POLICY NOTE

THE SCOTTISH AGGREGATES TAX (MISCELLANEOUS AMENDMENT) REGULATIONS 2026

SSI 2026/167

The instrument above was made in exercise of the powers conferred by sections 7(10), 15(1), 22, 26(1), 34(1) and 35(1) of the Aggregates Tax and Devolved Taxes Administration (Scotland) Act 2024 and all other powers enabling the Scottish Ministers to do so. The instrument is subject to the affirmative procedure.

Purpose of the instrument.

This instrument makes provision in relation to the taxation of cross-border movements of aggregate and amends section 7 of the Aggregates Tax and Devolved Taxes Administration (Scotland) Act 2024 ("the Act") and makes amendments to the Scottish Aggregates Tax (Administration) Regulations 2025 (SSI 2025/374) for this purpose.

Policy Objectives

Under section 7(8) and (9) of the Act, the "commercial exploitation" of a quantity of aggregate is taken to occur in Scotland where either the aggregate is located in Scotland at the time when it is subjected to exploitation, or where the aggregate is subjected to exploitation under section 7(1)(a) or (b) as a result of the movement of aggregate to Scotland from a place in the rest of the UK or from UK waters.

This instrument inserts a new subsection (9A) into section 7 of the Act to provide that a quantity of aggregate is not to be taken to be exploited in Scotland if the quantity of aggregate is, or derives from, any aggregate in respect to which there has been a previous occasion on which a charge to UK Aggregates Levy ("UKAL") on that aggregate has arisen under the Finance Act 2001 and where, in respect of at least some of the UKAL previously charged on that aggregate, there is or was no entitlement to a 100% UKAL tax credit.

This instrument also amends the Scottish Aggregates Tax (Administration) Regulations 2025 (SSI 2025/374) ("the SAT Administration Regulations"). This instrument amends regulation 37 (tax credits in relevant circumstances) of the SAT Administration Regulations to limit the circumstances in which the "relevant circumstances condition" at regulation 37(2)(a) (which concerns the movement of a quantity of aggregate, in the form of aggregate, outwith Scotland to a place in the rest of the UK or in UK waters), will apply. This instrument amends regulation 37 to provide that the regulation 37(2)(a) "relevant circumstances condition" will not apply where the aggregate in question is, or derives from, aggregate which has previously been subjected to exploitation under section 7(1)(a) or (b) of the Act as a result of the movement of aggregate to Scotland from a place in the rest of the United Kingdom or from United Kingdom waters. In addition, this instrument amends regulation 37 to provide that the regulation 37(2)(a) "relevant circumstances condition" will not apply where the movement of the aggregate in question outwith Scotland is not carried out by, or on behalf of, the registered person referred to in regulation 37(1)(a) and (b).

In either of those two sets of circumstances, as the regulation 37(2)(a) "relevant circumstances condition" would not apply to a quantity of aggregate, and provided that none of the other regulation 37(2) "relevant circumstances conditions" applied in relation to the aggregate in question, no entitlement to a Scottish Aggregates Tax tax credit would arise under Part 8 of the SAT Administration Regulations.

This instrument also makes a number of drafting amendments to the SAT Administration Regulations to improve the clarity of those Regulations.

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 Scottish Aggregates Tax (Miscellaneous Amendment) Regulations 2026 are 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

A public consultation opened on 23 June 2025 on the proposed approaches to cross-border taxation for Scottish Aggregates Tax with a closing date of 18 August 2025. The consultation paper is available on the Scottish Government website[1]. A full list of those consulted and the responses of those who agreed to the release of this information and the Scottish Government response has been published on the Scottish Government's website[2] and consultation platform, Citizen Space[3].

Impact Assessments

Equalities and equal opportunities – The Equalities Impact Assessment processes were completed while developing the SAT secondary legislation and concluded that the instrument will have no negative impact on equality issues. This instrument 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 instrument is considered to be compatible with the convention rights under the Human Rights Act 1998. In particular, this instrument is considered to be compatible with the right to the peaceful enjoyment of possessions under Article 1 Protocol 1 of the European Convention for the Protection of Human Rights and Fundamental Freedoms,

[1] https://www.gov.scot/publications/scottish-aggregates-tax-proposed-approaches-cross-border-taxation/
[2] https://www.gov.scot/publications/scottish-aggregates-tax-options-approaching-cross-border-taxation-consultation-analysis/
[3] https://consult.gov.scot/taxation-and-fiscal-sustainability/scottish-aggregates-tax-cross-border-taxation/

in terms of which a State may nevertheless enforce such laws as it deems necessary to secure the payment of taxes.

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

Fairer Scotland – This instrument should not have any direct implications for inequalities arising from socio-economic disadvantage.

Consumer – There will not be any additional impacts on consumers as a result of the provisions in this instrument.

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

Local government – The amendments made by this instrument will not result in any significant implications for local government. At present, four Scottish local authorities operate their own quarries and therefore directly pay UK Aggregates Levy where aggregate is commercially exploited.

Sustainable development – The Strategic Environment Assessment processes were completed while developing the SAT secondary legislation and concluded that the instrument will have no impact on sustainable development, and no adverse effects on the environment.

A Business and Regulatory Impact Assessment has been prepared for this instrument and will be published on the gov.scot[4] website.

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

Financial Effects

The costs related to this instrument, which are the Revenue Scotland costs to administer the SAT, are detailed in the Financial Memorandum[5] prepared in respect of the Bill that preceded the 2024 Act and the Financial Memorandum[6] prepared during the passage of the Bill.

Scottish Government
Tax and Revenue Directorate
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[4] https://www.gov.scot/
[5] https://www.parliament.scot/-/media/files/legislation/bills/s6-bills/aggregates-tax-and-devolved-taxes-administration-scotland-bill/introduced/financial-memorandum-accessible.pdf
[6] https://www.parliament.scot/-/media/files/legislation/bills/s6-bills/aggregates-tax-and-devolved-taxes-administration-scotland-bill/introduced/financial-memorandum-accessible.pdf