

29 January 2020

## **Land and Buildings Transaction Tax (LBTT) Leases from Park First**

### **Investor obligations to Revenue Scotland**

Investors who have entered into leases for car parking spaces in Scotland have reporting obligations to Revenue Scotland. A tax return is therefore required from you.

Revenue Scotland (<https://www.revenue.scot/>) is responsible for the management and collection of Scotland's devolved taxes, including taxes due under the Land & Buildings Transaction Tax (Scotland) Act 2013 (LBTT).

### **What do I have to do if I have a lease?**

The Land and Buildings Transaction Tax (LBTT) was introduced on 1 April 2015 and it applies to you as you are leasing non-residential land or property in Scotland.

Where a notifiable lease has been granted on or after 1 April 2015 as the leaseholder, you are responsible for submitting an LBTT tax return.

You are also required to advise Revenue Scotland about your lease at three-yearly intervals.

You must submit an assignation return if you assign (transfer) your lease to a new tenant.

You have an obligation to notify Revenue Scotland if your lease has ended.

### **I currently have a lease with Park First**

At every third anniversary since the start of your lease (years 3, 6, 9 etc.) you will be required to submit further tax returns.

Revenue Scotland provides guidance to support you to comply with your tax obligations.

A return is still required even if you have no tax to pay. Penalties apply if you do not submit your tax return on time. You may be eligible for a repayment or may need to pay more tax.

### **I have assigned (transferred) my lease to a new tenant**

When a lease has been assigned (transferred) to a new tenant, the assignor (outgoing tenant) has to submit a further return to Revenue Scotland. The name and address details of the new tenant should be inserted in to the assignation return.

### **I have ended my lease with Park First**

When a lease notified to Revenue Scotland ends, you must submit a further LBTT return. This return is required within 30 days of the day your lease ended.

**This further return is still required even if there have been no changes to the lease or if no additional tax is payable.**

### **What to do next**

**You must submit further returns to provide statutory notification of the lease termination.**

There are three ways to file a further LBTT return:

- **Scottish Electronic Tax System (SETS)** - The online portal used by solicitors and agents to file LBTT returns. This option is not available to private individuals acting in an individual capacity.
- **Online lease review return** - This return should be used by tenants only. Tenants do not have to sign up to use this form and will have 90 minutes to complete the return.
- **Paper return** – This option is available to both tenants and agents.

These returns and guidance on how to submit them can be found at

<https://www.revenue.scot/land-buildings-transaction-tax/leases>

## **What happens if I fail to adhere to my tax obligations**

Revenue Scotland provides guidance on what happens if you fail to comply with your obligations to file a tax return - <https://www.revenue.scot/compliance-dispute-resolution/compliance-and-enquiries-factsheets>. If you fail to comply with your tax obligations, you may be liable for a penalty. You will also have to pay back any outstanding tax with interest.

## **I need further support**

Revenue Scotland provides a range of guidance to assist. This can be found here:

<https://www.revenue.scot/land-buildings-transaction-tax/guidance/how-to>

<https://www.revenue.scot/land-buildings-transaction-tax/guidance/how-to/how-make-lbtt-lease-review-return>

<https://www.revenue.scot/land-buildings-transaction-tax/guidance/lbtt-legislation-guidance/leases/lbtt6030-lease-worked>

You can also speak to your appointed tax advisor or solicitor.