Scottish aggregates tax: proposed approaches to cross-border taxation

General Features



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CIOT have responded to a Scottish government consultation on the proposed approaches to cross-border taxation for Scottish aggregates tax.

On 23 June 2025, the Scottish government published a consultation on how to approach cross-border taxation for Scottish aggregates tax (SAT), to enable the Scottish government to gain feedback to inform cross-border policy development in advance of the planned introduction of SAT on 1 April 2026.

This consultation only examined the tax policy and tax administration for aggregate which is imported to Scotland from the rest of the UK, not aggregate which is exported. The consultation quotes the available evidence from the 2019 Aggregate Minerals Survey for Scotland, which suggests that small amounts of aggregate are imported to Scotland – around 80,000 tonnes, which at the 2025-26 UK aggregates levy rate of £2.08 per tonne would result in tax revenues of £166,400. In comparison, the 2019 survey provides that the total sales of primary aggregates

produced in Scotland in 2019 was 20.78 million tonnes.

With the estimated tax revenues of £166,400 in mind, the CIOT response focuses on the proportionality of the proposed options. It recommends that a robust cost/benefit analysis is undertaken to ensure that revenues collected from cross-border aggregate imports outweigh the costs to implement (to the taxpayer, Revenue Scotland and HMRC). The consultation looks at direct imports of aggregate and indirect or 'over-the counter' sales of aggregate to Scotland.

A direct supply of aggregate involves the supply of aggregate from a quarry in the rest of the UK directly to a Scottish based customer. Whilst mostly supportive of a declaration-based system, the CIOT highlighted some tax administration and compliance concerns around the proposed inclusion of a 'tick-box' on the supplier's sales ticket to identify that the aggregate is being sold to a Scottish based customer.

Over-the-counter transactions are those that involve a 'middleman', that is supply chains that involve multiple parties over numerous locations. For example, this may include low volume sales of decorative stones via 'middlemen' such as, but not limited to, garden centres, builder merchants and supermarkets. There are limitations in the data currently available, but it is thought that over-the-counters transactions are a small fraction of the 80,000 tonnes imported to Scotland.

With this in mind, the CIOT supported the use of an exemption for SAT for over-the-counter sales (if UK aggregates levy has already been paid) as a sensible, proportionate option given the complexities of these transactions, the multiple parties involved, the difficulty in tracking aggregate through the supply chain and the level of revenue to be raised. We highlighted that the choice to consider any other option, such as a declaration option, would need to be justified by a cost/benefit analysis.

Within our submission, we reiterated our request to the Scottish government and HMRC for there to be a degree of alignment in terms of the returns and processes for cross-border transactions. We are not saying that the Scottish government should not choose to diverge, the choice and ability to do so being part of the nature of a devolved tax system. But alignment of the tax administration would aid understanding, particularly for operators who are already used to the UK aggregates levy, and provide simplicity to an already inherently complicated process for operators who will have to navigate the administration processes for both SAT and

UK aggregates levy.

The CIOT, alongside the Institute of Chartered Accountants of Scotland, have been engaging with the Scottish government to encourage the Scottish government and HMRC to work closely together to ensure that approaches taken by each side do work alongside each other, and also engage with taxpayers within the sector to fully understand the sector complexities. We understand that such engagement is taking place currently, and we look forward to receiving a progress update from the Scottish government and HMRC in due course.

The full CIOT submission can be found here: www.tax.org.uk/ref1543

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