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## Scottish Property Tax Income Soars 750% in a Decade

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Scotland's revenue from property taxation has surged by over 750% in just ten years, with recent figures indicating a significant rise in the financial burden on homebuyers. The Land and Buildings Transaction Tax (LBTT), introduced in 2015, has generated an ever-increasing income stream for the Scottish Government, despite little clarity on where the money is going.

According to estate agency DJ Alexander Ltd, LBTT revenue climbed from £7 million in April 2015 to £61 million by April 2025. The number of transactions only rose slightly over

the same period, from 6,880 to 8,100, meaning the average tax bill per sale has jumped significantly from £1,017 to £7,530. This eye-watering leap has prompted renewed concerns over the fairness and transparency of property taxation in Scotland.

LBTT replaced the UK-wide Stamp Duty Land Tax (SDLT) in Scotland in 2015 and was intended to create a more progressive property tax structure. However, critics argue the levy has become increasingly punitive. One year after its introduction, the Scottish Government implemented the Additional Dwelling Supplement (ADS), targeting second homes and investment properties. While ADS generated £1.5 million in April 2016, it reached a record £22.4 million in April 2025, accounting for more than a third (36.7%) of total LBTT income that month.

“This 750% increase in revenues from LBTT must be a record for any tax. To increase by that amount over just ten years is extraordinary,” said David Alexander, chief executive of DJ Alexander Ltd. “I am sure that when this tax was devised, such numbers would have been unthinkable.”

## Disproportionate Burden

The Scottish approach stands out due to its treatment of first-time buyers and middle-tier homeowners. While in England, first-time buyers pay no property tax on homes valued up to £300,000, Scotland start taxing them at just £175,000. Likewise, a 10% LBTT rate applies in Scotland once a property exceeds £325,001, while in England, a comparable higher rate doesn't kick in until the property value reaches £925,000.

Alexander added, “That property taxes are levied more severely in Scotland against first-time buyers, those buying homes worth more than £325,001, and second-home buyers and property investors displays a major difference in approach between here and the rest of the UK.”

Critics of the system also argue that there is little evidence that the tax revenue is being reinvested into addressing Scotland's housing shortages. With rising house prices and a growing housing emergency, many feel they are being penalised for aspiring to home ownership.

“The other element of this tax which galls so many is that there is no obvious use of the money to build more homes or reduce the impact of the current housing emergency,” said

Alexander. “Hypothecating this additional taxation directly into the housing sector could go some way to at least explaining why Scots, at all levels from first-time buyers to other home purchasers, are charged so much more for the fundamental right to have a home.”

As the LBTT enters its second decade, calls for reform are growing louder. Without clearer accountability or reinvestment into the housing sector, many fear this tax will continue to weigh heavily on ordinary Scots seeking to step onto or move up the property ladder.