Scottish Building Safety Levy: ATT response to technical consultation

Indirect Tax

December 2026



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The ATT has called for the Scottish government to introduce reliefs for development on brownfield sites and first-time buyers when finalising the rules for the new levy, which comes into force in April 2028.

The ATT has responded to the Scottish government’s technical consultation on the operational aspects of the Scottish Building Safety Levy, ahead of it taking effect from April 2028. The consultation explored key areas, including the floorspace methodology used to calculate the levy, as well as exemptions, reliefs and payment arrangements. Many aspects of the consultation were more relevant to property developers and other stakeholders in the construction industry. The ATT response focused on matters within its remit as a tax professional body.

The ATT supported the use of gross internal area to calculate floorspace, which is consistent with the UK government’s Building Safety Levy in England. It also called

for the Scottish government to issue guidance on the proposed exclusion of communal areas in a property, allowing developers to assess their liability correctly. This would also help minimise disputes over how floorspace is measured, particularly for developments involving shared facilities or mixed-use buildings.

The ATT supported relief for units built on brownfield land, including potentially contaminated sites. The rate of relief should be at least equivalent to the 50% available under the UK government's Building Safety Levy in England. In order to target relief, the ATT suggested that the Scottish government may wish to consider providing additional reliefs to incentivise a particular type of regeneration or support smaller developers. This would be in line with the enhanced corporation tax relief for research and development expenditure that was available to small and medium enterprises until recent years.

To avoid the relief being misused, the ATT made a recommendation for the Scottish government to review and consider the corporation tax land remediation rules when defining the scope of any exemption for units built on brownfield land, particularly those denying relief where the claimant or a connected person was the original polluter.

Regarding proposals for a further exemption for conversions, the ATT stressed the importance of ensuring that any additional relief is carefully designed to avoid more relief being claimed than intended. It highlighted the former Flat Conversion Allowance, which operated between 2001 and 2013, and recommended that the Scottish government considers whether a similar clawback provision would be appropriate for the Scottish Building Safety Levy.

Finally, the ATT recognised the benefits of providing relief for units sold to first-time buyers and suggested that the Scottish government could adopt a similar approach to the First Homes Fund, where support is targeted at properties costing up to £300,000. For consistency across devolved taxes, the ATT favoured aligning the criteria with the first-time buyer relief under land and buildings transaction tax.

The full ATT response can be viewed at: tinyurl.com/57tmdutc.

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