Finance and Public Administration Committee
5th Meeting 2026 (Session 6)
Tuesday 3 February 2026

Note by the Clerk on the Land and Buildings Transaction Tax (Co-ownership Authorised Contractual Schemes) (Scotland) Regulations 2026 [draft]

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 (Co-ownership Authorised Contractual Schemes) (Scotland) Regulations 2026 [draft].

2. After the evidence session, the Committee is invited to debate a motion in the name of the Minister on whether to recommend the approval of the instrument.

3. This is a draft Scottish Statutory Instrument (SSI), which requires approval by resolution of the Parliament before it can become law. More information about the instrument is summarised below.

   Title of the instrument: **Land and Buildings Transaction Tax (Co-ownership Authorised Contractual Schemes) (Scotland) Regulations 2026**

   Laid under: Land and Buildings Transaction Tax (Scotland) Act 2013

   Laid on: 07/01/2026

   Procedure: Affirmative

   Lead committee to report by: 15/02/2026

   Commencement: If approved, the instrument comes into force on 01/04/2026

Procedure

4. 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.

5. Once laid, the instrument is referred to:

    - the Delegated Powers and Law Reform (DPLR) Committee, for scrutiny on various technical grounds, and
    - The Committee, whose remit includes the subject-matter of the instruments, for scrutiny on policy grounds.

6. The 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.

7. 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 1 before moving to formal consideration of the motion at Agenda item 2.

8. During formal consideration of the motion, Standing Orders provide that only the Minister and Members may participate in the debate.

Policy objectives

9. The Policy Note (Annexe A) explains that this instrument “inserts a new paragraph 7A into schedule 1 of the 2013 Act to provide that various transactions in connection with units in co-ownership authorised contractual schemes are exempt from Land and Buildings Transaction Tax”.

10. According to the Policy Note, the exemption “is intended to support investment in Scottish land and property by co-ownership authorised contractual schemes”.

11. Co-ownership authorised contractual schemes are “a particular kind of investment scheme established under the Financial Services and Markets Act 2000”. The schemes “acquire and hold investments including land and property” and the scheme participants “can acquire or sell an interest in the schemes, which are known as units”.

12. The exemption “is intended to ensure that transactions do not give rise to a tax liability under the Land and Buildings Transaction Tax (Scotland) Act 2013” but does not extend to “the initial acquisition by the scheme of land or property situated in Scotland”.

Impacts and consultation

13. The Policy Note states that several impact assessments have been carried out. The impact assessments have not highlighted any unintended consequences.

14. The financial effects of the instrument have been considered by the SFC in their January 2026 forecasts. The SFC concluded that “given the overall intended

effect is tax neutrality, we judge this policy to have a negligible effect on LBTT revenues".

15. The Scottish Government consulted on the instrument and received 18 responses. The analysis of the responses to the consultation "will be published separately". It is further noted that the "proposed exemption was also discussed as part of the Scottish Government's regular engagement with stakeholders".

Delegated Powers and Law Reform Committee consideration

16. The DPLR Committee considered the instrument on 13 January 2026 and reported on it in its *6th Report, 2026*. The DPLR Committee made no recommendations in relation to the instrument.

Next steps

17. As lead Committee for consideration of this instrument, the Finance and Public Administration Committee is invited to consider and vote on the following motion lodged in the name of the Minister for Public Finance—

    - S6M-20588 - That the Finance and Public Administration Committee recommends that the Land and Buildings Transaction Tax (Co-ownership Authorised Contractual Schemes) (Scotland) Regulations 2026 [draft] be approved.

18. Following today's meeting, the Committee will publish a draft report on the SSI.

Committee Clerking Team
January 2026

ANNEXE A

POLICY NOTE

THE LAND AND BUILDINGS TRANSACTION TAX (CO-OWNERSHIP AUTHORISED CONTRACTUAL SCHEMES) (SCOTLAND) REGULATIONS 2026

SSI 2026/XXX

The above instrument was made in exercise of the powers conferred by section 68(1) and paragraph 8(a) of schedule 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. These Regulations insert a new paragraph 7A into schedule 1 of the 2013 Act to provide that various transactions in connection with units in co-ownership authorised contractual schemes are exempt from Land and Buildings Transaction Tax.

Policy Objectives

This exemption is intended to support investment in Scottish land and property by co-ownership authorised contractual schemes.

Co-ownership authorised contractual schemes are a particular kind of investment scheme established under the Financial Services and Markets Act 2000. The schemes acquire and hold investments including land and property. Scheme participants can acquire or sell an interest in the schemes, which are known as units.

The exemption is intended to ensure that transactions do not give rise to a tax liability under the Land and Buildings Transaction Tax (Scotland) Act 2013. The exemption does not extend to the initial acquisition by the scheme of land or property situated in Scotland.

Subject to the approval of Parliament, the instrument will come into force on 1 April 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 (Co-ownership Authorised Contractual Schemes) (Scotland) Regulations 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.

A public consultation on the policy and draft Regulations was published on 11 July 2025 and ran until 5 September 2025. The consultation received 18 responses from fund managers and stakeholder organisations representing professionals in law, tax, and accounting. The proposed exemption was also discussed as part of the Scottish Government's regular engagement with stakeholders.

An analysis of responses to the consultation will be published separately.

Impact Assessments

Equalities and equal opportunities – These Regulations do 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 – These Regulations are considered to be compatible with the convention rights under the Human Rights Act 1998. In particular, these Regulations are 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.

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 these Regulations.

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 – The Regulations will have no impact on sustainable development.

Child rights and wellbeing impact assessment ("CRWIA") – A CRWIA has been carried out in respect of these Regulations and will be published on the legislation.gov.uk website. The overall conclusion was that these Regulations have 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 will consider the financial impacts of these Regulations as part of their January 2026 Economic and Fiscal Forecast.

Scottish Government
Directorate for Tax
January 2026