Land Remediation Relief consultation

OMB Large Corporate Property Tax

22 October 2025

Land Remediation Relief aims to incentivise the regeneration of brownfield land and therefore reduce the pressure to develop on greenfield sites. Whether it is effective or not is particularly important given the government’s target of building 1.5 million new homes by the end of this parliament.

The CIOT responded to the government’s consultation on the efficacy of Land Remediation Relief (LRR), the objective of which is to incentivise the regeneration of brownfield land. LRR allows companies to claim an enhanced corporation tax deduction for revenue and capital expenditure incurred in the remediation of contaminated or long-term derelict sites. A maximum deduction of 150% of the qualifying expenditure is available. Where the enhanced deduction results in a loss, the loss can be surrendered in return for a cash payment. The consultation indicates that, for the latest financial year for which data is available, 1,750 claims to LRR were made for a total value of £50 million.

It is difficult to draw meaningful conclusions from the data. For example, there is no split between claims for land in a contaminated state and claims for derelict land;

between claims for revenue and claims for eligible capital expenditure; and between different types of claimants (property developers, property investors, and large and SME developers of either type). We suggested that better data would help to identify whether the right projects are accessing LRR.

If the relief is **not** incentivising brownfield development, we suggested the following factors are likely to be relevant:

- **The timing of the relief**: For housebuilders and developer traders, the timing of the relief is an issue. There can be significant time lags between incurring remediation costs and final sale of the properties. Under UK GAAP, profits for such businesses are not recognised until sale, meaning that remediation costs and the benefit of LRR are only realised then. This is reflected in the corporation tax line of the profit and loss account when the properties are sold, rather than the earlier date when remediation costs are incurred.
- **Lack of visibility:** The relief often has little impact when sites are selected and viability assessed. Property businesses, housebuilders and developer traders assess projects and sites on a pre-tax basis and without detailed modelling of the benefit of LRR. We suggest evaluating whether an ‘above the line’ credit could help meet the policy objective.
- **Qualifying costs:** These are not sufficiently aligned to the common barriers to remediating brownfield land. For example, in areas of former heavy industrial use, mineshafts are a significant component of sites that require stabilisation to create a platform for construction. Remediation work involving mineshaft grouting does not, however, qualify for LRR.

We also reflected that as LRR includes a payable tax credit, it is particularly susceptible to abuse. It is important that there are adequate checks and processes in place to ensure only genuine claims are paid out. Consideration might be given to using something akin to the additional information form that is required for R&D claims.

The full CIOT response is available here: www.tax.org.uk/ref1548

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