SCOTTISH STATUTORY INSTRUMENTS

2026 No. 110

LAND AND BUILDINGS TRANSACTION TAX

The Land and Buildings Transaction Tax (Investment Zones Relief) (Scotland) Order 2026

Made - - - -	*24th February 2026*
Coming into force - -	*26th February 2026*

The Scottish Ministers make the following Order in exercise of the powers conferred by sections 27(3)(a) and 68(1) of the Land and Buildings Transaction Tax (Scotland) Act 2013(**a**) and all other powers enabling them to do so.

In accordance with section 68(2)(c) of that Act, a draft of this instrument has been laid before and approved by resolution of the Scottish Parliament.

Citation, commencement and interpretation

1.—(1) This Order may be cited as the Land and Buildings Transaction Tax (Investment Zones Relief) (Scotland) Order 2026 and comes into force on 26 February 2026.

(2) In this Order, "the Act" means the Land and Buildings Transaction Tax (Scotland) Act 2013.

Investment zones relief

2.—(1) The Act is modified as follows.

(2) In section 27(1) (reliefs)(**b**), after "schedule 16D (green freeports relief)", insert—

"schedule 16E (investment zones relief).".

(3) In section 33 (further return where relief withdrawn)—

(a) the word "or" at the end of subsection (1)(f)(**c**) is repealed,

(b) after subsection (1)(g)(**d**) insert "or

(h) Part 4 of schedule 16E (investment zones relief).",

(c) after subsection (4)(g)(**e**) insert—

(**a**) 2013 asp 11, relevantly amended by S.S.I. 2023/280.
(**b**) Section 27(1) was relevantly amended by S.S.I. 2023/280.
(**c**) Section 33(1)(f) was amended by S.S.I. 2023/280.
(**d**) Section 33(1)(g) was inserted by S.S.I. 2023/280.
(**e**) Section 33(4)(g) was inserted by S.S.I. 2023/280.

"(h) in relation to the withdrawal of relief under schedule 16E, an event mentioned in paragraph 8(1) of that schedule.".

(4) In section 58 (connected persons), after paragraph (hb)(**a**) insert—

"(hc)schedule 16E,".

(5) After schedule 16D (green freeports relief)(**b**) insert schedule 16E contained in the schedule of this Order.

(6) In schedule 19 (leases), in paragraph 27(3) (cases where assignation of lease treated as grant of lease), after sub-paragraph (g)(**c**) insert—

"(h) schedule 16E (investment zones relief).".

Interest where relief is withdrawn

3.—(1) The Revenue Scotland and Tax Powers Act (Interest on Unpaid Tax and Interest Rates in General) Regulations 2015(**d**) are modified as follows.

(2) In regulation 3 (interpretation of Part 2)—

(a) the word "or" at the end of paragraph (g)(**e**) is omitted,

(b) at the end of paragraph (h)(**f**), for "and" substitute "or",

(c) after paragraph (h) insert—

"(i) in relation to the withdrawal of relief under schedule 16E of the LBTT(S) Act 2013, an event mentioned in paragraph 8(1) of that schedule; and".

(3) In regulation 4 (relevant date), in the Column headed 'Relevant date' corresponding with Land and buildings transaction tax—

(a) the word ", or" at the end of paragraph (vii)(**g**) is omitted,

(b) at the end of paragraph (viii)(**h**), insert "or

(ix) Part 4 of schedule 16E (investment zones relief) of the LBTT(S) Act 2013,".

SHONA ROBISON
A member of the Scottish Government

St Andrew's House,
Edinburgh
24th February 2026

(**a**) Section 58(hb) was inserted by S.S.I. 2023/280.
(**b**) Schedule 16D was inserted by S.S.I. 2023/280.
(**c**) Paragraph 27(3)(g) of schedule 19 was inserted by S.S.I. 2023/280.
(**d**) S.S.I. 2015/128, relevantly amended by S.S.I. 2023/280.
(**e**) Regulation 3(g) was amended by S.S.I. 2023/280.
(**f**) Regulation 3(h) was inserted by S.S.I. 2023/280.
(**g**) Paragraph (vii) was amended by S.S.I. 2023/280.
(**h**) Paragraph (viii) was inserted by S.S.I. 2023/280.

SCHEDULE

Article 2(5)

"SCHEDULE 16E

Introduced by section 27

Investment Zones Relief

PART 1

Introductory

Overview

1.—(1) This schedule provides for relief in the case of transactions relating to land in an investment zone tax site.

(2) It is arranged as follows—

Part 2 makes provision about the circumstances in which relief is available,

Part 3 defines key terms,

Part 4 makes provision about withdrawal of the relief,

Part 5 makes provision about cases involving alternative finance arrangements.

PART 2

The relief

Full relief

2.—(1) This paragraph applies to a land transaction if—

(a) at least 90% of the chargeable consideration for the transaction is attributable to qualifying investment zone land, and

(b) the effective date of the transaction is within the period beginning on 26 February 2026 and ending on 25 February 2031.

(2) The transaction is exempt from charge.

Partial relief

3.—(1) This paragraph applies to a land transaction if—

(a) the proportion of the chargeable consideration for the transaction that is attributable to qualifying investment zone land ("the relevant proportion") is less than 90% but at least 10%, and

(b) the effective date of the transaction is within the period beginning on 26 February 2026 and ending on 25 February 2031.

(2) The tax chargeable in respect of the transaction is reduced by the relevant proportion.

Attributing chargeable consideration to land

4.—(1) For the purposes of this schedule, the chargeable consideration for a land transaction that is attributable to qualifying investment zone land must be determined on a just and reasonable basis.

(2) Sub-paragraphs (3) and (4) apply if less than 100% of the chargeable consideration attributable to transaction land situated in an investment zone tax site (the "investment zone consideration") is attributable to land that satisfies the condition in paragraph 6(1)(b).

(3) If at least 90% of the investment zone consideration is attributable to land that satisfies the condition in paragraph 6(1)(b) then, for the purposes of this schedule, all of the investment zone consideration is to be treated as being attributable to qualifying investment zone land.

(4) If less than 10% of the investment zone consideration is attributable to land that satisfies the condition in paragraph 6(1)(b) then, for the purposes of this schedule, none of the investment zone consideration is to be treated as being attributable to qualifying investment zone land.

PART 3

Key terms

Transaction land

5. In this schedule, "transaction land", in relation to a land transaction, means land a chargeable interest in which is the subject matter of the transaction.

Qualifying investment zone land

6.—(1) For the purposes of this schedule, transaction land is "qualifying investment zone land" to the extent that, on the effective date of the transaction—

(a) it is situated in an investment zone tax site, and

(b) the buyer intends it to be used exclusively in a qualifying manner.

(2) In this schedule, "investment zone tax site" means an area in Scotland which—

(a) is within an area which is identified as an investment zone in a document published by, or with the consent of, the Treasury for the purposes of section 113 of the Finance Act 2021(**a**) (and not withdrawn), and

(b) has been designated by regulations made under that section.

Use of land in a qualifying manner

7.—(1) For the purposes of this schedule, transaction land is used in a qualifying manner if it is used in one or more of the following ways—

(a) it is used by the buyer or a connected person in the course of a commercial trade or profession,

(b) it is developed or redeveloped by the buyer or a connected person for use (by any person) in the course of a commercial trade or profession,

(**a**) 2021 c. 26. Section 113 was amended by section 331(2) to (4) and paragraph 19 of schedule 23 of the Finance (No. 2) Act 2023 (c. 30).

(c) it is exploited by the buyer or a connected person, in the course of a commercial trade or profession, as a source of rents or other receipts (other than excluded rents).

(2) But land is not used in a qualifying manner to the extent that it is—

(a) used as a dwelling or as the garden or grounds of a dwelling (including any building or other structure on such land),

(b) developed or redeveloped to become residential property,

(c) exploited as a source of rents or other receipts payable by a person using the land as a dwelling or as the garden or grounds of a dwelling, or

(d) held (as stock of the business) for resale without development or redevelopment.

(3) For the purposes of this paragraph, use of land in the course of a commercial trade or profession includes use of land for a purpose that is ancillary to the use of other land which—

(a) is situated in an investment zone tax site, and

(b) is being used, or developed or redeveloped, in the course of a commercial trade or profession.

(4) The references in this paragraph to doing something in the course of a commercial trade or profession include doing something in the course of a property rental business.

(5) In this paragraph—

"commercial", in relation to a trade or profession, means carried on—

(a) on a commercial basis, and

(b) with a view to profit,

"excluded rents" means rents within any of classes 2 to 6 in the table in section 605(2) of the Corporation Tax Act 2010(**a**),

"property rental business" means a property business as defined in Chapter 2 of Part 3 of the Income Tax (Trading and Other Income) Act 2005(**b**).

PART 4

Withdrawal of relief

Withdrawal of relief

8.—(1) The relief is withdrawn if, at any time during the control period, the qualifying investment zone land is not used exclusively in a qualifying manner.

(2) But the relief is not withdrawn where, because of a change in circumstances that is unforeseen and beyond the buyer's control, it is not reasonable to expect the qualifying investment zone land to be used exclusively in a qualifying manner at that time.

(3) Where, at a time during the control period, the use of all or part of the qualifying investment zone land in a qualifying manner has not yet begun, that land (or that part of the land) is to be treated as being used exclusively in a qualifying manner if reasonable steps are being taken to ensure that it is used in that manner.

(**a**) 2010 c. 4.
(**b**) 2005 c. 5.

(4) Where, at a time during the control period, the use of all or part of the qualifying investment zone land in a qualifying manner has ceased, that land (or that part of the land) is to be treated as being used exclusively in a qualifying manner if reasonable steps are being taken—

(a) to ensure that it is used in that manner, or

(b) to dispose of all chargeable interests in that land (or that part of the land) that are held by the buyer and connected persons in a timely manner.

(5) Where the relief is withdrawn, the amount of tax chargeable is the amount that would have been chargeable in respect of the transaction but for the relief.

The control period

9.—(1) In this schedule, the "control period", in relation to a land transaction, means the shorter of—

(a) the period of three years beginning with the effective date of that transaction, and

(b) the period beginning with the effective date of that transaction and ending with the effective date of the final transaction.

(2) For the purposes of this paragraph, a land transaction is the "final transaction" if, immediately after the effective date of the transaction, neither the buyer nor a connected person holds a chargeable interest in the qualifying investment zone land (whether as a result of that transaction alone or as a result of that transaction and other land transactions).

Disposal of interest in part of qualifying investment zone land during control period

10.—(1) This paragraph applies where the buyer ceases to hold a chargeable interest in part of the qualifying investment zone land during the control period.

(2) The references in paragraphs 8 and 9 to the qualifying investment zone land are to be treated as references only to the part of the qualifying investment zone land in relation to which the buyer still holds a chargeable interest (whether the chargeable interest acquired in the land transaction in respect of which relief was allowed under Part 2 of this schedule or another chargeable interest).

PART 5

Alternative finance arrangements

Cases involving alternative finance arrangements

11.—(1) This paragraph applies where schedule 7 applies.

(2) This paragraph applies for the purposes of determining—

(a) whether relief is available under Part 2 of this schedule for the first transaction,

(b) whether relief allowed for the first transaction is withdrawn under Part 4 of this schedule.

(3) For those purposes this schedule has effect as if—

(a) references to the buyer were references to the relevant person,

(b) the reference in paragraph 7(2)(d) to land held (as stock of the business) for resale without development or redevelopment were a reference to land held in that manner by the relevant person.

(4) The first transaction does not qualify for relief under Part 2 of this schedule except where it does so by virtue of this paragraph.

(5) In this paragraph—

"the first transaction" has the same meaning as in schedule 7,

"the relevant person" means the person, other than the financial institution, who entered into the arrangements mentioned in schedule 7."

EXPLANATORY NOTE

(This note is not part of the Order)

This Order amends the Land and Buildings Transaction Tax (Scotland) Act 2013 to insert a new schedule 16E which provides for a new relief in connection with the acquisition of interests in land that are located in Investment Zones.

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