POLICY NOTE

THE LAND AND BUILDINGS TRANSACTION TAX (CO-OWNERSHIP AUTHORISED CONTRACTUAL SCHEMES) (SCOTLAND) REGULATIONS 2026

SSI 2026/111

The above instrument was made in exercise of the powers conferred by section 68(1) and paragraph 8(a) of schedule 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. These Regulations insert a new paragraph 7A into schedule 1 of the 2013 Act to provide that various transactions in connection with units in co-ownership authorised contractual schemes are exempt from Land and Buildings Transaction Tax.

Policy Objectives

This exemption is intended to support investment in Scottish land and property by co-ownership authorised contractual schemes.

Co-ownership authorised contractual schemes are a particular kind of investment scheme established under the Financial Services and Markets Act 2000. The schemes acquire and hold investments including land and property. Scheme participants can acquire or sell an interest in the schemes, which are known as units.

The exemption is intended to ensure that transactions do not give rise to a tax liability under the Land and Buildings Transaction Tax (Scotland) Act 2013. The exemption does not extend to the initial acquisition by the scheme of land or property situated in Scotland.

Subject to the approval of Parliament, the instrument will come into force on 1 April 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 (Co-ownership Authorised Contractual Schemes) (Scotland) Regulations 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.

A public consultation on the policy and draft Regulations was published on 11 July 2025 and ran until 5 September 2025. The consultation received 18 responses from fund managers and stakeholder organisations representing professionals in law, tax, and accounting. The proposed exemption was also discussed as part of the Scottish Government's regular engagement with stakeholders.

An analysis of responses to the consultation will be published separately.

Impact Assessments

Equalities and equal opportunities – These Regulations do 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 – These Regulations are considered to be compatible with the convention rights under the Human Rights Act 1998. In particular, these Regulations are 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.

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 these Regulations.

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 – The Regulations will have no impact on sustainable development.

Child rights and wellbeing impact assessment ("CRWIA") – A CRWIA has been carried out in respect of these Regulations and will be published on the legislation.gov.uk website. The overall conclusion was that these Regulations have 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 will consider the financial impacts of these Regulations as part of their January 2026 Economic and Fiscal Forecast.

Scottish Government
Directorate for Tax
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