

EXPLANATORY NOTES

Building Safety Levy (Scotland) Act 2026 (asp 14)

£8.90

BUILDING SAFETY LEVY (SCOTLAND) ACT 2026

EXPLANATORY NOTES

INTRODUCTION

1. These Explanatory Notes have been prepared by the Scottish Government in order to assist the reader of the Building Safety Levy (Scotland) Act 2026. They do not form part of the Act and have not been endorsed by the Parliament.

2. These Notes should be read in conjunction with the Act. They are not, and are not meant to be, a comprehensive description of the Act. So where a section, or a part of a section, does not seem to require any explanation or comment, none is given.

NOTE ON INTERPRETATION

3. The Act's freestanding text (that is, any provision which is not a textual amendment of another piece of legislation) is to be interpreted in accordance with the Interpretation and Legislative Reform (Scotland) Act 2010[1].

4. Text that the Act inserts into other enactments is to be interpreted in accordance with the interpretation legislation that applies to that enactment. For example—

- text inserted into the Revenue Scotland and Tax Powers Act 2014 is also to be interpreted in accordance with the Interpretation and Legislative Reform (Scotland) Act 2010;
- text inserted into the Building (Scotland) Act 2003 is to be interpreted in accordance with the Scotland Act 1998 (Transitory and Transitional Provisions) (Publication and Interpretation etc. of Acts of the Scottish Parliament) Order 1999[2].

CROWN APPLICATION

5. Section 20 of the Interpretation and Legislative Reform (Scotland) Act 2010 provides that the Crown will be bound by an Act of the Scottish Parliament or Scottish statutory instrument unless a provision expressly exempts it. The freestanding provisions in this Act apply generally to emanations of the Crown (i.e. public authorities with Crown status) in the same way as they apply to everyone else, but His Majesty the King is exempted in his personal capacity by section 50 of the Act.

[1] https://www.legislation.gov.uk/asp/2010/10/contents
[2] https://www.legislation.gov.uk/uksi/1999/1379/contents/made

OVERVIEW OF THE ACT

6. The Act establishes a new tax, to be to be known as the Scottish building safety levy. While the Act uses the term "levy" for the new tax, there is not considered to be any substantive technical difference in meaning between "levy" and "tax" in the context of the devolved taxes. In addition, the Act itself also makes reference to "tax" and "taxpayer" where appropriate or where that is consistent with other legislation. The levy is chargeable on certain building control events, known as taxable building control events.

7. The levy follows the Scotland Act 1998 (Specification of Devolved Tax) (Building Safety) Order 2024[3] which amended the Scotland Act 1998 to add a new section 80O providing for a new devolved tax to be charged in respect of certain steps in the building control process. The devolved tax is to be charged for the purpose of meeting any building safety expenditure, that is for the purposes of improving the safety of persons in or about buildings in Scotland (in other words, inside or in the vicinity of buildings). An equivalent tax is provided for in England, with section 58 of the Building Safety Act 2022 allowing for the Secretary of State to make regulations introducing a levy for the purposes of meeting any building safety expenditure[4].

8. With the levy being a devolved tax, the Act gives Revenue Scotland responsibility for collection and management, on a similar basis to its role in relation to other devolved taxes, that is the Scottish landfill tax, the land and buildings transaction tax and the Scottish aggregates tax. As with those taxes, the Act makes use of powers in the Revenue Scotland and Tax Powers Act 2014[5], with the relevant parts of that Act applying to the levy established by the Act (in particular, Part 6 (tax returns, enquiries and assessments) and Part 7 (investigatory powers of Revenue Scotland).

9. The Act contains 54 sections and is in the following 7 Parts:

- Part 1 defines the levy as a tax charged on certain building control events in accordance with the Act and gives responsibility to Revenue Scotland to administer and collect the tax. It also contains an overview of the Act.
- Part 2 contains the key concepts underpinning the levy: it sets out the types of building control events in respect of which a levy may be imposed with reference to the defined terms "construction", "conversion works" and "new residential unit". Within the definition of "new residential unit" there is provision for "exempt new residential units". This Part also provides for the person liable to pay the levy: the owner of the new residential unit when the application for the building control certificate or permission is made.
- Part 3 deals with the how the levy is to be calculated and used. The rate is an amount prescribed by the Scottish Ministers as it applies to each square metre of floorspace. A person calculates the amount of levy payable by taking the total number of building control events for which they are responsible and subtracting any reliefs and levy-free allowance before calculating the levy payable on each remaining building control event (these are known as a taxable building control event). The sum of the levy calculated on each taxable building control event is the person's

[3] https://www.legislation.gov.uk/uksi/2024/1362/pdfs/uksi_20241362_en.pdf
[4] https://www.legislation.gov.uk/ukpga/2022/30/section/58
[5] https://www.legislation.gov.uk/asp/2014/16/contents

tax liability for an accounting period. Part 3 also deals with how the proceeds of the levy are to be used by the Scottish Ministers: for the purposes of improving the safety of persons in or about buildings in Scotland.

- Part 4 deals with administrative matters. It contains various provisions on administration, including regarding registration, returns, and special cases. It also governs information sharing with Revenue Scotland in support of the levy's administration.
- Part 5 imposes penalties in relation to the levy, for instance for failure to make a return, failure to pay the levy, and failure to register for the levy. The penalties are similar to those for the other devolved taxes under Chapter 2 of Part 8 of the Revenue Scotland and Tax Powers Act 2014.
- Part 6 makes provision on what decisions by Revenue Scotland in relation to the levy can be reviewed or appealed.
- Part 7 contains general provisions about reporting, interpretation, regulation-making powers contained in the Act, Crown application, commencement and the short title of the Act. It also provides for the expiry of the legislation.

COMMENTARY ON PROVISIONS

Part 1 – The Scottish Building Safety Levy

Section 1: The Scottish Building Safety Levy

10. This section establishes the tax and gives it the label of "the Scottish building safety levy", also referred to in the Act as "the levy". The levy is to be charged on certain building control events, with section 10(1) relevant for identifying what building control events are taxable building control events. Subsection (3) gives Revenue Scotland responsibility for the collection and management of the levy.

Section 2: Overview

11. This section gives an overview of the Act's provisions relating to the levy.

Part 2 – Key concepts

Section 3: Meaning of "building control event"

12. This section defines the meaning of "building control event". This is an event related to building completion and is significant for establishing when the tax may be paid.

13. The definition in subsection (1) states that a building control event occurs on the "building completion date" following the construction or conversion of a "new residential unit" (which is defined in section 4). A "building completion date" is defined in subsection (2) as occurring when a completion certificate is accepted under section 18 of the Building (Scotland) Act 2003 or, if earlier, on the grant of temporary occupation permission under section 21 of the 2003 Act.

14. Subsections (3) and (4) define the type of construction or conversion captured by the levy, with reference to certain activities for which a building warrant is required under section 8 of the 2003 Act.

15. The 2003 Act's regulation of the building standards system underpins the levy. Under section 17 of the 2003 Act, a completion certificate is needed to confirm that a building has been constructed, demolished or converted in accordance with the relevant building warrant and to comply with the building regulations. On completion of either work or conversion for which a warrant is required, the relevant person, who is usually the owner or developer, must submit a completion certificate to the verifier (see section 7 of the 2003 Act). The verifier must accept a completion certificate if, after reasonable inquiry, they are satisfied the work certified complies with the relevant warrant and building regulations. If the work does not comply then the completion certificate must be rejected. For new dwellings, a completion certificate is required for each individual dwelling.

16. It is an offence to occupy a new building, a conversion or an extension unless the relevant completion certificate has been accepted. It is, however, possible to obtain permission for temporary occupation or use, under section 21 of the 2003 Act, from the verifier.

Section 4: Meaning of a "new residential unit"

17. This section defines what buildings are within the scope of the levy and what buildings are exempt. A "new residential unit" is either the whole of a newly constructed or converted building which is itself a "dwelling or other accommodation" or a separate part of a newly constructed or converted building where that part is a separate "dwelling or other accommodation". If a part of a building is a separate dwelling or other accommodation, the other parts may also be units (for example, in a building consisting of 12 flats), but the other parts may not be units (for example, a shop or other non-residential parts built below a building of flats). The section also provides that, in certain circumstances, a building may be considered (or not) a "dwelling or other accommodation" to the extent that it is intended to be – or is – used as such.

18. An assessment of the purpose of a newly constructed or converted building is made at the time of the building control event (i.e. the "building completion date"). If, at that time, the building is intended to be (or is) used as a dwelling or other accommodation then it is within the scope of the levy, unless it is an "exempt new residential unit" (see section 5).

19. Subsection (2) lists buildings with certain intended uses which are to be taken as intended to be used as a dwelling or other accommodation to the extent that it is intended to be (or is) used for those purposes. This is a non-exhaustive list, and the subsection provides clarity that residential accommodation for students, halls of residence for students in further or higher education and residential accommodation built for the purpose of occupation by a tenant (commonly known as "build-to-rent") are included in the definition of "new residential unit".

20. In contrast, subsection (3) lists buildings with certain intended uses which are not to be considered as dwelling or other accommodation to the extent that it is intended to be (or is) used for those purposes. Again the list is non-exhaustive. Paragraph (a) excludes temporary

residential accommodation with hotels, inns or similar establishments mentioned in a non-exhaustive list of examples. Paragraph (b) excludes residential institutions with certain purposes:

- residential accommodation for children;
- institutions for persons in need of personal care by reason of old age, disability, dependence on alcohol or drugs or mental disorder;
- hospitals or hospices;
- military barracks or single living or family living accommodation for members of the armed forces;
- prisons and similar establishments;
- residential accommodation for school pupils.

21. Paragraphs (c) and (d) of subsection (3) list further types of buildings which are not to be considered as suitable for use as a dwelling or other accommodation. Paragraph (c) covers accommodation provided by a body registered in the Scottish Charity Register for persons employed full time to perform the work of a religious denomination where accommodation is provided as part of the duties of the employment or a place of worship which also provides accommodation within it (e.g. a monastery, nunnery or similar establishment). Paragraph (d) lists accommodation for asylum-seekers and dependants.

22. Subsection (4) provides certain interpretive matters relevant for Revenue Scotland or the courts (as well as taxpayers in the first instance) in determining the proposed use of a building or part of a building in the Act. One aspect in paragraph (a) is the information included in a certificate or application provided in accordance with section 17 or 21 of the Building (Scotland) Act 2003. The content of completion certificates and applications can be dictated by regulations made under section 36 of the 2003 Act. Paragraph (b) covers where more than one use is suitable and paragraph (c) confirms other information might be relevant. For example, there may be planning obligations entered into under section 75 of the Town and Country Planning (Scotland) Act 1997.

Section 5: Exempt new residential units

23. This section provides for certain buildings to be "exempt new residential units", that is buildings, or parts of buildings, which would otherwise be classified as intended for use as a dwelling or other accommodation, but are not to be so treated on the basis that their intended use is listed here. The list is made up of—

- Pre-existing residences, provided the works have not resulted in a different number of dwellings than were in existence beforehand;
- social housing, that is a building to be let under a Scottish secure tenancy by any party such as local authority, registered social landlord or private developer;
- affordable housing, that is a building built using affordable housing funding provided by Scottish Ministers under section 1 or 2 of the Housing (Scotland) Act 1988 or local authorities under section 92 of the Housing (Scotland) Act 2001; and
- any building on a Scottish island.

Section 6: Power to modify types of buildings which may be taxable

24. This section provides a regulation-making power to Ministers subject to the affirmative procedure, allowing the list of buildings specifically included as "new residential units" in section 4(2), the list of buildings specifically excluded as "new residential units" in section 4(3) and the list of "exempt new residential units" in section 5 to be adjusted by secondary legislation.

25. Under subsection (2), the regulations may add to any of the lists a "relevant building" within the meaning of section 80O of the Scotland Act 1998. Section 80O defines "relevant building" as "a building in Scotland consisting of or containing (i) one or more dwellings, (ii) other accommodation" with accommodation including "temporary accommodation, for example in a hotel or hospital".

26. Subsection (2) also makes clear that the regulations may adjust the lists or exemptions by reference to different geographical areas or types of land and that the regulations may adjust the relevant sections of the Act or provide further descriptions in the regulations themselves (or a document referred to in the regulations). This may be used where a specific and technical description is required to capture a specific area. For example, it is anticipated that the power will be used to exempt certain remote rural areas such as Cape Wrath, Knoydart and Scoraig, which have unique geographical and transport issues similar to those faced by island building. The description and exact boundaries of any such areas may need to be detailed and make use of Ordinance Survey grid references or maps.

27. Subsection (4) requires that before making regulations under this section, the Scottish Minister must consult local authorities, persons whom the Scottish Ministers consider represent the interests of the residential property development sector, and such other persons as the Scottish Ministers consider appropriate.

Section 7: Amendment of the Building (Scotland) Act 2003

28. This section amends the Building (Scotland) Act 2003 for the purpose of allowing the person applying for a completion certificate or temporary occupation permission under that Act to be required to provide information for the purposes of the levy. At present, the content of applications can be dictated by regulations made under section 36 of the 2003 Act for the purposes of that Act. Section 7 of the Act amends section 36 of the 2003 Act to remove any doubt that the regulations can require information for the purposes of the levy under the Act.

Section 8: Person liable to pay levy

29. This section provides that the person liable to pay the levy is the owner of the building on the date of either (a) the submission to a verifier of a completion certificate under section 17 of the Building (Scotland) Act 2003, if the subsequent building control event for that unit occurred on the acceptance of such a certificate, or (b) the application for the grant of permission for the temporary occupation under section 21(3) of that Act, if the subsequent building control event for that unit occurred on the grant of such permission.

30. This is an earlier point than the time of the taxable building control event itself, with the levy not being charged till the certificate is accepted or the permission granted. If more than one person owns the unit, then the levy is payable jointly and severally, that is in whole or in part by any owner.

31. Subsection (2) recognises that there may be more than one "owner" of a residential unit and provides that for this Act, any reference to an "owner" in respect of a unit refers to all persons who are the "owner", jointly and severally.

Part 3 – Calculation and Use of Levy

Section 9: Charging and rate of levy

32. This section sets out how the levy is charged and at what rate. At a basic level, this is done by taking the applicable rate of the levy and multiplying this rate by the floorspace area (in square meters) of the new residential unit for which there has been a building control event.

33. As a result of the system of reliefs and allowances in this Part, not all building control events are chargeable to tax. Subsection (1) therefore sets out that the levy is to be charged only on what is identified as a taxable building control event. Further detail on the steps required to identify a taxable building control event is contained in section 10.

34. Subsection (2) provides that the rate (or different rates) of the levy applicable is to be set by the Scottish Ministers under regulations (subject to affirmative procedure under section 48). The rate or rates set out in these regulations may be different based on geographic area, types of land where the properties are located, or any other factors deemed appropriate by Ministers.

35. Subsection (5) provides that the Scottish Ministers may also make regulations in relation to the methodology for determining the area in square meters of a relevant residential property. Subsection (6) elaborates what may be included in the regulations. The regulations may set out general or specific rules, what parts of a building may be excluded and appropriate measurement techniques (for example actual measurements or measurements taken from plans).

Section 10: The calculation of total levy payable by a person

36. This section sets out the steps to be taken by a person in calculating their liability to pay the levy. The section allows for payments of the levy to be calculated in the accounting periods for a financial year (i.e. the year in which tax is paid, which is defined as a financial year under subsection (3) as ending on 31 March or such other 12-month period as may be set by Ministers by regulations). The accounting periods are to be determined under regulations made by the Scottish Ministers under section 19. The accounting periods may be for parts of the financial year or the whole of that year.

37. The levy is charged on a taxable building control event for an accounting period, with those events for that period being identified at Step 4 of subsection (1). Before reaching that Step the person paying the levy ("the taxpayer"):

- (Step 1) calculates the total building control events for new residential units which have occurred in the accounting period for units owned by the taxpayer when the building control application was made (note the owner at this earlier point is liable here whether or not they still own the unit at the point of the building control event);
- (Step 2) deducts from that total all building control events which have occurred in the accounting period for which the taxpayer is entitled to relief;

- (Step 3) deducts from the remaining total the appropriate levy-free allowance for the accounting period, having calculated that appropriate allowance by (a) disregarding any part of the levy-free allowance for the whole financial year which has been used in an earlier accounting period for the same financial year and (b) applying the remaining amount of the allowance to the earliest building control events in the accounting period.

38. Step 4 therefore classifies all (or where there is some remaining levy-free allowance, the most recent) remaining building control events in an accounting period as the taxable building control events. The rate set out under section 10 is then applied to each individual taxable building control event for the accounting period (Step 5) and the total of each of those calculations is the levy payable for the accounting period (Step 6).

39. Subsection (2)(a) confirms that if there are zero or fewer building control events left for an accounting period after Step 2 or 3, then no levy is payable in that accounting period. Subsection (2)(b) also provides clarification, in this case about the deduction at Step 3 in a scenario where part of an allowance is used in an accounting period. For example, for an annual allowance of 25, if the first accounting period has 10 building control events, the calculation at Step 3 for that first accounting period results in a figure of *minus 15*. Nevertheless, an allowance of 15 will remain for the second accounting period, on the basis that only 10 were "used" for the first accounting period. Example calculations for a financial year are set out in the table below.

40. The example assumes that the accounting periods are set as quarters and that a developer is responsible for a total of 75 building control events (BCEs) in the whole financial year, with 10 falling in quarter 1 (AP1), 15 falling in quarter 2 (AP2), zero falling in quarter 3 (AP3) and 50 falling in quarter 4 (AP4).

41. For the purposes of the example, it is assumed that reliefs apply to 5 of the Q1 events; 10 of the Q2 events, zero of the Q3 events and 17 of the Q4 events (noting that there are no reliefs included on the face of the Act, although these may be added under section 11 regulations and, if they are, they would be deducted from the calculation under Step 2 of section 10(1)). Finally, for the purpose of the example, it is assumed that the levy-free allowance is set for the whole year under section 12 as 25 BCEs.

Step	***Accounting period 1***	***Accounting period 2***	***Accounting Period 3***	***Accounting Period 4***
1. Total BCEs in accounting period	10 new BCEs in Q1	15 new BCEs in Q2	0 new BCEs in Q3	50 new BCEs in Q4
2. Remove all BCEs entitled to relief in accounting period	5 of the 10 Q1 BCEs get relief 10 - 5 = 5	10 of the 15 Q2 BCEs get relief 15 - 10 = 5	0 of the 0 Q3 BCEs get relief 0 – 0 = 0	17 of the 50 Q4 BCEs get relief 50 – 17 = 33
3. Levy-free allowance for financial year of 25	5 – 25 = minus 20	5 – (25-5) = minus 15	0 – (25-10) = minus 15	33 – (25-10) = 18

Step	***Accounting period 1***	***Accounting period 2***	***Accounting Period 3***	***Accounting Period 4***
4. Taxable building control events in AP	Zero from AP1	Zero from AP2	Zero from AP3	18 from AP4

1. Regulations may be made under this section to define the 12-month period that constitutes the "financial year" for the purposes of this Act. However, before making such regulations, the Scottish Ministers must consult Revenue Scotland, persons whom the Scottish Ministers consider represent the interests of the residential property development sector, and such other persons as the Scottish Ministers consider appropriate.

Section 11: Reliefs

2. This section empowers the Scottish Ministers, by regulations subject to the affirmative procedure, to make provision in connection with reliefs from the levy in relation to certain building control events. The regulations may, in particular, set out a description of a relief and of any qualifying conditions as well as the rules for determining whether the relief applies. For example, a relief could be put in place in respect of rural developments, and the power in section 11 would allow the Scottish Ministers to set out the parameters of such a relief.

3. New subsection (5) provides that the regulations must include a relief for the construction of, or conversion works creating, a new residential unit on brownfield land and that it must be no less than 50% of the charge of the levy.

Section 12: Levy-free allowance

4. This section provides for the levy-free allowance, which is to consist of 29 building control events within a financial year. Regulations subject to the affirmative procedure may make further provision for and in connection with the levy-free allowance.

5. In addition to any number, the regulations can make provision for particular situations and circumstances. For example, there may be certain building control events which do or do not count towards the allowance. It may also be applied for certain periods. The regulations may also provide a method for calculating which building control events are to be treated as occurring earlier in an accounting period, a provision which may be required to deal with events which occur on the same day (for instance because the completion of a housing estate results in multiple building control events which are potentially taxable). As well, the regulations may provide for the carry-forward of a levy-free allowance.

6. Before making regulations in respect of the levy-free allowance, the Scottish Ministers must consult persons they consider appropriate and persons whom they consider represent the interests of the residential property development sector.

Section 13: Use of proceeds of levy

7. This section sets out the use of the proceeds of the levy by the Scottish Ministers, which must be for the purposes of improving the safety of persons in or about buildings in Scotland. This matches the required use for the devolved tax in terms of the section 80O of the Scotland Act 1998. Within those parameters, Ministers must use the proceeds of the levy to fund the costs of cladding remediation work, including any work associated with or ancillary to those works, and work to produce surveys, assessments or reports for cladding remediation.

Part 4 – Administration of Levy

Section 14: Scottish building safety levy register

8. This section contains provisions relating to the Scottish building safety levy register, to be maintained by Revenue Scotland.

9. Subsection (1) places a duty on Revenue Scotland to maintain a register containing whatever information it deems required for the purposes of the collection and management of Scottish building safety levy. The register is to be kept in the form that Revenue Scotland considers appropriate (subsection (2)) and must be kept up to date (subsection (3)).

10. Subsections (4) to (6) set out the content of the register and make further provision regarding Revenue Scotland's powers in relation to the register, including giving authorisation to Revenue Scotland to publish information in the register despite any prohibition within devolved competence that might otherwise apply. In particular, subsection (5) lists information which may be published, including information relating to when a registered person is treated as part of a group in terms of section 26.

Section 15: Duty to register for levy

11. This section sets out when a person must register.

12. Subsection (1) imposes a duty to register for Scottish building safety levy on a person who owns a new residential unit when a registerable event occurs and is not already registered. Subsection (2) defines a registerable event as the submission of the completion certificate or application for the grant of permission for temporary occupation where that will lead to a taxable building control event. The intention is for the owner (and therefore the taxpayer) of a new residential unit to be registered in advance of the subsequent taxable event. If a submission or an application in the building control process is made by someone who is not going to be liable to pay the levy (e.g. because the building when complete will be exempt or the person will be under the threshold of the levy-free allowance), then that person need not register.

13. Subsection (3) imposes a duty on a person who is liable to be registered but has not yet registered to notify Revenue Scotland that they are liable to be registered at the time they become liable to be registered. Subsection (4) allows Revenue Scotland to register a person with effect from the date that the person is registrable. Therefore, Revenue Scotland has the power to place a person on the register, whether or not the registration has been notified by that person under subsection (3).

14. Subsection (5) clarifies the position on registration for groups of bodies corporate (see section 25 of the Act).

15. Subsections (6) to (7) give a regulation-making power to the Scottish Ministers to grant exemptions from registration and related requirements, including any conditions or restrictions on exemptions and record-keeping requirements. Such regulations will be subject to the affirmative procedure.

16. Subsection (8) defines a registrable person for the purposes of the Act as someone who is registerable under this section or is liable to be registered.

Section 16: Voluntary registration for levy

17. A person may also voluntarily register for the levy before they are required to register under section 15. Where a person wishes to voluntarily register, they should notify Revenue Scotland in advance of or during activities that may result in a registerable event. That is, when they are intending to construct or convert a new residential unit or when they are in the process of doing so. In that case, Revenue Scotland may register the person with effect from the time of the notification.

Section 17: Cancellation of registration for levy

18. This section deals with when a registration for the levy may be cancelled.

19. Subsection (1) imposes a duty on a taxpayer to notify Revenue Scotland if they cease to carry out activities which will result in a registerable event, as defined in section 15(2) of the Act. Under subsection (2) of section 17, Revenue Scotland may cancel the registration when it is satisfied that the registered person is not carrying out any activities that will result in a registerable event – this power applying regardless of whether the person has notified Revenue Scotland under subsection (1). The cancellation has effect from the earliest practicable time after the person has ceased to undertake the activity. Subsection (3) sets out the circumstances in which Revenue Scotland may cancel a person's registration after notification under subsection (1), with effect from the earliest practicable time afterwards.

20. Subsections (4) and (5) make provision on how Revenue Scotland is to cancel registration. where a registered person becomes exempted from the requirement to be registered by virtue of regulations under section 15(6), setting out the point at which the cancellation of registration is to take effect, depending on the individual circumstances In addition, under subsection (6) registration must be cancelled when a person notifies Revenue Scotland and Revenue Scotland is satisfied that the person has not carried out, is not carrying out, and will not carry out, any activities that will result in a registrable event.

Section 18: Registration: notification and compliance

21. This section gives a regulation-making power to the Scottish Ministers to make further provision about registration for the Scottish building safety levy in the terms listed, including the specification of times for the making of notifications to do with registration in sections 15(3) and 17(1), the form and content these notifications are required to take, and the provision of further information and correction of the register. Regulations under this section will be subject to the affirmative procedure.

Section 19: Accounting for levy and time for payment

22. This section gives a regulation-making power to the Scottish Ministers to provide that a registrable person must account for the payment of the Scottish building safety levy by reference to specific accounting periods; must make returns in relation to those periods; and must pay tax by the deadlines and in the manner set out in the regulations. They may also specify the circumstances in which a registerable person is not required to make returns. Such regulations are subject to the negative procedure.

Section 20: Form and content of returns

23. This section provides that returns for the Scottish building safety levy must meet Revenue Scotland's specifications in terms of their content and form. Subsection (2) allows Revenue Scotland to specify different forms, information and manners of return for different kinds of return. Any additional information supplied alongside the return itself for the purpose of completing the return is to be treated as part of the return.

Section 21: Communications from taxpayers to Revenue Scotland

24. This section provides that notices, applications or other communications that taxpayers make to Revenue Scotland must meet Revenue Scotland's specifications in terms of their content and form.

Section 22: Information Sharing

25. This section of the Act provides a legal framework for information sharing to support the administration of the levy, to be supplemented in regulations subject to the affirmative procedure. Information sharing occurs between Revenue Scotland and relevant entities, which are specified in subsection (3) as local authorities, Registers of Scotland, the Scottish Ministers and other persons who may be specified in the regulations.

26. The regulations made under this section may provide for requirements in respect of the keeping and protection of the information, the enforcement of disclosure obligations including through financial penalties, and designating disclosures by Revenue Scotland to be permitted under the Revenue Scotland and Tax Powers Act 2014.

27. Subsection (4) provides that regulations may specify the type and form of information to be disclosed as well as the time and manner in which disclosure occurs, along with providing for disclosure in bulk. Subsection (5) requires that if regulations are to be made in respect of the matters in subsection (4), the Scottish Ministers must first consult with Revenue Scotland and other persons the Scottish Ministers consider appropriate.

Section 23: Appointment of tax representatives

28. This section of the Act gives a regulation-making power to the Scottish Ministers to make provision in order to ensure, where a taxpayer is not resident in the UK, that they arrange for the appointment of a person resident in the UK to act as their representative for the purposes of paying the Scottish building safety levy (for instance, an accountant or similar professional). Subsection (2) defines a "non-resident taxpayer" as a person who is not resident in the UK and who is registered, or is required to be, for the purposes of the levy (or would be required but for an exemption in regulations made under section 15(6) of the Act). The regulations are subject to the affirmative procedure.

29. The regulations may make (but are not limited to) the kinds of provision listed in subsection (3): including a requirement for initial notification by taxpayers of a change in residence status to Revenue Scotland; a requirement for approval by Revenue Scotland of an appointment of a tax representative; and the creation of a process for requesting such approval. Failure to request approval may be penalised by virtue of section 216J of the Revenue Scotland and Tax Powers Act 2014, as inserted by section 40 of this Act.

Section 24: Effect of appointment of tax representatives

30. This section provides for the effect of the appointment of a tax representative by a taxpayer in that they are entitled to act on a non-resident taxpayer's behalf and must make sure that the taxpayer complies with their legal obligations under the Act in relation to the Scottish building safety levy.

31. In addition, subsection (3) makes a tax representative personally liable in respect of any failure of compliance by the non-resident taxpayer with the requirements of this Act, and imposes joint and several liability on the tax representative and the non-resident taxpayer in respect of any such failure (meaning that each person would be responsible for the full liability for the failure).

32. Subsection (4) clarifies that a tax representative does not themselves have to register for the levy.

33. Subsection (5) provides that a non-resident taxpayer will themselves be liable in respect of any tax due as a consequence of fraud or error by their tax representative.

Section 25: Definition of "business premises" to exclude premises of tax representatives

34. This section of the Act amends section 141 (power to inspect business premises) of the Revenue Scotland and Tax Powers Act 2014 to apply a new definition of "business premises" for the purposes of the Scottish building safety levy.

35. Generally, "business premises" means premises that a designated officer of Revenue Scotland has reason to believe are used in connection with the carrying on of a business by or on behalf of a person. But in relation to the Scottish building safety levy, it does not include the premises of any tax representative within the meaning of this Act (i.e. the person who in accordance with regulations under section 23 acts as a taxpayer's representative for the purposes of the levy).

Section 26: Groups of companies

36. This section provides for how groups of companies and members of groups are to be treated with regard to tax liabilities. This includes providing how groups of companies are liable through their representative member carrying out building control events and how corporate bodies can be considered a group.

37. Subsections (2) and (3) set out the conditions of the application for group treatment. An application for group treatment is made to Revenue Scotland under subsection (4) and under subsection (5) it must set out which of the bodies corporate is to be the representative member. As per subsection (6), a successful application will take effect from the beginning of a particular accounting period. An application to vary or end the group treatment may be made under subsection (7) and, as per subsection (8), may be granted with effect from a time specified by Revenue Scotland in a written notice to the members of the group.

38. Revenue Scotland may also refuse the application. However, subsection (9) provides that Revenue Scotland only has discretion to refuse an application under subsection (4) or subsection (7) if it appears necessary to do so for the protection of the revenue (i.e. to prevent the loss of tax revenue) – otherwise the application must be granted.

39. Subsection (10) states that an application under this section must be made by the bodies or person controlling them and that the application should be made 90 days before the group status is to take effect (or by such later time as Revenue Scotland allows).

40. Subsection (11) sets out the circumstances in which a corporate body or individuals will be deemed to control another corporate body, mainly if the corporate body is the latter body's holding company within the meaning of section 1159 and Schedule 6 of the Companies Act 2006 or, in the case of individuals, would be if the individual was a company.

Section 27: Notification of cessation of eligibility for group treatment or of having a place of business in UK

41. This section provides that where bodies corporate are treated as members of a group for the purposes of the levy, and one of them becomes no longer eligible for group treatment under section 26, that body is under a duty to notify Revenue Scotland immediately of that fact. In addition, this section places a duty on representative members of groups to notify Revenue Scotland if they no longer have an established place of business in the UK.

Section 28: Group treatment: change to application or notification

42. This section applies where bodies corporate are treated as members of a group for the purposes of the levy. A body corporate which has made an application under section 26(4) or (7) relating to group treatment, or a notification under section 27(1) or (2) concerning the cessation of its eligibility for group treatment or of its having a place of business in the UK, has a duty to notify Revenue Scotland immediately if any information contained in or provided in connection with that application or notification subsequently becomes inaccurate.

Section 29: Group treatment: substitution and termination

43. This section deals with the scenario where the representative member of a group of bodies corporate ceases to be treated as a member of the group, and no application to change the representative member under section 26(7)(c) has been granted by Revenue Scotland. In such a situation Revenue Scotland is required to substitute a different member of the group as the new representative member by notice to that member.

44. Subsection (3) provides that where a body corporate which is a member of a group ceases to be controlled by any person (see section 26(11)) for the meaning of control in this context) then Revenue Scotland must terminate the group treatment of that body by notice.

45. In addition, subsection (4) provides that if it appears to Revenue Scotland necessary to do so for the protection of the revenue, it has a general power to terminate the group treatment of a body corporate by notice. The time termination that comes into effect must not be before the day on which notice is given to the representative member, as per subsection (5).

Section 30: Partnerships and unincorporated bodies etc.

46. This section of the Act gives a regulation-making power to the Scottish Ministers to make provision applying the Act to cases where a business is carried on in partnership or by an unincorporated body. Regulations under this section will be subject to the negative procedure. Under subsection (2), registration for tax can be in the name of the firm or body concerned (as opposed to being in the name of its members). A body corporate may have several divisions which are themselves bodies corporate: under subsection (4), Revenue Scotland may determine what divisions of a particular corporate body are registrable for the Scottish building safety levy.

Section 31: Bankruptcy etc.

47. This section gives a regulation-making power to the Scottish Ministers to make provision requiring persons who are carrying on the business of someone who has died, become bankrupt or become incapacitated, or whose business is in liquidation, receivership or administration, to inform Revenue Scotland that they are doing so. The regulations may also make provision allowing such persons to be treated as the original taxpayer for the purposes of the Scottish building safety levy and make provision applying the Act to such persons. These regulations are subject to the negative procedure.

Section 32: Transfer of business as a going concern

48. This section gives a regulation-making power to the Scottish Ministers to make provision applying the Act to cases where a business is transferred to another person as a going concern (that is, it is assumed that the business is still able to meet its financial obligations when they become due). The regulations may include provision requiring notification to Revenue Scotland, and provision treating the transferee as the original taxpayer for the purposes of the levy. These regulations are subject to the negative procedure.

Section 33: Security required by individual direction

49. This section and section 34 empower Revenue Scotland to issue directions requiring taxpayers (and, in some circumstances, tax representatives) to provide security for the payment of any tax that may become due. Revenue Scotland has the power to specify what type of security is appropriate, but it is expected that a written guarantee from a financial institution (such as a bank) will normally be acceptable.

50. A direction under this section made by Revenue Scotland applies to an individual taxpayer or tax representative. A direction under this section may require a taxpayer or tax representative to provide security, or identify the amount of security that a taxpayer would be required to provide to secure the approval of the appointment of a tax representative. In respect of any particular taxpayer, an individual direction under this section prevails over a general direction under section 34.

Section 34: Security required by general direction

51. A direction under this section made by Revenue Scotland applies to taxpayers generally. It may specify the amount of security, or a method for calculating the amount of security, that persons are required to provide to secure the approval of the appointment of an administrative tax representative. It is expected that a written guarantee from a financial institution (such as a bank) will normally be acceptable. In respect of any particular taxpayer, an individual direction under section 33 prevails over a general direction under this section.

Section 35: Delegation of functions by Revenue Scotland

52. This section amends section 4 of the Revenue Scotland and Tax Powers Act 2014, allowing Revenue Scotland to delegate its functions relating to the Scottish building safety levy to a person specified in regulations by the Scottish Ministers (subject to the affirmative procedure). A delegation of this kind does not affect Revenue Scotland's ability to exercise that function or its legal responsibility for it, however (section 4(7)).

53. Under section 4(2), Revenue Scotland may give directions to the relevant person as to how a delegated function is to be exercised and the relevant person has a duty to comply with any such direction by Revenue Scotland. Section 4(2) provides that delegations or directions given under section 4 may be varied or revoked at any time.

54. Under section 4(4) and (5), Revenue Scotland has duties to publish information about delegations and directions given under this section, and to lay before the Scottish Parliament a copy of the information it publishes. However, these duties do not apply to the extent that Revenue Scotland considers that publication of the information would prejudice the effective exercise of its functions, as section 4(6).

Part 5 – Penalties

Section 36: Failure to make return

55. This section amends section 159 of the Revenue Scotland and Tax Powers Act 2014, applying the penalty there for the failure to make a tax return by the statutory deadline to the Scottish building safety levy. The applicable deadlines are set in regulations under section 19 of this Act. Sections 164 to 167 of the 2014 Act, as amended by this section, create a sliding scale for the amount of penalty for failure to submit a return for the levy. So for instance, the first penalty for a failure to make a return is £100; further failures to make a return would attract penalties of £200 to £400, depending on the circumstances; and specific penalties are set out in sections 166 and 167 for a continuing failure to submit a return 6 months and 12 months after the original penalty date.

Section 37: Failure to pay levy

56. This section amends section 168 of the Revenue Scotland and Tax Powers Act 2014, applying the penalties there for failure to pay the tax that is the Scottish building safety levy. Subsection (2) of section 168 provides that if a person's failure to pay the tax falls under multiple heads of this provision, for example under both the levy and Scottish aggregates tax, then the person is liable to a penalty for each separate failure. Sections 170 to 173 of the 2014 Act, as amended by this section, create a sliding scale for the amount of penalty for failure to pay the levy.

Section 38: Inaccuracies in taxpayer documents

57. This section amends section 182 of the Revenue Scotland and Tax Powers Act 2014, applying the penalties there for inaccuracies in taxpayer documents in relation to the levy: this includes a situation where a taxpayer has amended their tax return under section 83 of the 2014 Act, and claims for repayment under sections 106 to 108 of the 2014 Act. Under section 183 of the 2014 Act, the penalty would be a maximum of 100% of the potential lost revenue for a deliberate inaccuracy, and a maximum 30% of the potential lost revenue for a careless inaccuracy.

Section 39: Failure to register for levy etc.

58. This section substitutes a new provision into section 209 of the Revenue Scotland and Tax Powers Act 2014 on penalties for failure to register for tax, applying these penalties for failure to comply with the duties imposed by sections 15 and 18 of the Act: i.e. the duties relating to registration on persons who carry out taxable activities. Under section 210 of the 2014 Act, the penalty would be 100% of the potential lost revenue for a deliberate failure to comply, and 30% of the potential lost revenue for a careless failure to comply.

Section 40: Failure to request approval of tax representative appointment

59. This section inserts a new section 216J into the Revenue Scotland and Tax Powers Act 2014 (as the first section of a new Chapter 5B of Part 8 of that Act), creating a penalty in relation to the levy where a person has failed to seek Revenue Scotland's approval to appoint a tax representative where required to do so in regulations made under section 29(1) of the Act. The applicable penalty is a flat rate penalty of £10,000.

Section 41: Failure to notify cessation of eligibility for group treatment or of having place of business in UK

60. This section inserts a new section 216K into the Revenue Scotland and Tax Powers Act 2014, creating a penalty in relation to the levy where a person fails to notify Revenue Scotland that the person (a) has ceased to be eligible to be treated as part of a group of corporate bodies, as is required under section 27(1) of this Act or (b) has ceased to have an established place of business in the United Kingdom, as is required under section 27(2) of this Act. The applicable penalty is a flat rate penalty of £500.

Section 42: Failure to notify change to group treatment application or notification

61. This section inserts a new section 216L into the Revenue Scotland and Tax Powers Act 2014, creating a penalty in relation to the levy where a person who fails to notify Revenue Scotland, that the person has ceased to be eligible to be treated as part of a group of corporate bodies, as is required under section 28(1) of this Act. The applicable penalty is a flat rate penalty of £500.

Section 43: Failure to provide security

62. This section inserts a new section 216M into the Revenue Scotland and Tax Powers Act 2014, creating a new penalty for a failure to provide security for payment of the levy when required to do so by Revenue Scotland under section 33 or 34 of this Act. The applicable penalty is a flat rate penalty of £20,000.

Section 44: General provisions for penalties relating to the Scottish building safety levy

63. This section inserts a new section 216N into the Revenue Scotland and Tax Powers Act 2014, providing that liability under the penalty provisions relating to the levy, as inserted by this Part of the Act, will not arise where the taxpayer can show that there is a reasonable excuse for their conduct; section 216N(2) makes further provision on what can and what cannot be claimed as a reasonable excuse for these purposes.

64. This section also inserts a new section 216O into the 2014 Act, making provision about the assessment and payment of penalties under the penalty provisions relating to the levy. Revenue Scotland is required to assess the penalty and notify the person who is liable and there is then a period of 30 days for payment. The assessment must be made by Revenue Scotland within 12 months of either the person becoming liable to the penalty or Revenue Scotland becoming aware of the person's liability (whichever is later), and is treated as an assessment to tax for enforcement purposes.

65. Finally, this section also inserts a new section 216P into the 2014 Act, giving the Scottish Ministers a regulation-making power to make changes to the new penalty provisions in Chapter 5B of Part 8 of the Revenue Scotland and Tax Powers Act 2014, as inserted by the Act. This is consistent with other powers in Part 8. The regulations will be subject to the affirmative procedure.

Part 6 – Reviews and Appeals

Section 45: Reviews and appeals of decisions of Revenue Scotland

66. This section amends section 233 of the Revenue Scotland and Tax Powers Act 2014, adding further decisions of Revenue Scotland in relation to building safety levy as appealable under Part 11 of the Revenue Scotland and Tax Powers Act 2014. The effect is that the decisions would be subject to review by Revenue Scotland and appeal to the First-Tier Tribunal.

Part 6 – Final provisions

Section 46: Report on operation of Act

67. This section requires the Scottish Ministers to report on the operation of the Act. The reports may occur at such intervals as they consider appropriate – but in no case exceeding three years – and must set out how the proceeds of the levy have been used, the work undertaken by the Scottish Ministers to improve the safety of persons in and about buildings where that work is funded in whole or in part by the levy, and anything else that the Scottish Ministers consider appropriate. In addition, the report may refer to information contained in reports under section 30 of the Housing (Cladding Remediation) (Scotland) Act 2024 (legislation which requires Ministers to report on the progress made in national cladding remediation work).

68. The report must be published as soon as practicable after it has been prepared in every case, and the first report under this section must be published within three years of the day on which the section comes into force.

Section 47: Interpretation of the Act

69. This section lists a number of important terms used throughout the Act and refers to the places in the Act where these are defined or described.

Section 48: Interpretation of the Revenue Scotland and Tax Powers Act 2014

70. This section amends reference to the Act into the interpretation provisions of the Revenue Scotland and Tax Powers Act 2014.

Section 49: Regulation-making powers

71. This section allows regulations made under the Act to make different provision for different purposes.

Section 50: Ancillary provision

72. This section allows the Scottish Ministers, by regulations, to make stand-alone ancillary provision in relation to the Act or any provision made under it. Any ancillary provision amending primary legislation will be subject to the affirmative procedure; otherwise, ancillary provision will be subject to the negative procedure.

Section 51: Crown application

73. This section provides that nothing in the Act affects His Majesty the King in His personal capacity. As mentioned above, the Act does apply to emanations of the Crown generally.

Section 52: Commencement

74. This section provides that sections 49, 50, 51 and 54, along with this section itself, come into force on the day after Royal Assent.

75. All other provisions are to come into force on a day appointed by regulations made by the Scottish Ministers. These regulations may make transitional, transitory or saving provision related to commencement and may make different provision for different purposes. These regulations are also required to be laid before the Parliament under section 30 of the Interpretation and Legislative Reform (Scotland) Act 2010, but they are not otherwise subject to any Parliamentary procedure.

Section 53: Expiry

76. This section provides that the Act will expire at the end of the period of 15 years that begins on the day on which the section comes into force. The Scottish Ministers, however, may extend that period by regulations which are subject to the affirmative procedure. In laying a draft Scottish statutory instrument to extend the Act's operation, the Ministers must provide Parliament with a statement of their reasons why it is necessary to do so.

77. Regulations may be made under this section to modify any Act – notably to modify the expiry provision before it operates. If no regulation is made that extends the operation of the Act by modifying the text of section 53(1) before the expiry day, the Act is considered a temporary act of the Scottish Parliament as that phrase is used in section 18 of the Interpretation and Legislative Reform (Scotland) Act 2010, and sections 15 to 17 of that Act apply in consequence as if this Act were repealed by an Act of the Scottish Parliament. This means that expiry of this Act would not affect any liabilities or rights of individual taxpayers existing before expiry.

Section 54: Short title

78. This section provides that may be referred to and cited as the Building Safety Levy (Scotland) Act 2026.

PARLIAMENTARY HISTORY

79. The following is a list of the proceedings in the Scottish Parliament on the Bill for the Act and significant documents connected to the Bill published by the Parliament during the Bill's parliamentary passage.

Proceedings and reports	Reference
Bill as introduced	SP Bill 73 Building Safety Levy (Scotland) Bill [as introduced] Session 6 (2025)
Explanatory Notes	SP Bill 73 Building Safety Levy (Scotland) Bill [explanatory notes] Session 6 (2025)
Policy Memorandum	SP Bill 73 Building Safety Levy (Scotland) Bill [policy memorandum] Session 6 (2025)
Financial Memorandum	SP Bill 73 Building Safety Levy (Scotland) Bill [financial memorandum] Session 6 (2025)
Delegated Powers Memorandum	SP Bill 73 Building Safety Levy (Scotland) Bill [delegated powers memorandum] Session 6 (2025)
Stage 1	
Finance and Public Administration Committee, 7 October 2025	SP OR Finance and Public Administration Committee 7 October 2025
Delegated Powers and Law Reform Committee, 28 October 2025	SP OR Delegated Powers and Law Reform Committee 28 October 2025
Finance and Public Administration Committee, 11 November 2025	SP OR Finance and Public Administration Committee 11 November 2025
Delegated Powers and Law Reform Committee, 11 November 2025	SP OR Delegated Powers and Law Reform Committee 11 November 2025
Delegated Powers and Law Reform Committee report	Delegated Powers and Law Reform Committee 83rd report, 2025, Delegated Powers in the Building Safety Levy (Scotland) Bill at Stage 1 (SPP 909)
Finance and Public Administration Committee, 18 November 2025	SP OR Finance and Public Administration Committee 18 November 2025
Finance and Public Administration Committee, 9 December 2025	SP OR Finance and Public Administration Committee 9 December 2025
Finance and Public Administration Committee report	Finance and Public Administration Committee 13th report, 2025, Stage 1 report on the Building Safety Levy (Scotland) Bill (SPP 929)
Chamber, 8 January 2026	SP OR 8 January 2026
Stage 2	
Marshalled List of Amendments for Stage 2	SP Bill 73 Building Safety Levy (Scotland) Bill [marshalled list of amendments for stage 2] Session 6 (2026)

Proceedings and reports	Reference
Groupings of Amendments for Stage 2	SP Bill 73 Building Safety Levy (Scotland) Bill [groupings of amendments for stage 2] Session 6 (2026)
Finance and Public Administration Committee, 10 February 2026	SP OR Finance and Public Administration Committee 10 February 2026
Bill as amended at Stage 2	SP Bill 73A Building Safety Levy (Scotland) Bill [as amended at Stage 2] Session 6 (2026)
Revised Explanatory Notes	SP Bill 73A Building Safety Levy (Scotland) Bill [revised explanatory notes] Session 6 (2026)
Supplementary Financial Memorandum	SP Bill 73A Building Safety Levy (Scotland) Bill [supplementary financial memorandum] Session 6 (2026)
Supplementary Delegated Powers Memorandum	SP Bill 73A Building Safety Levy (Scotland) Bill [supplementary delegated powers memorandum] Session 6 (2026)
Delegated Powers and Law Reform Committee report	Delegated Powers and Law Reform Committee 23rd report, 2026, Delegated powers in the Building Safety Levy (Scotland) Bill (as amended at Stage 2) (SPP 1037)
Stage 3	
Marshalled List of Amendments for Stage 3	SP Bill 73A Building Safety Levy (Scotland) Bill [marshalled list of amendments for stage 3] Session 6 (2026)
Timed Groupings of Amendments for Stage 3	SP Bill 73A Building Safety Levy (Scotland) Bill [timed groupings of amendments for stage 3] Session 6 (2026)
Chamber, 17 March 2026	SP OR 17 March 2026
Bill as passed	SP Bill 73B Building Safety Levy (Scotland) Bill [as passed] Session 6 (2026)
Post passage	
Royal Assent, 13 May 2026	2026 asp 14

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