

Finance and Public Administration Committee  
Tuesday 29 April 2025  
14<sup>th</sup> Meeting, 2025 (Session 6)

## Note by the Clerk on Land and Buildings Transaction Tax (Group Relief and Sub-sale Development Relief Modifications) (Scotland) Order 2025 [draft]

### Overview

1. At this meeting, the Committee will take evidence from the Minister for Public Finance, Ivan McKee MSP, and Scottish Government officials, in relation to the Land and Buildings Transaction Tax (Group Relief and Sub-sale Development Relief Modifications) (Scotland) Order 2025 before debating a motion in the name of the Minister inviting the Committee to recommend approval of the instrument.
2. This is a draft Scottish Statutory Instrument (SSI), which requires approval by resolution of the Parliament before it can become law.
3. More information about the instrument is summarised below:

**Title of instrument:** [Land and Buildings Transaction Tax \(Group Relief and Sub-sale Development Relief Modifications\) \(Scotland\) Order 2025](#)

**Laid under:** [Land and Buildings Transaction Tax \(Scotland\) Act 2013](#)

**Laid on:** 24/03/2025

**Procedure:** Affirmative

**Lead committee to report by:** 18/05/2025

**Commencement:** If approved, the instrument comes into force on 02/06/2025

4. Following evidence-taking on the SSI at agenda item 3, the Committee will be invited at agenda item 4 to debate and vote on motion [S6M-16929](#), lodged in the name of the Cabinet Secretary for Finance and Local Government<sup>1</sup>—

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.

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<sup>1</sup> The motion is supported by the Minister for Public Finance

## Procedure

5. The Order is subject to the affirmative procedure, which requires the lead Committee to report within 40 days of the instrument being laid. Further information about the affirmative procedure is included at Annexe A.

## Delegated Powers and Law Reform Committee consideration

6. The Delegated Powers and Law Reform (DPLR) Committee considered the instrument on [1 April 2025](#) and reported on it in its [23<sup>rd</sup> Report, 2025](#). The DPLR Committee agreed not to draw the instrument to the attention of the Parliament.

## Purpose of the instrument

7. The instrument amends Schedule 10 (Group Relief) and Schedule 10A (Sub-sale Development Relief) of the Land and Buildings Transaction Tax (Scotland) Act 2013. The [Explanatory Notes](#) in relation to the 2013 Act explains that Schedule 10 of the 2013 Act “provides for relief from LBTT for the intra-group transfer of property held by companies if the relevant conditions are met”.
8. The SSI amends Schedule 10 of the 2013 Act to ensure that group relief is available in instances of ‘non-partition demergers’<sup>2</sup>. 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’.
9. Schedule 10A is amended to clarify the point at which the relevant five-year development period commences in respect of sub-sale development relief.
10. The [Scottish Budget 2025-26](#) document published on 4 December 2025 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”. Amendments<sup>3</sup> relating to these matters were debated by the Committee during Stage 2 proceedings of this Bill on [11 June 2024](#) when the Minister for Public Finance committed to give further consideration to the issues.
11. The [Policy Note](#) accompanying the instrument is included at Annexe B. It includes the impact assessments carried out, and the anticipated financial effects.

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<sup>2</sup> This is where the same parties own both parts of the demerged business.

<sup>3</sup> These amendments were proposed by the Law Society of Scotland.

## **Report**

12. Following the evidence session with the Minister for Public Finance and the debate and decision on the motion to approve the instrument, a report of the Committee's decision will be published by the deadline of 18 May 2025.

Clerks to the Committee  
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## **Procedures for Committee consideration of affirmative instruments**

1. Under the affirmative procedure, an instrument must be laid in draft and cannot be made (or come into force) unless it is approved by resolution of the Parliament.
2. Once laid, the instrument is referred to:
  - the Delegated Powers and Law Reform (DPLR) Committee, for scrutiny on various technical grounds, and
  - a lead committee, whose remit includes the subject-matter of the instrument, for scrutiny on policy grounds.
3. The lead committee, taking account of any recommendations made by the DPLR Committee (or any other committee), must report within 40 days of the instrument being laid.
4. The normal practice is to have two agenda items when an affirmative instrument is considered by the lead committee:
  - an evidence session with the Minister and officials, followed by
  - a formal debate on a motion, lodged by the Minister, inviting the lead committee to recommend approval of the instrument.
5. Only MSPs may participate in the debate, which may not last for more than 90 minutes. If there is a division on the motion, only committee members may vote. If the motion is agreed to, it is for the Chamber to decide, at a later date, whether to approve the instrument

## POLICY NOTE

### THE LAND AND BUILDINGS TRANSACTION TAX (GROUP RELIEF AND SUB-SALE DEVELOPMENT RELIEF MODIFICATIONS) (SCOTLAND) ORDER 2025

#### SSI 2025/XXX

The above instrument was made in exercise of the powers conferred by sections 27(3) and 68(1) of the Land and Buildings Transaction Tax (Scotland) Act 2013. The instrument is subject to affirmative procedure.

#### Summary Box

The instrument amends Schedule 10 (Group Relief) and Schedule 10A (Sub-sale Development Relief) of the Land and Buildings Transaction Tax (Scotland) Act 2013.

#### Policy Objectives

Schedule 10 is amended to ensure that Group Relief is available in instances of non-partition demergers. The Order amends paragraph 7 of that Schedule to include a reference to Paragraph 9. The overall effect is to ensure that Paragraph 5(b), 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.

Schedule 10A is amended to clarify the point at which the relevant five year development period commences in respect of sub-sale development relief.

#### 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 (Group Relief and Sub-sale Development Relief Modifications) (Scotland) Order 2025 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

The Scottish Government engaged with stakeholders as part of the Aggregates Tax and Devolved Taxes Administration (Scotland) Bill process.

## **Impact Assessments**

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

Human Rights – This Order does not infringe on or affect any subject areas of the European Convention on Human Rights (ECHR). We have not identified any differential impact on human rights nor any impact on any individual's civil liberties.

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

Island communities – No impacts on island communities have been identified.

Local government – No impacts on local government have been identified.

Sustainable development – No impacts on sustainable development have been identified.

Business and Regulatory – A BRIA has been published for the regulations and orders associated with the 2013 Act.

## **Financial Effects**

The Scottish Fiscal Commission has set out its assessment of the impact of these amendments on overall LBTT revenues as part of Scotland's Economic and Fiscal Forecasts December 2024, published on 4 December 2024 at:

[Scotland's Economic and Fiscal Forecasts – December 2024 | Scottish Fiscal Commission](#)<sup>1</sup>

Scottish Government  
Tax Directorate

24 March 2025

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<sup>1</sup> <https://fiscalcommission.scot/publications/scotlands-economic-and-fiscal-forecasts-december-2024/>