

Land remediation relief consultation: CIOT response

Property Tax

Large Corporate

November 2026



23 October 2026

The CIOT's response to the Treasury's land remediation relief consultation supports the proposal for accelerated relief but raises concerns about the complexity of other proposed reforms.

Following earlier consultation in which the CIOT actively participated, the government concluded that land remediation relief (LRR) is not fully achieving its objective of incentivising the remediation and redevelopment of brownfield land.

The consultation proposes three reforms:

1. Aligning LRR with planning processes

We are concerned that the proposal to link the scope of LRR to pre-commencement planning conditions could add significant complexity and may prove unworkable.

The objective is to expand the list of eligible contaminants and simplify the claims process. We suggest that this could be better achieved by improving guidance and updating the scope of eligible costs for land in a contaminated state and for land in a derelict state, including:

- grouting (filling in) coal seams and mineshafts;
 - removal of structures and redundant underground services; and
 - remediation of emerging contaminants and invasive species (for example, thaumasia, Himalayan balsam and giant hogweed).
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2. Reform of derelict land relief

This proposal removes the fixed date requirement (currently 1998) since which land must have been continuously derelict, alongside a new definition of derelict land.

We suggest that a simple solution is to set a relative date by requiring a site to have been derelict from the earlier of (say) seven to ten years before the date works commence, or the date of acquisition in a derelict state.

The 'continuous use' requirement, which disqualifies land on derelict sites from LRR if the land has been in productive use for more than seven days a year (set out in guidance), seems unduly prescriptive and creates a cliff edge. We suggest that it is put on a statutory footing and based on other analogous statutory tests to reduce complexity by aligning definitions across the tax system.

3. Timing of relief

The timing of the tax relief for housebuilders and traders does not allow for the release of working capital when the expenditure is incurred. It is only when the developed land is sold that the tax relief becomes available. The CIOT's earlier position paper (<https://www.tax.org.uk/ref1663>) explores the pros and cons of accelerated relief. Accelerating relief would not be workable if entitlement were linked to the discharge of planning conditions (the first proposal) as those conditions may not be discharged until long after the remediation expenditure is incurred, particularly on large, phased developments.

Consideration will need to be given to transitional rules for qualifying expenditure already incurred but not yet recognised as an expense.

In terms of mechanisms to provide additional assurance that the same costs are not subsequently relieved again (for example, through a capital allowances claim or as a deductible expense on disposal), one suggestion is to require a record of cumulative elected expenditure not yet reversed in the CT600.

Our full response is available at: <https://www.tax.org.uk/ref1736>

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