POLICY NOTE

THE LAND AND BUILDINGS TRANSACTION TAX (INVESTMENT ZONES RELIEF) (SCOTLAND) ORDER 2026

SSI 2026/XXX

The above instrument was made in exercise of the powers conferred by sections 27(3)(a) and 68(1) of the Land and Buildings Transaction Tax (Scotland) Act 2013 ("the 2013 Act") and all other powers enabling Scottish Ministers to do so. This instrument is subject to affirmative procedure.

Purpose of the instrument. This Order inserts a new Schedule 16E into the 2013 Act to provide for relief from Land and Buildings Transaction Tax ("LBTT") for eligible transactions within an Investment Zone designated tax site.

In addition, this Order makes other related amendments to the 2013 Act and to the Revenue Scotland and Tax Powers Act (Interest on Unpaid Tax and Interest Rates in General) Regulations 2015 (S.S.I. 2015/128) in connection with the introduction of this new LBTT relief.

Policy Objectives

This instrument inserts a new Schedule 16E into the 2013 Act to provide for relief from LBTT for eligible transactions within an Investment Zone designated tax site and makes related amendments to the 2013 Act and to the Revenue Scotland and Tax Powers Act (Interest on Unpaid Tax and Interest Rates in General) Regulations 2015 in connection with the introduction of this new LBTT relief.

This relief is intended to support the Scottish Government's objectives in delivering the Investment Zone programme by encouraging long-term investment in specified tax sites which are deemed, at the point of designation, to be underdeveloped.

Subject to the approval of Parliament, the instrument will come into force on 26 February 2026.

UN Convention on the Rights of the Child (Incorporation) (Scotland) Act 2024 Compatibility

The Scottish Ministers have made the following statement regarding children's rights.

In accordance with section 23(2) of the United Nations Convention on the Rights of the Child (Incorporation) (Scotland) Act 2024, the Scottish Ministers certify that, in their view, the Land and Buildings Transaction Tax (Investment Zones Relief) (Scotland) Order 2026 is compatible with the UNCRC requirements as defined by section 1(2) of the Act.

EU Alignment Consideration

This instrument is not relevant to the Scottish Government's policy to maintain alignment with the EU.

Consultation

There is no statutory requirement to consult on this instrument.

The proposed relief was subject to informal consultation as part of the Scottish Government's regular engagement with stakeholders.

Impact Assessments

Equalities and equal opportunities – This Order does not unlawfully discriminate in any way with respect to any of the relevant protected characteristics (age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, sex and sexual orientation) either directly or indirectly.

Human Rights – This Order is considered to be compatible with the convention rights under the Human Rights Act 1998. In particular, this Order is considered to be compatible with the right to peaceful enjoyment of possessions under Article 1 Protocol 1 of the European Convention for the Protection of Human Rights and Fundamental Freedoms, in terms of which a State may nevertheless enforce such laws as it deems necessary to secure the payment of taxes. The present Order introduces a new relief from LBTT in connection with the acquisition of interests in land that are located in Investment Zones.

Privacy impacts – No privacy impacts resulting from this legislation have been identified.

Island communities – No impacts have been identified for Island Communities in relation to the provisions of this Order.

Local government – There will not be any additional administrative or compliance burdens specifically affecting local government beyond those duties which local authorities are already subject to under the existing LBTT legislation.

Sustainable development – While this Order will have no impact on sustainable development, the Investment Zone programme has been designed to create high-quality jobs, boost regional innovation in key growth sectors like advanced manufacturing, green energy and digital technologies, and drive economic growth while ensuring the benefits and opportunities of growth are felt by communities throughout Investment Zone regions.

Child rights and wellbeing impact assessment ("CRWIA") – A CRWIA has been carried out in respect of this Order and will be published on the legislation.gov.uk website. The overall conclusion was that this Order has no impact on children's rights under the UNCRC requirements (as incorporated into domestic law) or on children's wellbeing.

Financial Effects

The Scottish Fiscal Commission has undertaken an initial review of the information available on Investment Zone relief for LBTT. The Commission has indicated that the effect of the change on Land and Buildings Transaction Tax revenue is likely to fall below their materiality threshold of £5 million in annual revenue.

A BRIA will be published in due course in relation the wider Investment Zone programme, of which this relief forms part.

As with all reliefs, Revenue Scotland will monitor the level and value of claims throughout the availability period.

Scottish Government
Directorate for Tax
December 2025