Scotland: Aggregates tax regulations: CIOT response

General Features



23 April 2025

In January 2025, the Scottish government published a call for views on the proposed administrative regulations for the Scottish aggregates tax. The CIOT has responded.

The CIOT responded to the call for views on the proposed administrative regulations for the Scottish aggregates tax (SAT). Prior to the publication of the consultation, the CIOT provided feedback informally on the draft regulations through our involvement in the Scottish Aggregates Tax Advisory Group. As part of our input, we queried whether the issue and definition of a separate aggregates invoice was to be mandated for SAT.

The CIOT highlighted that there may be a commercial impact on operators of mandating the inclusion of the levy on their invoices, as this forms part of the operator’s consideration when commercially pricing a supply. There are also cross border complexities. Despite the Partial Business and Regulatory Impact Assessment (which was completed as part of this consultation) stating that the recommendation

was that SAT regulations were aligned with the fundamental structure of the UK aggregates levy, the UK aggregates levy regulators do not define a UK aggregates invoice.

If the definition of an invoice is to be mandated, we raised several points in the draft SAT regulations that would require further clarity. The draft regulations provide that there is deliberate penalty under Revenue Scotland and Tax Powers Act 2014 s 182. We asked the Scottish government to consider the harshness of this where there may be unavoidable circumstances, such as weighbridge breaks or waiting for a weighing method to be agreed by Revenue Scotland.

The regulations proposed that a registrable person must make a return not later than 30 days following the end of the accounting period, which we highlighted is generally a short submission window, and much shorter than most other UK taxes.

From our engagement to date, we understand the Scottish government's desire to use the aggregates invoice and returns to gather more information on the sector. We cautioned that increased administrative requirements are burdensome to taxpayers and it is important that this does not become disproportionate to the revenue being collected from SAT.

The Revenue Scotland and Tax Powers Act (Involved Third Party) Order 2015 is also to be updated to include third party inspection powers. The introduction of SAT is an opportunity to refresh and increase compliance in the sector in Scotland and avoid the longer-term impacts of non-compliance. We await further information on the plans for on-site compliance and inspection, but perhaps the delegation of such powers to a third party would be helpful given the practicalities of on-site compliance checks across the country and to free up Revenue Scotland's capacity for dealing with the SAT in all other respects.

Detailed discussion on cross border transactions was scoped out of this consultation. The SAT will be one of the first devolved taxes in Scotland where there is a significant level of cross border transactions, some of which have an added degree of complexity where multiple parties or 'middlemen' are involved. Further consultation on cross border transactions is expected over the coming months.

The CIOT's response to the consultation can be found here: www.tax.org.uk/ref1452

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