

Scottish Aggregates Tax: Proposed Administration Regulations

Consultation Analysis

June 2025

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1. Introduction

- 1.1 This report provides an analysis of responses to the Scottish Government consultation titled '[Scottish Aggregates Tax: Proposed Administration Regulations](#)¹' (hereafter referred to as 'the consultation'). In addition, it sets out the Scottish Government's response to the consultation and a summary of next steps.
- 1.2 The Scottish Government would like to thank all respondents for their contributions.
- 1.3 Views were invited as part of an eight-week consultation period between 24 January 2025 and 21 March 2025. The consultation invited comments on draft legislation designed to support the introduction and effective operation of Scottish Aggregates Tax (SAT). The consultation focused on the administration requirements associated with SAT, alongside required changes to the [Revenue Scotland and Tax Powers Act 2014 \(RSTPA\) regulations](#)² and the [First-tier Tribunal for Scotland Tax Chamber regulations](#)³.
- 1.4 The intent of these regulations is to deliver an operationally effective SAT and ensure that the tax operates effectively in relation to the wider devolved taxes legislative regime, as set out in the [Revenue Scotland and Tax Powers Act 2014](#)⁴ (RSTPA).
- 1.5 The consultation also sought views on a range of issues to inform relevant impact assessments.
- 1.6 Respondents were invited to respond by post, via [Citizen Space](#)⁵, or by email to the Scottish Government's Fully Devolved Taxes Unit mailbox.
- 1.7 Prior to the consultation, the Scottish Government also engaged with a SAT expert advisory group on the proposed SAT administration regulations. The comments and feedback received from advisory group members are also summarised in this document. Where relevant, commentary on decisions taken by the Scottish Government for the secondary legislation, following consultation and engagement, is provided.
- 1.8 Three responses to the consultation were received from stakeholder groups. Two of the three respondents to the formal public consultation requested that their responses not be published.
- 1.9 Two responses were also received from the SAT advisory group members prior to the launch of the consultation. For the purposes of the analysis, the two

¹ [Scottish Aggregates Tax administration regulations: consultation - gov.scot](#)

² [RSTPA-secondary-legislation - Revenue Scotland](#)

³ [First-tier Tribunal for Scotland Tax Chamber](#)

⁴ [Revenue Scotland and Tax Powers Act 2014](#)

⁵ [Scottish Government consultations - Citizen Space](#)

responses from SAT advisory group members have also been included, and respondents have been broadly categorised (see Table 1).

Table 1: Responses received on the proposed SAT administration regulations

Type of Organisation	Number of responses to public consultation	Number of responses from SAT expert advisory group
Primary Aggregates Industry	1	
Waste and Resource Management	1	
Tax, Accountancy or Legal	1	2

1.10 Respondents provided a range of comments on each of the draft clauses. While there is evidence of consensus in some areas, a number of unique concerns and proposed amendments were highlighted.

1.11 A list of respondents is available in **Annex A**. Where permission has been given, responses have been published in full at www.consult.gov.scot.

1.12 The consultation responses were analysed by officials from the Scottish Government and Revenue Scotland. This also included engagement with stakeholders separately on points raised as part of the consultation.

1.13 Key findings from the analysis are presented in chapters 2, 3, and 4 of this document. Chapter 5 sets out the next steps.

Summary of Views

1.14 The key points that emerged from the consultation responses were:

- The definition of an aggregates invoice (as stipulated in the draft secondary legislation) would cause problems for the primary aggregates industry, and that this should be streamlined.
- A view that there will be an administrative burden on taxpayers due to the level of information being requested in the aggregates invoice and tax return.
- That penalties for failure to use a weighbridge/specified method seem harsh (for example, whereby operators have acted in good faith but have accidentally made mistakes, a weighbridge is broken, etc.).
- Further clarity is required on whether registration for SAT can be done at group level rather than site. Not allowing this would cause an administrative burden for taxpayers.
- That the 30-day tax return period may not be sufficient given the additional information requirements for the return over and above current requirements of the UK Aggregates Levy (UKAL).
- A view that, for taxpayer clarity, it would be better if the return date aligns with payment date. If these dates are to be different it opens a discussion on the practicalities and processes that would be required should a taxpayer subsequently determine their tax liability is different on completion of their return.
- Concerns that the time limit of one year for claims is too short in comparison with the usual time period of 4 years for most tax credit claims.
- Changes and clarifications required to the partial Business and Regulatory Impact Assessment (BRIA), including:
 - Further reference to research being undertaken to better understand the evidence base on the role of recycled aggregates.
 - Further detail on the compliance costs to affected businesses.
 - An update on the assessment of cross-border complexities.
 - Information on the number of visits undertaken and the methodology used to select which operators were approached / visited.
 - Post-implementation review: further information is needed on what intervals the reviews will take place, how these will be carried out, and the level of detail to assess effectiveness of SAT.

Next Steps

- 1.15 The material and views gathered through the consultation activities have informed the development of SAT policy in advance of the proposed introduction date of 1 April 2026.
- 1.16 The Scottish Government has carefully considered all of the responses to the consultation, which will inform and finalise decisions on legislation for introduction to the Scottish Parliament.
- 1.17 The secondary legislation will be considered by the Scottish Parliament in line with its established process for examining draft legislation, more details of which can be found on the Scottish Parliament website⁶.

⁶ [About secondary legislation | Scottish Parliament Website](#)

2. Summary of Responses – General Administration Regulations

2.1 Section 2 of the consultation document set out the proposed SAT administration regulations. The regulations specify the administration requirements associated with the tax, to ensure that it can be successfully introduced on 1 April 2026.

A. Preliminary

Relevant Provisions: Part 1, regulations 1 – 2

2.2 Section 2.A. of the consultation provided clarification on the commencement of the regulations and defined expressions used in them. Such as 'accounting period', which explains that taxpayers can choose to submit tax returns on a monthly rather than quarterly basis. Similarly, it provided a definition of an aggregates invoice and stipulates what it should contain.

2.3 The consultation posed the following questions:

Questions

1. Do you agree that the provisions as drafted work as intended?
2. If not, what amendments would you propose to the draft legislation and on what basis?
3. Part 1, regulation 2 provides definitions of some terms such as aggregate, and accounting period. Are these definitions appropriate?
4. The Scottish Government has chosen to use the existing UKAL definition of aggregate for the SAT on the basis that it is compatible with the intended objectives for the tax, is well understood by aggregate producers, and is supported by existing UK Aggregates Levy (UKAL) taxpayers. Do you agree with using this definition for the Scottish Aggregates Tax?

2.4 All respondents who provided feedback on question 1 considered that the regulations as drafted work as intended.

2.5 Turning to question 2, one respondent noted that as the regulations have been developed from existing UKAL legislation, most requirements are, in their view, well established. However, they also maintained that the cross-border movement of aggregates appears unnecessarily onerous. They argued that tax should be recovered at point of weighing in the quarry/point of sale and not point of use.

2.6 One respondent advised that further clarification on quarterly reporting is required in relation to whether dates are fixed to the start of each financial year quarter or is it a cycle based on when the company initially reports.

2.7 Respondents and SAT advisory group members also highlighted that the level of information being requested in the proposed SAT aggregates invoice and

quarterly reporting is more onerous than currently required under UKAL. Respondents queried the rationale for this and highlighted that this would create an administrative burden for taxpayers. They suggested that certain information such as the inclusion of SAT on aggregates invoices and quarterly receipts should not be made a requirement unless there is a strong and clear justification for doing so.

2.8 For question 3, on the definitions used in the regulations, one respondent queried whether the regulations intend to impose a requirement to issue a separate aggregates invoice for the purposes of claiming a credit/relief. In their view if the definition of an aggregates invoice is to be mandated, then this needs to be clearly stated in the regulations and communicated as early as possible to producers and their software providers. They advised that there needs to be a reasonable and sufficient lead in time to enable software programmes to be updated to accommodate changes.

2.9 Two respondents agreed that the definitions used in the regulations were appropriate. One respondent argued, however, that amendments are required in relation to the definition of an 'aggregates invoice'. This view was also supported in the two responses received from the SAT advisory group members. It was noted that issues may arise by including requirements for the following in the aggregates invoice:

- the tax chargeable;
- the date of commercial exploitation; and
- the SAT registration number.

The tax chargeable

2.10 Respondents noted that there could be an issue caused by the stipulation that SAT be included on the aggregates invoice.

2.11 Respondents highlighted that businesses do not currently include UKAL on their aggregate invoices, and that software may not currently have the capability to do this.

2.12 Aggregate firms who were engaged with agreed that tax is not normally included on the aggregates invoice because the tax payable is a cost borne by the aggregate producer's business, rather than their customers, and is therefore commercially sensitive information.

2.13 Businesses noted that to add the tax payable to the invoice would cause commercial difficulties as it is a departure from the existing practice under UKAL. They advised that to add tax to the invoice would be a significant undertaking for firms in terms of the time and cost of updates needed to billing and accounting-related systems. It would similarly, cause difficulties for businesses exporting to the rest of the UK (rUK) to have to separate SAT out but not UKAL.

2.14 One respondent suggested in relation to tax compliance, that for rogue players, it is unlikely that the presentation of SAT on the invoice will drive compliant behaviour.

The date of commercial exploitation

2.15 Having the date of commercial exploitation on the aggregates invoice would indicate when SAT is due (as in most cases the tax point would be the date of commercial exploitation).

2.16 Businesses advised, however, that aggregate industry systems are set up to indicate the date of sales rather than the date of commercial exploitation. Stakeholders noted that they would be able to supply alternate records to evidence when the tax should have been paid.

2.17 Furthermore, stakeholders explained that there are instances where the date of commercial exploitation and the date of sale are not the same. For example, if aggregate is exploited from an originating site and mixed with another material on one day (this would be the date of commercial exploitation, as per section 7 of the Aggregates Tax and Devolved Taxes Administration (Scotland) Act 2024 (hereby referred to as the “2024 Act”), and the point at which tax is due). The aggregate could then be shipped out later once sold, meaning that the date of sale and the tax point are not the same. This could cause an increased administrative burden to businesses and result in numerous queries over why there are two separate dates on the aggregates invoice.

The SAT registration number

2.18 Stakeholders were similarly asked about the inclusion of the SAT registration number on the invoice. Including this on the invoice would assure the aggregate customer that the supplier they have purchased aggregate from is registered.

2.19 This is also relevant for compliance purposes, such as the ‘supply chain’ provision in section 8(5) of the 2024 Act. This provision allows for the charging of tax on those who purchase taxable aggregate from unregistered suppliers.

2.20 In addition, section 17 of the 2024 Act, requires Revenue Scotland to publish and maintain a public register of taxpayers. This will enable customers to check that they are buying aggregate from a registered supplier.

2.21 One business confirmed that they currently put their company number on the invoice rather than the registration number. Firms engaged advised that their systems are not set up to include the registration number. Therefore, potential updates would be required to their billing and accounting-related systems, resulting in cost to their business.

2.22 On question 4, three out of three respondents agreed that the existing UKAL definition of aggregate should be used for SAT. One respondent further elaborated that retaining a definition that is familiar to operators is helpful

in minimising the disruption caused by devolution of UKAL, and that it minimises the risk of misunderstanding.

Scottish Government response

2.23 Following stakeholder feedback the Scottish Government has made amendments to regulation 2 on the definition of an aggregates invoice. The rationale for this decision is set out below.

2.24 The definition of an aggregates invoice is provided for in the regulations to ensure sufficient evidence in relation to bad debt claims. For example, including the SAT payable on the invoice will provide Revenue Scotland with evidence that the tax has been paid if a customer were to become insolvent resulting in bad debt.

2.25 The Scottish Government and Revenue Scotland engaged with stakeholders from the aggregates industry to gain feedback specifically on the following elements proposed within the aggregates invoice:

- the tax chargeable;
- the date of commercial exploitation; and
- the SAT registration number.

2.26 After careful consideration of the responses received in the consultation, and feedback from aggregate businesses, the Scottish Government has concluded that the regulations should be amended to address concerns from stakeholders. Therefore, the following requirements will no longer be stipulated for in regulation 2:

- the date on which the commercial exploitation took place;
- the registration number of the person issuing the invoice; and
- the rate of tax chargeable in relation to the commercial exploitation.

B. Weight of aggregate

Relevant Provisions: Part 2, regulations 3 – 7

2.27 Section 2.B. set out the basic method for determining the weight of aggregate for the purposes of the tax and provides for specified and agreed methods to be used. The chapter additionally stipulates that where a quantity of aggregate is not weighed in accordance with this part, which has resulted in potential lost revenue, then the resultant inaccuracy in the tax return is deemed to be deliberate for the purposes of [section 182 of RSTPA](#)⁷ and the penalty is to be calculated in accordance with [section 183 of RSTPA](#)⁸.

2.28 The consultation posed the following questions:

Questions

5. Do you agree that the provisions as drafted work as intended?
6. If not, what amendments would you propose to the draft legislation and on what basis?
7. Are the methods for determining the weight of aggregate for the tax appropriate?
8. Are the arrangements for penalties as set out in regulation 7 appropriate?

2.29 The one respondent who answered question 5 considered that the regulations as drafted work as intended.

2.30 For question 6, one respondent detailed that the regulations should be amended to make the discounting of the weight of constituents, such as water, more explicit. In their view, the discounting of constituents should be treated similarly to UKAL to ensure parity of treatment between Scottish and rUK markets⁹.

2.31 The one respondent who answered question 7 agreed that the methods for determining the weight of aggregate for SAT are appropriate.

2.32 In relation to question 8, one respondent agreed the penalty arrangements were appropriate. The other two respondents viewed the penalties for failure to use a weighbridge/specified method as unduly harsh and advised that minor infractions should not be penalised. This view was also supported in feedback received from one of the expert advisory group members. Respondents and SAT advisory members suggested alignment with the penalty provisions under UKAL,

⁷ [Revenue Scotland and Tax Powers Act 2014](#)

⁸ [Revenue Scotland and Tax Powers Act 2014](#)

⁹ They referred to the following UKAL legislation: [The Aggregates Levy \(General\) Regulations 2002, part 2, regulation 3\(2\)](#)⁹. This states: 'The terms and conditions attached to the use of a weighbridge shall be stipulated by the Commissioners in a published notice and shall include provisions relating to the records to be kept and the discounting of constituents (such as water).'

which they note as being aimed at ensuring accuracy, and that operators who have made accidental mistakes should not be assumed to have deliberately submitted incorrect information.

Scottish Government response

2.33 The Scottish Government has not made any revisions to the draft regulations on the weight of aggregate.

2.34 With regards to discounts (for example, water discounts), the position will be set out in guidance by Revenue Scotland, to ensure clarity for taxpayers. The guidance will be available prior to implementation.

2.35 The intent of the penalties regulation, which mirrors a similar provision for Scottish Landfill Tax - [regulation 11 of the Scottish Landfill Tax \(Administration\) Amendment Regulations 2015](#)¹⁰ is to discourage the weighing of aggregate in a non-prescribed fashion as this has a direct impact on the tax calculation. If the taxpayer has used the prescribed weighing method but has simply made an error in the calculation, then this penalty will not apply.

¹⁰ [The Scottish Landfill Tax \(Administration\) Amendment Regulations 2015](#)

C. Registration

Relevant Provisions: Part 3, regulations 8 - 15

2.36 This chapter makes provision regarding exemption from the requirements of registering for SAT, and notification to Revenue Scotland.

2.37 The consultation posed the following questions:

Questions

9. Do you agree that the provisions as drafted work as intended?

10. If not, what amendments would you propose to the draft legislation and on what basis?

11. Do you agree with the requirements for tax registration, and when notification must be made to Revenue Scotland?

12. Do you foresee any cross-border issues, behavioural or revenue impacts arising from the proposed approaches to tax registration?

2.38 The two respondents who answered question 9 considered that the regulations as drafted work as intended.

2.39 On question 10, one respondent advised that further clarity is required in the regulations on whether registration can be done at group level rather than site i.e. whether sites in rUK owned by the same company could be included in a group registration. The respondent elaborated that not allowing group registration would cause an increased administrative burden for taxpayers.

2.40 One respondent also queried whether sites in rUK owned by the same company in Scotland could be included in group registration to minimise the administrative burden that will inevitably be increased as a result of having two separate tax jurisdictions.

2.41 Turning to question 11, one respondent agreed that a 30-day time period is reasonable. Regarding notification to Revenue Scotland, another respondent noted that it would be helpful to have greater clarification on this. They advised that the regulations are clear that the cessation of taxable activities must be notified to Revenue Scotland in writing (regulation 11), but not how initial registration with Revenue Scotland will be done.

2.42 For question 12, one respondent suggested that if the tax rates remain equal between Scotland and rUK, then there will be little benefit in behavioural changes, and it will be the specific locations of the project and haulage costs that will determine aggregate sources.

Scottish Government response

- 2.43 The Scottish Government has not made any amendments to the draft regulations in part 3.
- 2.44 Registration for SAT can be done at a group level, as provided for in [section 29 of the 2024 Act](#)¹¹. This provision enables groups of companies to register collectively for SAT. The benefit of doing this is that it reduces the administrative burden on taxpayers. Section 29 sets out how groups of companies and members of groups are to be treated with regard to tax liabilities, and the conditions of the application for group treatment.
- 2.45 [Section 18 of the 2024 Act](#)¹² imposes a duty on a person who has not yet registered for tax to notify Revenue Scotland of their intention to carry out taxable activities, at either the point of carrying them out or, if earlier, the point of forming the intention to do so.
- 2.46 The process for taxpayers to register will be available well in advance of the introduction date. Revenue Scotland plan to support the SAT taxpayers to ensure they are aware of their responsibilities and will undertake further engagement on registration.
- 2.47 There will also be an onboarding period prior to the tax going live where Revenue Scotland will seek to bring future taxpayers onto the registration system and review existing water / alternate weighing agreements.

¹¹ [Aggregates Tax and Devolved Taxes Administration \(Scotland\) Act 2024](#)

¹² [Aggregates Tax and Devolved Taxes Administration \(Scotland\) Act 2024](#)

D. Non-resident taxpayers

Relevant Provisions: Part 4, regulations 16 - 22

2.48 This chapter makes provision for non-resident taxpayers' appointment of tax representatives, including duty to notify Revenue Scotland. Non-resident taxpayer has the definition as set out in section 26(2) of the 2024 Act: a person who is registered for the tax (or would be so required if not for an exemption) and is not resident in the UK.

2.49 The consultation posed the following questions:

Questions

13. Do you agree that the provisions as drafted work as intended?

14. If not, what amendments would you propose to the draft legislation and on what basis?

15. Do you agree with the provisions with regards to replacing a tax representative; and being directed to change a tax representative by Revenue Scotland?

2.50 One respondent agreed that the provisions as drafted work as intended (question 13).

2.51 The one respondent who answered question 15 agreed with the provisions with regards to replacing a tax representative; and being directed to change a tax representative by Revenue Scotland.

Scottish Government response

2.52 Respondents agreed with the provisions as drafted; therefore, no revisions have been made to the regulations.

E. Accounting period, returns, payment of tax
Relevant Provisions: Part 5, regulations 23 – 24

2.53 This chapter sets out the rules for accounting for SAT, by making returns in respect of accounting periods and payment of tax.

2.54 The consultation posed the following questions:

Questions

16. Do you agree that the provisions as drafted work as intended?

17. If not, what amendments would you propose to the draft legislation and on what basis?

18. Do you agree that the arrangements are fair and proportionate?

2.55 The two respondents who answered question 16 considered that the regulations as drafted work as intended.

2.56 Turning to question 17, one respondent suggested that regulations 24(4) and 24(5), which relate to required declarations on the return, would seem to fit better under regulation 23 (Making of returns) rather than regulation 24 (Payment of tax).

2.57 The draft regulations provide that a registrable person must make each return and make payment of the tax due no later than 30 days following the end of the accounting period to which they relate. One respondent suggested alternative wording. In their view it would be better to stipulate "30 days or one month" in relation to the months which have 31 days.

2.58 One respondent advised that with taxation, cash flow is always difficult in a low margin operation and can be difficult to align. However, in their view, the regulations follow established process that most operators should be aware of, and compliant with such payment terms.

2.59 On question 18, one respondent advised that further clarity is required on how the return submission and tax payment arrangements, detailed in the regulations, will work in practice.

2.60 Some respondents and SAT advisory group members highlighted the 30-day return period as an insufficient timeframe. It was suggested that a 30-day return period may be unrealistic given the additional information requirements for the return over and above the current requirements of UKAL.

2.61 Some respondents and SAT advisory group members also advised that due to the level of information being requested in the aggregates invoice and tax return, there will be an increased administrative burden on taxpayers, in comparison to the requirements under UKAL. One respondent noted that it is

important that the administrative requirements under SAT do not become disproportionate to the revenue being collected.

Scottish Government response

- 2.62 The Scottish Government has not made any amendments to the draft regulations in part 5 on accounting period, returns, and payment of tax.
- 2.63 Detailed consideration has been given to the reporting period length. A 30-day submission period for tax returns, is broadly in line with the approach taken for other devolved taxes such as Land and Buildings Transaction Tax (LBTT)¹³ and Scottish Landfill Tax (SLfT)¹⁴.
- 2.64 Additionally, 30 days is considered reasonable as it is comparable to the period provided for UKAL.
- 2.65 Revenue Scotland has proactively engaged stakeholders on the SAT registration process and the tax return. Feedback has been constructive and has resulted in products that will provide Revenue Scotland with information that will allow them to carry out necessary administration and undertake tax risk analysis, whilst also ensuring the administration burden on SAT taxpayers is kept to a minimum. Such engagement has included Revenue Scotland previewing details of the proposed SAT return during stakeholder sessions and explaining how the SAT return will work in operation. Direct engagement with industry stakeholders has not generated any material concerns on the 30-day return period.
- 2.66 The additional information being collected as part of the SAT return will help to inform future decisions relating to the structure of the tax and ensure an effective compliance regime. Although this additional information is not reported on the UKAL tax return, it is still required to be collected by taxpayers in order to complete their UKAL tax return and, from the systems of accounting Revenue Scotland has seen through engagement with stakeholders, it is easily accessible.
- 2.67 Furthermore, in order to aid with cash flow and administrative burden, Revenue Scotland are offering a staggered reporting facility. Additionally, for those taxpayers with multiple sites, Revenue Scotland is providing a CSV file facility which will reduce the amount of manual input required to complete the SAT tax return.

¹³ Please see [section 29, Land and Buildings Transaction Tax \(Scotland\) Act 2013](#).

¹⁴ Scottish Landfill Tax (SLfT) has a 44-day period, rather than 30 days. Please see [regulation 10, The Scottish Landfill Tax \(Administration\) Regulations 2015](#). This gives a landfill operator a 14 day period to invoice the person who disposed of the waste and ensures that there are no additional cash flow issues to the landfill operator.

F. Tax Credits: General

Relevant Provisions: Part 6, regulations 25 - 28

2.68 This chapter makes provisions for claims and payments in respect of credits of tax.

2.69 The consultation posed the following questions:

Questions

19. Do you agree that the provisions as drafted work as intended?

20. If not, what amendments would you propose to the draft legislation and on what basis?

21. Do you agree with the rules for making credit claims in returns; and payments by Revenue Scotland in respect of credit?

22. Do you agree that it is sufficient to allow a taxpayer one year to amend a return in order to include a missed claim?

2.70 The two respondents who answered question 19 agreed with the draft provisions in part 6 of the regulations.

2.71 For question 20, one respondent highlighted, however, that, in their view, the time limit of one year for claiming a tax credit is very short (in comparison to the current four-year period that is standard for most tax credit claims).

2.72 The one respondent who answered question 21 agreed with the provisions for making credit claims in returns; and payments by Revenue Scotland in respect of credit.

2.73 One respondent answered question 22, and agreed one year is a reasonable time period to amend a return in order to include a missed claim.

Scottish Government response

2.74 No amendments have been made to the draft regulations (Tax Credits: General).

2.75 Part 6 of the regulations provides that tax credit claims can only be made in the relevant accounting period. A relevant accounting period is the period in which the relevant circumstances that gave rise to the tax credit occurred. Those relevant circumstances are set out in regulation 37(2) and include, for example, exporting the aggregate outside the UK or using the aggregate for a prescribed industrial or agricultural process. The tax credit claim will be made as part of a taxpayer's SAT tax return. If a taxpayer fails to make a valid claim in their SAT tax return for the relevant accounting period they will have up to 12 months to amend that return.

2.76 This aligns with [section 83 of the RSTPA 2014](#)¹⁵, which explains that an amendment of a return by a taxpayer must be made by the end of a period of 12 months beginning with the relevant date (which in this case would be the filing date). To clarify, the regulations are not restricting the periods in which a claim can be made to 1 year. Rather, taxpayers have a 12 month limit in order to amend a tax return (to make a claim through an amendment). An example has been included below for illustration purposes:

- a quarry operator moves aggregate to a depot prior to being exported. The movement of the aggregate occurs on 1 April 2026, but due to unexpected circumstances the exportation does not occur until 10 August 2027. SAT was paid in the accounting period ending 30 June 2026. A tax credit claim can be made in the period in which the exportation occurred (accounting period ending 30 September 2027). If the taxpayer finds the tax credit claimed to be incorrect, an amendment to the tax credit could be made up to 12 months from the filing date of the accounting period ending 30 September 2027 by amending that return.

¹⁵ [Revenue Scotland and Tax Powers Act 2014](#)

G. Credit: bad debts

Relevant Provisions: Part 7, regulations 29 - 36

2.77 This chapter provides for an entitlement to credit in respect of bad debts, and regulates the evidence required and records to be kept. It also provides for the attribution of payments to debts and the repayment of credit.

2.78 The consultation posed the following questions:

Questions

23. Do you agree that the provisions as drafted work as intended?

24. If not, what amendments would you propose to the draft legislation and on what basis?

25. Are there other circumstances in which commercial exploitation can have occurred and a debt could become bad?

26. Do you agree with the evidence required in support of a claim, including a requirement for any other evidence specified by Revenue Scotland in a published notice?

2.79 The two respondents who answered question 23 agreed with the draft provisions in part 7 of the regulations.

2.80 On question 24, one respondent advised that the time limit of one year for making a bad debt claim is very short (when compared to the standard 4 years for most tax credit claims).

2.81 No responses were received on question 25.

2.82 For question 26, one respondent explained that clarification is required in the regulations regarding who the published notice by Revenue Scotland (which specifies the evidence required in support of a claim) will be served upon.

Scottish Government response

2.83 The Scottish Government has not made any revisions to draft regulations 29-36.

2.84 In relation to the entitlement to credit arising under part 7 of these regulations (bad debts), a bad debt claim must be made within the relevant accounting period, which for bad debts is the period of one year from the date of the issue of the aggregates invoice. There are further stipulations required before a bad debt claim can be made, these are listed at regulation 30 and include, for example, the registered person accounting for and paying tax on the taxable activity and the consideration being written off as a bad debt.

- 2.85 The bad debt tax credit claim will be made as part of a taxpayer's SAT tax return. If a taxpayer fails to make a valid claim in their SAT tax return for the relevant accounting period they will have up to 12 months to amend that return. This aligns with [section 83 of the RSTPA 2014](#)¹⁶, which explains that an amendment of a return by a taxpayer must be made by the end of a period of 12 months beginning with the relevant date (which in this case would be the filing date).
- 2.86 Revenue Scotland may publish a notice in guidance that sets out further evidence required in order to substantiate tax credit claims.

¹⁶ [Revenue Scotland and Tax Powers Act 2014](#)

H. Tax credits: other

Relevant Provisions: Part 8, regulations 37 - 39

2.87 This chapter provides for an entitlement to credit where certain circumstances apply to the aggregate in question, such as moving the aggregate out with the United Kingdom or being used in the industrial or agricultural processes listed in the Schedule (regulation 37).

2.88 The consultation posed the following questions:

Questions

27. Do you agree that the provisions as drafted work as intended?

28. If not, what amendments would you propose to the draft legislation and on what basis?

29. Do you agree with the evidence required in support of a credit claim, and records to be kept?

2.89 One respondent agreed that the provisions as drafted work as intended (question 27). However, another respondent indicated that they disagree with the regulations as drafted.

2.90 The respondent who agreed with the draft regulations provided further elaboration as part of question 28. They noted that tax credits are a key area of concern for the aggregates sector. In their view, as the provisions are based on the existing UKAL system they agree with the regulations.

2.91 On question 28, the respondent who disagreed with provisions noted that the tax treatment for cross-border movement of aggregate (i.e. that which is supplied across the border to/from Scotland and the rUK) appears to be unnecessarily onerous. From their perspective, if the aggregate is extracted in Scotland, the tax should be levied and stay in Scotland and likewise for other parts of the UK.

2.92 Two respondents agreed with the evidence required in support of a credit claim, and records to be kept (question 29).

Scottish Government response

2.93 No revisions have been made by the Scottish Government to the draft regulations in part 8.

2.94 The Scottish Government does not have the power to create a tax on the extraction of aggregates. As set out in 2024 Act, SAT will be due on the *commercial exploitation of primary aggregates* in Scotland.

2.95 During the consultation process and associated engagement on the development of the 2024 Act there was broad support for the principle that

aggregate should only be subject to payment of one of the two aggregates taxes, i.e., SAT or UKAL, in order to avoid double taxation.

2.96 In relation to cross-border movement of aggregate, the legislative framework as set out in the Scotland Act 2016 means that it will be the country of destination, not the country of origin (country of extraction), who retains the tax on intra UK aggregate trade. The legislation was developed in this manner in order to mitigate any potential market distortion on the aggregates sector.

2.97 Decisions on tax rates for SAT and UKAL will be set by respective ministers. There is potential for the tax rates to be different (depending on any future decisions made). By having the country of destination retain the tax, this minimises the risk of tax avoidance, i.e. there could be potential for businesses to rate shop if the tax was lower in one jurisdiction. This approach will ensure that for each 'geographical market' (Scotland or rUK) the same destination country tax applies regardless of where the aggregate was originally extracted.

3. Summary of Responses – RSTPA and Tax Tribunal Regulations

Background

- 3.1 The Revenue Scotland and Tax Powers Act 2014 (RSTPA) makes provisions for a Scottish tax system to enable the collection and management of Land and Buildings Transaction Tax (LBTT) and Scottish Landfill Tax (SLfT) - “the devolved taxes”. It established Revenue Scotland as the tax authority responsible for collecting Scotland’s devolved taxes from 1 April 2015. It put in place a statutory framework which applies to the devolved taxes and sets out the relationship between the tax authority and taxpayers in Scotland, including the relevant powers, rights and duties.
- 3.2 SAT is intended to come into force on 1 April 2026, as the third devolved tax. Changes are therefore required to the RSTPA to ensure that SAT is operationally effective with regards to the wider devolved taxes legislative regime.
- 3.3 The following sections 3.A. – 3.E., set out the proposed changes to the [Revenue Scotland and Tax Powers Act 2014 \(RSTPA\) regulations](#)¹⁷ and the [First-tier Tribunal for Scotland Tax Chamber regulations](#)¹⁸.

¹⁷ [RSTPA-secondary-legislation - Revenue Scotland](#)

¹⁸ [First-tier Tribunal for Scotland Tax Chamber](#)

A. The Revenue Scotland and Tax Powers Act (Record Keeping) Regulations 2015

3.4 [The Revenue Scotland and Tax Powers Act \(Record Keeping\) Regulations 2015](#)¹⁹ make provisions about records which must be kept in relation to the existing devolved taxes.

3.5 The SAT administration regulations make provision for adding record-keeping requirements for SAT. The relevant power is provided at [Revenue Scotland and Tax Powers Act 2014 s74\(9\)](#)²⁰.

3.6 The consultation posed the following questions:

Questions

30. Do you agree that the provisions as drafted work as intended?

31. If not, what amendments would you propose to the draft legislation and on what basis?

32. Do you agree with the records to be retained for the purposes of the Scottish Aggregates Tax?

33. Do you agree with the records to be retained in relation to claims for credit, and for evidence of exempt status for the tax?

3.7 One respondent agreed that the provisions as drafted work as intended (question 30).

3.8 No answers were received to question 31.

3.9 One respondent answered 'Yes' to question 32 on whether they agree with the records to be retained for the purposes of SAT.

3.10 For question 33 the one respondent who answered agreed with the records to be retained in relation to claims for credit, and for evidence of exempt status for the tax.

Scottish Government response

3.11 Respondents agreed with the provisions as drafted; therefore, the Scottish Government has not made any amendments to these regulations.

¹⁹ [The Revenue Scotland and Tax Powers Act \(Record Keeping\) Regulations 2015](#)

²⁰ [Revenue Scotland and Tax Powers Act 2014](#)

B. The Revenue Scotland and Tax Powers Act (Involved Third Party) Order 2015

3.12 [The Revenue Scotland and Tax Powers Act \(Involved Third Party\) Order 2015 regulations](#)²¹ make provisions about the inspection of third parties related to taxable disposals for the purpose of Scottish Landfill Tax. The relevant power is provided at [Revenue Scotland and Tax Powers Act 2014 s142\(3\)](#)²².

3.13 The SAT regulations will add a provision for the inspection of involved third parties related to SAT.

3.14 The consultation posed the following questions:

Questions

34. Do you agree that the provisions as drafted work as intended?

35. If not, what amendments would you propose to the draft legislation and on what basis?

36. Do you agree with an involved third party being defined as a person involved (in any capacity) with the commercial exploitation of taxable aggregate?

3.15 One respondent answered question 34, and agreed that the provisions as drafted work as intended.

3.16 No answers were provided for question 35.

3.17 However, in relation to question 36 the respondent also elaborated that further clarification is required in the regulations on the definition of an involved third party.

Scottish Government response

3.18 The Scottish Government has not made any revisions to these regulations as drafted.

3.19 An involved third party is defined as a person involved (in any capacity) with the commercial exploitation of taxable aggregate.

²¹ [The Revenue Scotland and Tax Powers Act \(Involved Third Party\) Order 2015](#)

²² [Revenue Scotland and Tax Powers Act 2014](#)

C. The Revenue Scotland and Tax Powers Act (Postponement of Tax Pending a Review or Appeal) Regulations 2015

3.20 The [Revenue Scotland and Tax Powers Act \(Postponement of Tax Pending a Review or Appeal\) Regulations 2015](#)²³ provide that where a review or appeal under part 11 of the Revenue Scotland and Tax Powers Act 2014 is in progress, a LBTT taxpayer may make an application to Revenue Scotland to postpone the payment of tax, penalty or interest. The relevant power is at [Revenue Scotland and Tax Powers Act 2014 s245](#)²⁴.

3.21 The SAT regulation will apply the existing provisions to the Scottish Aggregates Tax.

3.22 The consultation posed the following questions:

Questions

37. Do you agree that the provisions as drafted work as intended?

38. If not, what amendments would you propose to the draft legislation and on what basis?

39. Do you agree that the provision to postpone the payment of tax, penalty of interest where a review or appeal is in progress should be extended to a Scottish Aggregates Tax taxpayer?

3.23 No responses were provided for questions 37 and 38.

3.24 The one respondent who answered question 39 agreed that that the provision to postpone the payment of tax, penalty or interest where a review or appeal is in progress should be extended to a SAT taxpayer (question 39).

3.25 A member of the SAT expert advisory group suggested that further clarification is required in the regulations on the time limits for reviews and appeals. Specifically, can the LBTT or SAT taxpayer appeal at any time during the review or will there be a time limit in which to appeal once the review has concluded and any assessments issued.

Scottish Government response

3.26 No amendments have been made by the Scottish Government to this set of regulations.

3.27 Taxpayers cannot appeal against a decision by Revenue Scotland to amend a self-assessed tax return while an enquiry is in progress and the enquiry has not

²³ [The Revenue Scotland and Tax Powers Act \(Postponement of Tax Pending a Review or Appeal\) Regulations 2015](#)

²⁴ [Revenue Scotland and Tax Powers Act 2014](#)

been completed (see Revenue Scotland's guidance at [RSTP1004](#)²⁵). This is also the case whereby a review has not been concluded or treated as concluded (see Revenue Scotland's guidance at [RSTP6006](#)²⁶).

3.28 Revenue Scotland's guidance at [RSTP6008](#)²⁷ details the time limits for giving a notice of appeal, which depends on the circumstances (i.e. if a review has been requested or not, if you have entered into a settlement agreement or mediation, and if an enquiry is in progress).

²⁵ [RSTP1004 - Revenue Scotland amendment of a tax return during an enquiry | Revenue Scotland](#)

²⁶ [RSTP6006 - Review | Revenue Scotland](#)

²⁷ [RSTP6008 - Appeal | Revenue Scotland](#)

D. The Revenue Scotland and Tax Powers Act (Interest on Unpaid Tax and Interest Rates in General) Regulations 2015

3.29 [The Revenue Scotland and Tax Powers Act \(Interest on Unpaid Tax and Interest Rates in General\) Regulations 2015](#)²⁸ relates to the date in which interest on unpaid tax is payable from.

3.30 The SAT administration regulations will make amendments to The Revenue Scotland and Tax Powers Act (Interest on Unpaid Tax and Interest Rates in General) Regulations 2015 to specify that interest is due from the date that the filing of the return is due. The relevant power is [Revenue Scotland and Tax Powers Act 2014 s217](#)²⁹. The proposed amendment would be the addition of an entry to the table at regulation 4 which specifies that interest is due from the date that the filing of the return is due.

3.31 The consultation posed the following questions:

Questions

40. Do you agree that the provisions as drafted work as intended?

41. If not, what amendments would you propose to the draft legislation and on what basis?

42. Do you agree with the amendment which specifies that interest on unpaid tax is due from the filing date?

3.32 One respondent agreed that the provisions as drafted work as intended (question 40).

3.33 No responses were provided for question 41.

3.34 The respondent also answered 'Yes' to question 42 on whether they agree with the amendment which specifies that interest on unpaid tax is due from the filing date.

Scottish Government response

3.35 Respondents agreed that the provisions as drafted work as intended; therefore, no revisions have been to the regulations.

²⁸ [The Revenue Scotland and Tax Powers Act \(Interest on Unpaid Tax and Interest Rates in General\) Regulations 2015](#)

²⁹ [Revenue Scotland and Tax Powers Act 2014](#)

E. Revenue Scotland and Tax Powers Act (Scottish Courts and Tribunal Service) (Amendment) Regulations

- 3.36 To ensure that taxpayers and their agents have access to administrative justice, two Tax Tribunals, with a First-tier and Upper Tribunal, were established by the [Revenue Scotland and Tax Powers Act 2014](#) to hear appeals relating to LBTT and SLfT.
- 3.37 The First-tier Tribunal decides appeals against Revenue Scotland decisions, whereas the Upper Tribunal decides appeals on a point of law from decisions of the First-tier Tribunal, and the [Scottish Courts and Tribunals Service](#) provides administrative support for both.
- 3.38 The Scottish Tribunals are structured with the Tax Chamber of the First-tier Tribunal for Scotland and Upper Tribunal for Scotland led by the President of the Scottish Tribunals. Administrative support is provided by the Scottish Courts and Tribunals Service, and appeals are heard by the Members of the Tax Tribunals. Both the President and the Members have been appointed by Scottish Ministers.
- 3.39 [The First-tier Tribunal for Scotland \(Transfer of Functions of the First-tier Tax Tribunal for Scotland\) Regulations 2017](#)³⁰ and [The Upper Tribunal for Scotland \(Transfer of Functions of the Upper Tax Tribunal for Scotland\) Regulations 2017](#)³¹ provide for the establishment of the Tax Tribunals to hear appeals and exercise other functions in relation to devolved taxes.
- 3.40 The SAT administration regulation would add provision for appeals to be heard regarding SAT.
- 3.41 [The First-tier Tribunal for Scotland \(Transfer of Functions of the First-tier Tax Tribunal for Scotland\) Regulations 2017](#)³² and [The Upper Tribunal for Scotland \(Transfer of Functions of the Upper Tax Tribunal for Scotland\) Regulations 2017](#)³³ also transferred the functions of the First-tier Tax Tribunal and Upper Tax Tribunal to the First-tier Tribunal for Scotland and Upper Tribunal for Scotland and allocated to the Tax Chamber, which is where SAT appeals would be heard.

³⁰ [The First-tier Tribunal for Scotland \(Transfer of Functions of the First-tier Tax Tribunal for Scotland\) Regulations 2017](#)

³¹ [The Upper Tribunal for Scotland \(Transfer of Functions of the Upper Tax Tribunal for Scotland\) Regulations 2017](#)

³² [The First-tier Tribunal for Scotland \(Transfer of Functions of the First-tier Tax Tribunal for Scotland\) Regulations 2017](#)

³³ [The Upper Tribunal for Scotland \(Transfer of Functions of the Upper Tax Tribunal for Scotland\) Regulations 2017](#)

3.42 The consultation posed the following questions:

Questions

43. Do you agree that the provisions as drafted work as intended?

44. If not, what amendments would you propose to the draft legislation and on what basis?

45. Do you agree with the provision of Tax Tribunal appeals being heard with regards to the Scottish Aggregates Tax?

3.43 No answers were received for questions 43 and 44.

3.44 One respondent agreed with the provision of Tax Tribunal appeals being heard with regards to SAT (question 45).

Scottish Government response

3.45 Respondents agreed with the provisions as drafted; therefore, no revisions have been made by the Scottish Government to these regulations.

4. Summary of Responses – Impact Assessments

Background

4.1 Section 4 detailed the impact assessments considered as part of the secondary legislation. These are set out in sections 4.A. – 4.K.

4.2 Views were sought on a range of issues to inform the relevant impact assessments to ensure that these are fully considered.

4.3 The consultation posed the following questions:

Questions

48. Do you think that the proposed amendments will in any way impact upon equal opportunities, the fairer Scotland duty, human rights including child rights and wellbeing, consumer duty, local government, island communities, privacy, digital approaches, and/or sustainable development in Scotland?

49. If so, please give us your views.

50. Do you have any feedback on the partial Business and Regulatory Impact Assessment (BRIA), included in Annex B?

4.4 No comments were received on questions 48 and 49, in relation to the following:

- Equal opportunities
- The Fairer Scotland Duty
- Human rights
- Child rights and wellbeing
- Privacy impacts
- Digital impacts
- Island communities
- Local government
- The Consumer Duty
- Sustainable development

4.5 Several comments were received from respondents and advisory group members, however, on the partial Business and Regulatory Impact Assessment (BRIA). Feedback was received from various stakeholders and members of the SAT advisory group in relation to question 50.

Business and Regulatory Impact Assessment (BRIA)

Section 1: Background, aims and options

4.6 On the '**Rationale for Government intervention**' section one respondent noted that this could refer to a ClimateXChange research project which has been commissioned by the Scottish Government. This research project is on the potential role of alternatives to primary aggregates to deliver reductions in greenhouse gas emissions. The respondent highlighted that this section could refer to this research in relation to SAT and the Scottish Government's circular economy objectives. This feedback was also received from members of the SAT expert advisory group.

Section 2: Consultation

4.7 No comments received on this section.

Section 3: Options

4.8 One respondent suggested that there could be greater quantification on the cost of the tax to business (in the section on '**Costs**'). They noted that the return requires more data and information to be collated by businesses than the UKAL return. They advised that expectations amongst affected business are that their compliance costs will double as they will have two registrations and two sets of returns. Similarly, this same point was raised in comments received from some members of the expert advisory group.

4.9 The part on '**Scottish firms impact test**' details that Scottish Government and Revenue Scotland officials met individually with a number of firms involved in the production of primary aggregate to discuss aspects of the proposed secondary legislation. One respondent and several members of the SAT advisory group noted that it would be helpful to receive an update on the assessment of cross-border complexities and the cost to affected businesses following these visits. They similarly explained that information on the number of visits undertaken, and the methodology used to select which operators were approached / visited would be welcomed.

4.10 For the section '**Digital Impact Test**', one respondent suggested it would be beneficial to clarify whether taxpayers will be able to work on returns offline.

4.11 On the '**Post-implementation review**', one respondent expressed, in their view, that there will inevitably be complexities with cross-border transactions and operators who do not understand or realise the taxation requirements have changed. They queried how errors by operators will be addressed, where these have been made unintentionally. With regards to the legislation, they also asked how any unforeseen issues will be rectified once the tax is operational. They suggested that an annual Finance Bill would be helpful to avoid delays in legislative change. The respondent noted that, as with the other fully devolved

taxes, changes may be required over time to cater for certain situations. Feedback was also received from some members of the SAT advisory group on how the tax will be reviewed post-implementation. Questions were raised regarding the intervals at which reviews will take place, how reviews will be conducted and the level of detail which will be used to assess the effectiveness of the tax.

Scottish Government response

4.12 Following stakeholder feedback, the BRIA has been revised to clarify several of the points above, as raised by consultation respondents and members of the expert advisory group. This includes:

- Greater reference to the ClimateXChange research on the role of alternatives to primary aggregates in reducing emissions from the construction sector;
- Further information on the test run of business forms and the engagement undertaken with stakeholders on the impacts of registration and the tax return; and
- Additional details on the post-implementation review and how the SAT advisory group will be used as a forum to review the operation of SAT prior to the introduction of the tax and on an ongoing basis after the tax is introduced.

4.13 As with the other devolved taxes, returns are submitted to Revenue Scotland via the [Scottish Electronic Tax System](#)³⁴. Therefore, a taxpayer will be required to log into this online portal to submit the requested information. However, in line with accessibility, Revenue Scotland offer a paper return for those unable to submit a digital return.

4.14 On the post-implementation review, the Scottish Government will work with Revenue Scotland to monitor the effectiveness of these regulations. The Scottish Government's [Framework for Tax](#)³⁵ principles inform our approach to decision making, engagement and how we manage and sequence tax policy and delivery. Following the introduction of SAT, the Scottish Government will continue to take full account of the Framework's principles and objectives, which includes evaluation.

³⁴ [Scottish Electronic Tax System \(SETS\) | Revenue Scotland](#)

³⁵ [Framework for Tax 2021 - gov.scot](#)

5. Next Steps

- 5.1 On the basis of responses to the consultation, and feedback received from stakeholders, the Scottish Government intends to introduce secondary legislation to the Scottish Parliament for SAT. This legislation will specify the administration requirements associated with the tax, alongside required changes to the Revenue Scotland and Tax Powers Act 2014 and the First-tier Tribunal for Scotland Tax Chamber Regulations to support the operational effectiveness of SAT. As noted above, the legislation has been amended where appropriate on the basis of responses to this consultation and in consideration of all available evidence.

Annex A – List of Respondents

	Respondent	Category
1	Evelyn Partners	Organisation
2	Resource Management Association Scotland	Organisation
3	Mineral Products Association Scotland	Organisation
4	Chartered Institute of Taxation *	Organisation
5	Institute of Chartered Accountants of Scotland *	Organisation

* Member of the SAT expert advisory group – response received prior to the launch of the public consultation. For the purposes of the analysis, the two responses from SAT advisory group members have also been included.



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