

Finance and Public Administration Committee
1st Meeting 2026 (Session 6)
Tuesday 6 January 2026

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

Purpose

1. The Committee is invited to take evidence from the Minister for Public Finance and Scottish Government officials, in relation to the Land and Buildings Transaction Tax (Investment Zones Relief) (Scotland) Order 2026.

The Order

Overview

Title of instrument: [Land and Buildings Transaction Tax \(Investment Zones Relief\) \(Scotland\) Order 2026](#)

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

Laid on: 10 December 2025

Lead committee to report by: 2 February 2026

Policy objectives

2. The [Policy Note](#) explains that the instrument inserts a new Schedule (16E) into the 2013 Act to provide for relief from LBTT for eligible transactions within an Investment Zone designated tax site. It also makes “related amendments to the 2013 Act and to the Revenue Scotland and Tax Powers Act (Interest on Unpaid Tax and Interest Rates in General) Regulations 2015 in connection with the introduction of this new LBTT relief”.
3. According to the Policy Note, the relief is intended “to support the Scottish Government’s objectives in delivering the Investment Zone programme by encouraging long-term investment in specified tax sites which are deemed, at the point of designation, to be underdeveloped”.

Impacts

4. A Child Rights and Wellbeing Impact Assessment (CRWIA) has been produced which concluded that the Order has no impact on children’s rights under the UN Convention on the Rights of a Child (as incorporated into domestic law) or on children’s wellbeing.
5. The Policy Note indicates that a Business and Regulatory Impact Assessment will be published “in due course in relation to the wider Investment Zone programme, of which this relief forms part”.

6. The Policy Note also highlights that, while the Order will have no impact on sustainable development, the Investment Zone programme “has been designed to create high-quality jobs, boost regional innovation in key growth sectors like advanced manufacturing, green energy and digital technologies, and drive economic growth while ensuring the benefits and opportunities of growth are felt by communities throughout Investment Zone regions”.
7. The Scottish Fiscal Commission (SFC), following an initial review, has indicated that “the effect of the change on Land and Buildings Transaction Tax revenue is likely to fall below their materiality threshold of £5 million in annual revenue”. The SFC’s website explains that “materiality refers to relative significance of fiscal effects of policy changes compared to the overall size of devolved taxes and social security payments”. It adds that “the materiality threshold is a set amount below which the fiscal effect of a policy change is deemed small enough that a policy costing is not required”.

Delegated Powers and Law Reform Committee consideration

8. The Delegated Powers and Law Reform (DPLR) Committee considered the draft instrument at its meeting on [16 December 2025](#). The [Report on Subordinate Legislation considered by the DPLR Committee on 16 December 2025](#) states that no points were made in relation to the instrument.

Procedure for scrutiny

9. To inform the Committee’s consideration of the motion, there is an opportunity to take evidence on the instrument from the Minister for Public Finance and his officials at Agenda item 2 before moving to formal consideration of the motion at Agenda item 3.
10. During formal consideration of the motion, Standing Orders provide that only the Minister and Members may participate in the debate.
11. As lead Committee for consideration of this instrument, the Finance and Public Administration Committee is then invited to consider and vote on the following motion lodged in the name of the Cabinet Secretary for Finance and Local Government (and supported by the Minister for Public Finance)—
 - [S6M-20212](#)— That the Finance and Public Administration Committee recommends that the Land and Buildings Transaction Tax (Investment Zones Relief) (Scotland) Order 2026 [draft] be approved.
12. Following its decision on the instrument, the Committee will publish a report to the Parliament setting out details of its consideration.

Committee Clerking Team
December 2025

POLICY NOTE

THE LAND AND BUILDINGS TRANSACTION TAX (INVESTMENT ZONES RELIEF) (SCOTLAND) ORDER 2026

SSI 2026/XXX

The above instrument was made in exercise of the powers conferred by sections 27(3)(a) and 68(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. This Order inserts a new Schedule 16E into the 2013 Act to provide for relief from Land and Buildings Transaction Tax (“LBTT”) for eligible transactions within an Investment Zone designated tax site.

In addition, this Order makes other related amendments to the 2013 Act and to the Revenue Scotland and Tax Powers Act (Interest on Unpaid Tax and Interest Rates in General) Regulations 2015 (S.S.I. 2015/128) in connection with the introduction of this new LBTT relief.

Policy Objectives

This instrument inserts a new Schedule 16E into the 2013 Act to provide for relief from LBTT for eligible transactions within an Investment Zone designated tax site and makes related amendments to the 2013 Act and to the Revenue Scotland and Tax Powers Act (Interest on Unpaid Tax and Interest Rates in General) Regulations 2015 in connection with the introduction of this new LBTT relief.

This relief is intended to support the Scottish Government’s objectives in delivering the Investment Zone programme by encouraging long-term investment in specified tax sites which are deemed, at the point of designation, to be underdeveloped.

Subject to the approval of Parliament, the instrument will come into force on 26 February 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 (Investment Zones Relief) (Scotland) Order 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.

The proposed relief was subject to informal consultation as part of the Scottish Government's regular engagement with stakeholders.

Impact Assessments

Equalities and equal opportunities – This Order 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 Order is considered to be compatible with the convention rights under the Human Rights Act 1998. In particular, this Order is 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. The present Order introduces a new relief from LBTT in connection with the acquisition of interests in land that are located in Investment Zones.

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 this Order.

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 – While this Order will have no impact on sustainable development, the Investment Zone programme has been designed to create high-quality jobs, boost regional innovation in key growth sectors like advanced manufacturing, green energy and digital technologies, and drive economic growth while ensuring the benefits and opportunities of growth are felt by communities throughout Investment Zone regions.

Child rights and wellbeing impact assessment ("CRWIA") – A CRWIA has been carried out in respect of this Order and will be published on the legislation.gov.uk website. The overall conclusion was that this Order has 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 has undertaken an initial review of the information available on Investment Zone relief for LBTT. The Commission has indicated that the effect of the change on Land and Buildings Transaction Tax revenue is likely to fall below their materiality threshold of £5 million in annual revenue.

A BRIA will be published in due course in relation the wider Investment Zone programme, of which this relief forms part.

As with all reliefs, Revenue Scotland will monitor the level and value of claims throughout the availability period.

Scottish Government
Directorate for Tax
December 2025