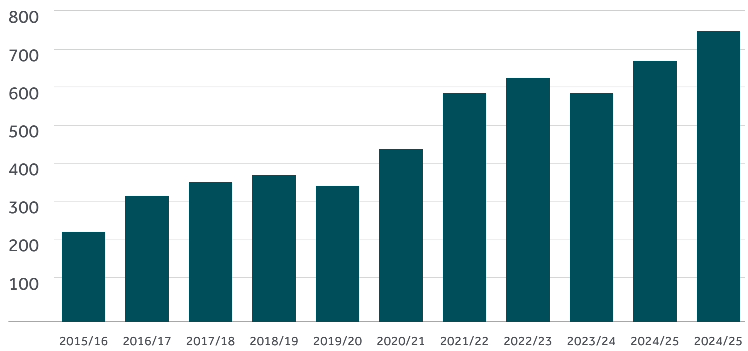
01. **7 in 10 of house sales pay LBTT.**

Residential LBTT revenues recovered in 2024/25 compared to the relatively weaker levels in the previous year. These revenues continued increasing in 2025/26, **up by c.13% YoY to c.£760 million.**

When LBTT was introduced in 2015/16, just over 50% of transactions met the £145,000 threshold. In 2025/26, around 70% of sales in Scotland pay LBTT (similar to the 2024/25 level).

Figure 1: LBTT revenues in 2025/26 are up c. 13% compared to the previous year.

Total Residential LBTT Revenue in Scotland, 2015/16-2025/26 (£millions).

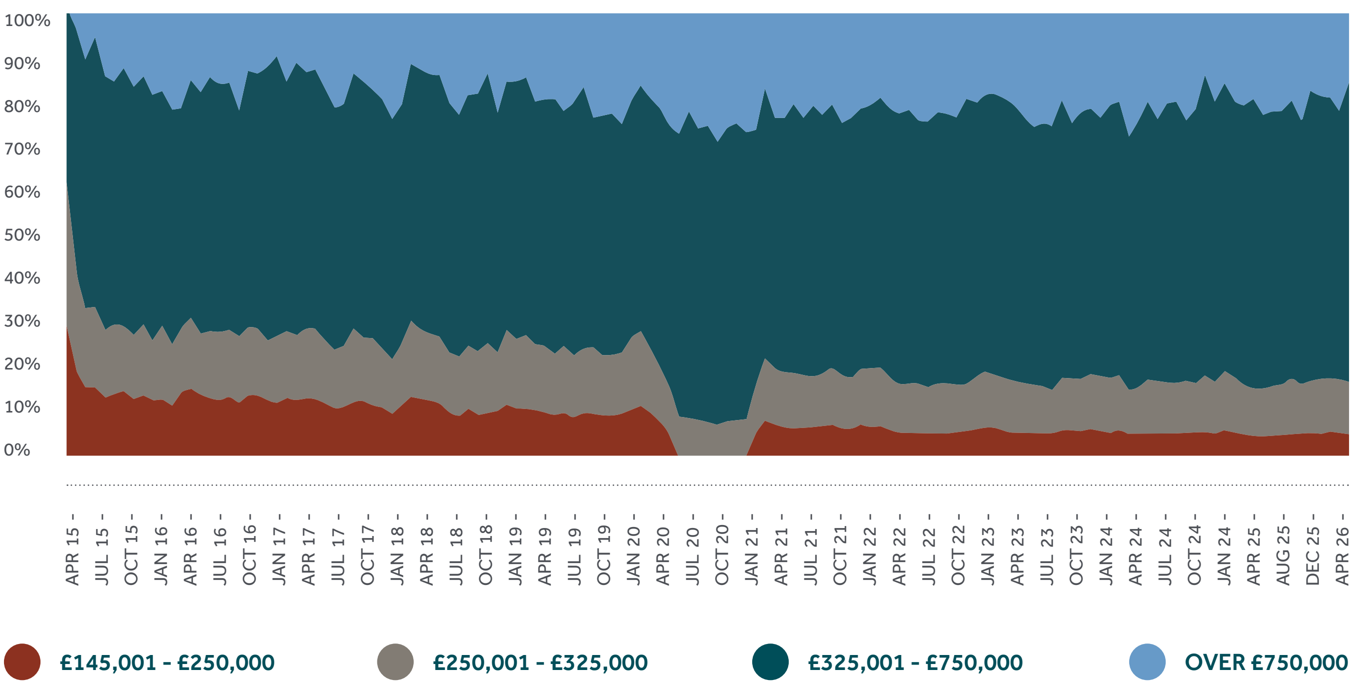


Source: Revenue Scotland.

Like 2024/25, over a third of sales were above £250,000 in 2025/26, 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. The latter price band 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, 2025/26.



Source: Revenue Scotland.

Key findings *explored*.

02. **Steady rise in the count of receipts continues in 2025/26.**

The **count of LBTT receipts on a monthly basis has generally increased over 2025/26**, specifically over the June-October 2025 time frame and again towards the end of the financial year. Receipt counts dropped back slightly in April and May 2026 (start of the 2026/27 financial year).

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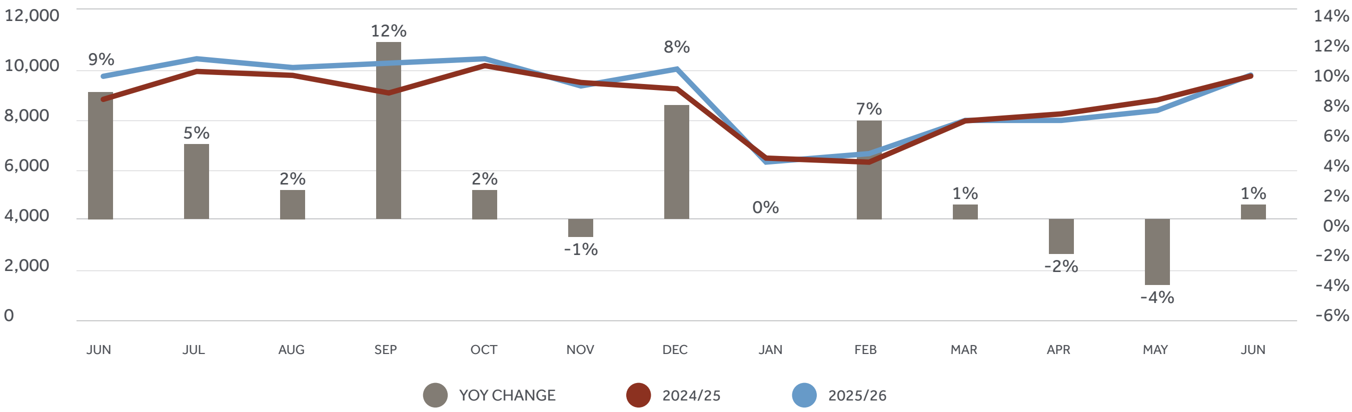


Source: Revenue Scotland.

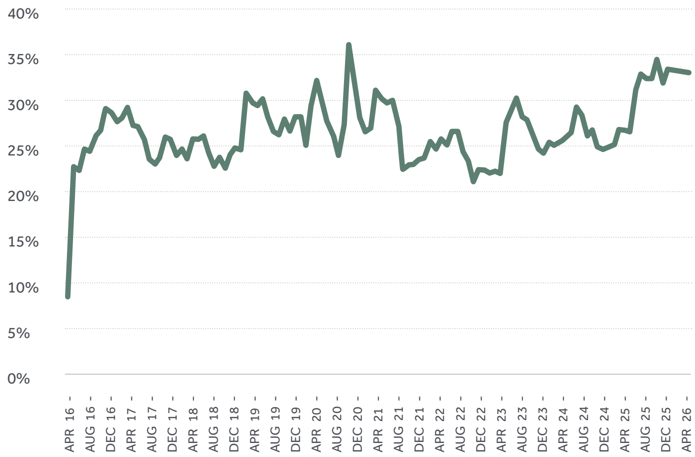
Key findings *explored*.

03. **ADS revenue continues to rise.**

Residential LBTT revenue has fluctuated in recent years due to housing market volatility and seasonality. 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 27% of total Residential LBTT revenue in mid-2025 but are around 33% of this revenue in mid-2026.

Figure 4: ADS is now 33% of Residential LBTT revenue.

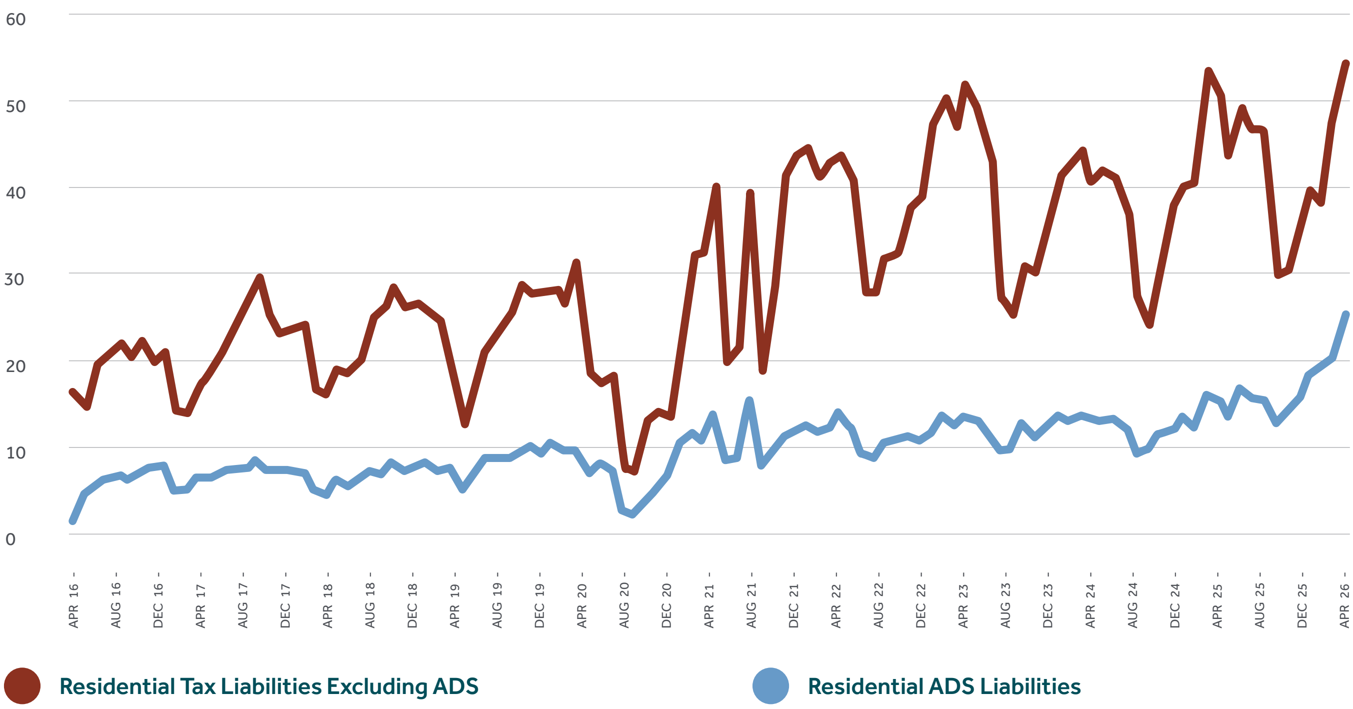
ADS as a Percentage of Residential LBTT Revenue, 2016-26 .



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, 2016-26



Source: Revenue Scotland.

Key findings *explored*.

04. **Geography lessons.**

Analysis of Residential LBTT revenue by geography highlights some interesting trends across the country. **Edinburgh has consistently remained the major source of this revenue**. In 2025/26, half of the top 10 LBTT revenue generating postcodes were in Edinburgh, with three in Greater Glasgow. KY16, which includes St Andrews, and EH49, which includes North Berwick, were the only postcode districts outside of the two major city conurbations within the top 10.

Total Residential LBTT revenue from the Capital is estimated to be **just over £95 million in 2025/26** compared to the next highest area, Glasgow, which generated around £62.5 million.

Similar to the previous year, the postcodes that generated the most revenue in 2025/26 were EH10 (including Morningside), EH4 (including Barnton and Cramond), EH3 (including the Edinburgh New Town) and EH12 (including Murrayfield). EH9 (including The Grange) has surpassed G61 (including Bearsden) in mid-2026.

EH10 is the top revenue generating postcode area in Scotland.

Top 10 Residential LBTT Revenue Generating Postcodes in 2025/26

Postcode	Avg Sales Price	Est. Avg LBTT	Est. LBTT 2025/26
EH10	£526,790	£26,029	£17,517,517
EH4	£383,616	£11,712	£12,906,183
EH3	£460,725	£19,423	£12,255,598
EH12	£378,767	£11,227	£11,440,007
EH9	£513,381	£24,688	£10,418,378
G61	£428,347	£16,185	£7,703,917
G77	£381,747	£11,525	£7,640,876
G12	£399,584	£13,308	£6,587,658
KY16	£445,334	£17,883	£6,384,374
EH39	£563,154	£29,665	£5,844,084

Source: LBTT Calculated on Registered Sales, June 2025 to End of May 2026.

Edinburgh

New Property Taxes.

As we have covered off on previous blogs and briefings, there will be new property taxes being introduced in Scotland.

A **'mansion tax'** or, more accurately, the addition of two higher value Council Tax bands is **scheduled to be introduced in April 2028**. This is **detailed here** and, under current proposals, will be limited and raise very modest additional revenues.

As we have highlighted to the Scottish Government, it needs to be aware of the inter-relationship between the introduction of these bands and LBTT. If the 'mansion tax' were to create a cooling effect on the prime sales market, then the net revenues that the Scottish Government receives may be even lower than the very modest sums currently calculated (or perhaps even negative).

In addition, the UK Government implemented a 2p increase in the basic and upper rate of landlord income tax in its late 2025 budget to take effect from 2027/28. The Scottish Government has not confirmed or denied that it will follow suit as yet, but it will have the power to have separate tax rates for property income if it chooses to do so from this date.

With the new Burnham-led UK Government administration, there has been speculation about a radical revamp of property taxes and the introduction of a land value tax (LVT). While the new PM has previously expressed sympathy for the LVT concept and replacing what are seen as outdated property taxes, this would be a major exercise that would take years to progress and implement (well beyond the current parliament). The UK Government recently seems to have explicitly ruled out replacing council tax and there has been no suggestion in Scotland that the Scottish Government is looking at radical changes to land or property taxes either. But we will keep a watchful eye.

Glasgow West End

Final thoughts.

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 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. As we often argue, the Scottish Government should undertake a behavioural analysis of people's responses to taxation, particularly LBTT, to optimise the tax take while also not depressing the market. As the revenues keep rising, it probably believes there is no need to do so, but this is a tax take that rests on small supporting pillars.

LBTT Calculator and Guide.

Visit our **LBTT Calculator and Guide webpage** for detailed information and tools related to the Land and Buildings Transaction Tax (LBTT), a tax on property purchases in Scotland. It includes a calculator for estimating LBTT based on property value. The page also explains how LBTT rates are applied, who is required to pay, and offers examples of how the tax is calculated. Additionally, it offers links to download our **LBTT guide.**

North Berwick

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