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Finance and Public Administration Committee

Subordinate Legislation: The Land and Buildings Transaction Tax (Group Relief and Sub-sale Development Relief Modifications) (Scotland) Order 2025 [draft]



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Finance and Public Administration Committee

To consider and report on the following (and any additional matter added under Rule 6.1.5A)—

- (a) any report or other document containing proposals for, or budgets of, public revenue or expenditure or proposals for the making of a Scottish rate resolution, taking into account any report or recommendations concerning such documents made by any other committee with power to consider such documents or any part of them;
- (b) any report made by a committee setting out proposals concerning public revenue or expenditure;
- (c) Budget Bills; and
- (d) any other matter relating to or affecting the revenue or expenditure of the Scottish Administration or other monies payable into or expenditure payable out of the Scottish Consolidated Fund.
- (e) matters relating to the National Performance Framework within the responsibilities of the Deputy First Minister, public service reform within the responsibility of the Cabinet Secretary for Finance and Local Government, and public administration.



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The Order

1. The Land and Buildings Transaction Tax (Group Relief and Sub-sale Development Relief Modifications) (Scotland) Order 2025 [draft] ¹ amends Schedule 10 (Group Relief) and Schedule 10A (Sub-sale Development Relief) of the Land and Buildings Transaction Tax (Scotland) Act 2013 ².
2. If approved the instrument comes into force on 2 June 2025.
3. The Explanatory Notes ³ in relation to the 2013 Act explain that Schedule 10 of the 2013 Act “provides for relief from Land and Buildings Transaction (LBTT) for the intra-group transfer of property held by companies if the relevant conditions are met”.
4. The draft Scottish Statutory Instrument (SSI) amends Schedule 10 of the 2013 Act to ensure that group relief is available in instances of non-partition demergers.ⁱ The Policy Note explains that the overall effect is to ensure that Paragraph 5(b) of the Schedule, which restricts the availability of group relief where two companies cease to be 75% members of the same group, does not apply to ‘relevant transactions’.
5. The SSI also amends Schedule 10A of the 2013 Act to clarify the point at which the relevant five-year development period commences in respect of sub-sale development reliefⁱⁱ.
6. The Scottish Budget 2025-26 ⁴ document published on 4 December 2024 stated that the Scottish Government would lay this SSI in early 2025 “to provide additional clarity on the clawback arrangements for sub-sale development relief and to provide for the availability of LBTT group relief in instances of non-partition demergers”. It went on to say that “this follows detailed consideration of the points raised during Parliamentary scrutiny of the Aggregates Tax and Devolved Taxes Administration (Scotland) Act 2024”. Amendmentsⁱⁱⁱ relating to these matters were debated by the Committee during Stage 2 proceedings of this Bill on 11 June 2024 ⁵ when the Minister for Public Finance committed to give further consideration to the issues.

i This is where the same parties own both parts of the demerged business.

ii Relief in the case of land transactions involving certain sub-sales.

iii These amendments were proposed by the Law Society of Scotland.

Consideration by the Delegated Powers and Law Reform Committee

7. The Delegated Powers and Law Reform (DPLR) Committee considered the instrument on 1 April 2025⁶ and reported on it in its 23rd Report⁷, 2025. The DPLR Committee agreed not to draw the instrument to the attention of the Parliament.

Consideration by the Finance and Public Administration Committee

8. At its meeting on 29 April 2025 the Committee took evidence from the Minister for Public Finance, Ivan McKee MSP in relation to the Order. During the evidence session, the Minister provided additional information related to the Order, details of which can be found in the Official Report ⁸.
9. The Minister told the Committee that Schedule 10 is amended “so that group relief will be available in company reconstructions where ultimate ownership of relevant land or property has not changed”. The Minister further added that the Schedule 10A amendment “provides clarity for relevant stakeholders, making it clear that the relevant period commences from the effective date of the sub-sale transaction”.
10. The Minister also told the Committee that the Scottish Fiscal Commission has considered the amendments in this Order in its December 2024 forecast and “deemed them to have an “immaterial” and “negligible” impact”.
11. In response to questions regarding the possibility of wider anomalies related to the LBTT rules, the Minister indicated that a planned review of this area intends to resolve such anomalies. He also committed “to giving more certainty on the timescales for resolution of those issues”.
12. Following the questions, the Minister moved the following motion in the name of the Cabinet Secretary for Finance and Local Government:
 - ” Motion S6M-16929 ⁹, that the Finance and Public Administration Committee recommends that the Land and Buildings Transaction Tax (Group Relief and Sub-sale Development Relief Modifications) (Scotland) Order 2025 [draft] be approved.

Conclusion

13. Motion S6M-16929 was agreed without division. The Finance and Public Administration Committee therefore recommends that the Land and Buildings Transaction Tax (Group Relief and Sub-sale Development Relief Modifications) (Scotland) Order 2025 [draft] be approved.

Finance and Public Administration Committee

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