

Shona Robison MSP  
Cabinet Secretary for Finance and Local Government  
Scottish Government  
St. Andrew's House  
Regent Road  
Edinburgh  
EH1 3DG

13 January 2025

Dear Shona,

**Re: Scottish Government Budget decision to raise Additional Dwelling Supplement to 8%**

As the UK's leading membership body for property agents with over 700 members across Scotland we are extremely disappointed with the Scottish Government's decision at the Budget on 4 December 2024 to raise Additional Dwelling Supplement under Land and Buildings Transaction Tax from six to eight per cent. The tax was previously raised from four to six per cent at the Budget on 15 December 2022.

There is high demand for private rented property and raising Additional Dwelling Supplement will further discourage new landlords to take on much needed private rented property to let. To this end, we know from the UK's number one property portal, Rightmove that supply of listings of homes to rent in Scotland is still well under pre-Covid levels. When measuring available listings Year to Date 2024 vs 2019, Scotland is down 51% and according to new listings, Scotland is down 21%.

The Scottish Government's decision to raise Additional Dwelling Supplement sits alongside the UK Government's decision in recent years to withdraw tax relief on mortgage interest costs and replacement with a 20% tax credit, the removal of the 10% Wear and Tear Allowance for fully furnished properties being replaced with an at-cost relief, maintaining Capital Gains Tax for rented property when it was reduced for other assets and a rise in corporation tax. The Scottish Government must recognise the tax implications that affect landlords in Scotland regardless of where the legislation is passed in order to implement policies that are pro-growth and support the private rented sector in Scotland.

Landlords and letting agents are also continuing to deal with very real and significant challenges around increasing costs, including high interest rates, increased costs to materials and labour for repairing, maintaining and improving tenants' homes, pay increases for staff and other staff costs as well as energy costs for offices, costs for other office supplies, and vehicle fleet costs. The Scottish Government requirements for Landlord and Letting Agent Registration fees have also increased.

Furthermore, figures from the Office for National Statistics show that average rents in Scotland have increased more rapidly than in England or Wales, despite Scotland being the only UK nation to have

introduced rent controls through the Cost of Living legislation. Average rents increased by 10% in Scotland, 8.9% in England and 8.2% in Wales in the 12 months up to April 2024. Unfortunately, introducing legislation to curb rents was not matched with law to curb interest rates and the decision by both the Scottish Government and UK Government to raise taxes on landlords has compounded the problem.

Moreover, for individual landlords who can afford a buy-to-let property, tenants will likely see more of these additional costs passed on to them, meaning higher rents and less money spent on maintaining the property and tenants struggling to maintain increasing rent levels. Furthermore, based on the average property price across Scotland from the Office for National Statistics in October 2024 was £197,000, a new buy-to-let landlord under the recent Additional Dwelling Supplement changes would pay £15,760.00 in tax.

As part of the Scottish Government Budget announcement, we acknowledge the commitment to review Land and Buildings Transaction Tax. However, recent reviews have been narrow in scope and not looked at the impact of decisions to raise Additional Dwelling Supplement. To this end, we think there is now an opportunity for the Scottish Government to look at lowering the exemption regime for paying Additional Dwelling Supplement when purchasing multiple properties and also linking this to the profile of landlord or investor to encourage investment in the private rented sector based on existing property portfolio size. Furthermore, we think an important step for the Scottish Government would be to commit to a review into all costs and taxes impacting private landlords within six months of the Housing (Scotland) Bill passing and amend the Rent Increase Notice under a Private Residential Tenancy to include information to be collected on the 'reason for rent increase' via amendments at Stage 2 to explore this issue in detail and ensure tax policy is working alongside housing supply policy and the evidence for reforms to the private rented sector and rents in Scotland.

I look forward to hearing from you.

Best wishes,



**Nathan Emerson MNAEA MARLA MNAEA(Comm.)**  
**Chief Executive Officer**  
**Propertymark**

Copy to:

- Paul McLennan MSP - Minister for Housing