

Scottish Aggregates Tax

Proposed Administration Regulations

January 2025

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1. Introduction

Background

- 1.1 [The Aggregates Tax and Devolved Tax Administration \(Scotland\) Act 2024](#)¹ (“the 2024 Act) provides for the key elements of a new devolved tax on the commercial exploitation of aggregates in Scotland - the Scottish Aggregates Tax (“SAT”). SAT will replace [UK Aggregates Levy \(UKAL\)](#)² in Scotland. The Scottish Government’s intended introduction for SAT is 1 April 2026. This is subject to the successful introduction of secondary legislation in Scotland and UK Government legislation on UKAL.
- 1.2 The [Scotland Act 2016](#)³ provided the Scottish Parliament with the devolved competence to legislate for the introduction of SAT. When SAT commences, it will increase the proportion of Scotland’s budget raised from Scottish taxes.
- 1.3 The 2024 Act was introduced to the Scottish Parliament in November 2023 and approved by the Scottish Parliament in October 2024. The legislation received Royal Assent and became an Act of the Scottish Parliament on 12 November 2024.
- 1.4 As noted above, the intended introduction date of the Scottish Aggregates Tax is 1 April 2026. To ensure the introduction and effective operation of SAT, secondary legislation is required. This will specify the administration requirements associated with the tax, alongside required changes to the [Revenue Scotland and Tax Powers Act 2014 \(RSTPA\) regulations](#)⁴ and the [First-tier Tribunal for Scotland Tax Chamber regulations](#)⁵.
- 1.5 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](#)⁶ (RSTPA).
- 1.6 The Scottish Government plan to commence all relevant parts of the Act in advance of tax introduction, including provisions to switch on Revenue Scotland registration powers.

Purpose

- 1.7 This consultation seeks views on the proposed regulations for SAT. This will enable the Scottish Government to gain views from both the public and professional experts to inform the development of SAT policy in advance of the proposed introduction date of 1 April 2026.

¹ [Aggregates Tax and Devolved Taxes Administration \(Scotland\) Act 2024](#)

² [Check when Aggregates Levy applies - GOV.UK](#)

³ [Scotland Act 2016](#)

⁴ [RSTPA - secondary legislation - Revenue Scotland](#)

⁵ [First-tier Tribunal for Scotland Tax Chamber](#)

⁶ [Revenue Scotland and Tax Powers Act 2014](#)

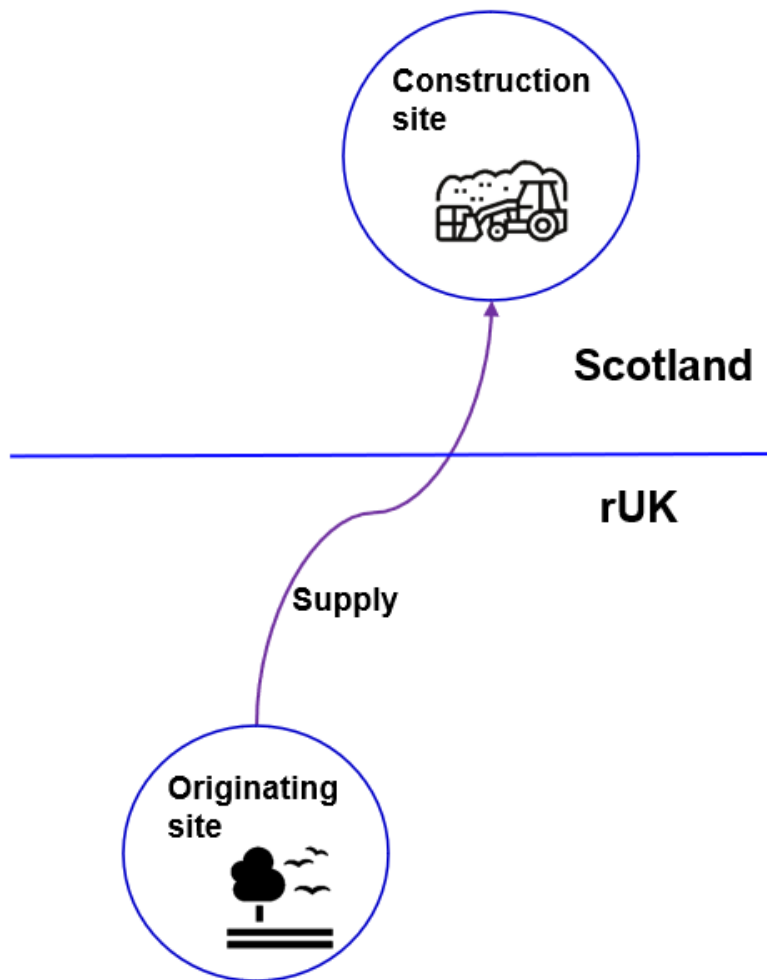
Scope

- 1.8 This consultation will run for 8 weeks until 21 March 2025 and offers an opportunity to comment on the draft secondary legislation, to ensure that it achieves the policy intent and does not create unintended consequences.
- 1.9 Views are also sought on a range of issues to inform relevant impact assessments and ensure that these are fully considered. Responses are encouraged from all interested parties.
- 1.10 The Scottish Government will carefully consider all responses to the consultation, prior to finalising decisions on legislation for introduction to the Scottish Parliament.
- 1.11 The consultation document details the proposed SAT administration regulations, and amendments required to the RSTPA to ensure that SAT can be introduced on 1 April 2026. This information is included in sections 2, and 3, respectively. The impact assessments considered as part of the secondary legislation are noted in section 4 of the document. Section 5 contains further information on how to respond to the consultation. A copy of the draft legislative provisions is contained in **Annex A**. A copy of the partial Business and Regulatory Impact Assessment (BRIA) is included in **Annex B**.

Cross-border movement of aggregate

- 1.12 Aggregate directly sold from a quarry situated elsewhere in the UK (rest of UK, or 'rUK') to a Scottish based customer is covered by the definition of commercial exploitation in Section 7(9) of the [Scottish Aggregates Tax and Devolved Taxes Administration \(Scotland\) Act 2024²³](#).
- 1.13 In this scenario (See Diagram 1 below), the rUK quarry would register for SAT as well as for UKAL. HMRC has not yet announced the detail of how it intends to approach such cross-border movements in UKAL (i.e. the arrangements for tax credits).

Diagram 1



1.14 The policy memorandum⁷ accompanying the Scottish Aggregates Tax and Devolved Taxes Administration (Scotland) Act 2024 noted that the Scottish Government intended to undertake continued engagement with industry stakeholders to ensure that all possible cross-border scenarios are taken into account in the arrangements for SAT.

1.15 Scottish Government and Revenue Scotland’s subsequent engagement with industry representatives has identified several cross-border scenarios where aggregate may be transferred indirectly from a quarry to a customer, through the involvement of third parties. These scenarios include but are not limited to those where a rUK quarry supplies aggregate to a middleman in rUK who then sells the aggregate to a Scottish customer (see Diagram 2 below); and where a customer based in Scotland directly collects aggregate from a rUK quarry, for use in Scotland (see Diagram 3 below).

⁷ [Policy Memorandum accessible](#)

Diagram 2

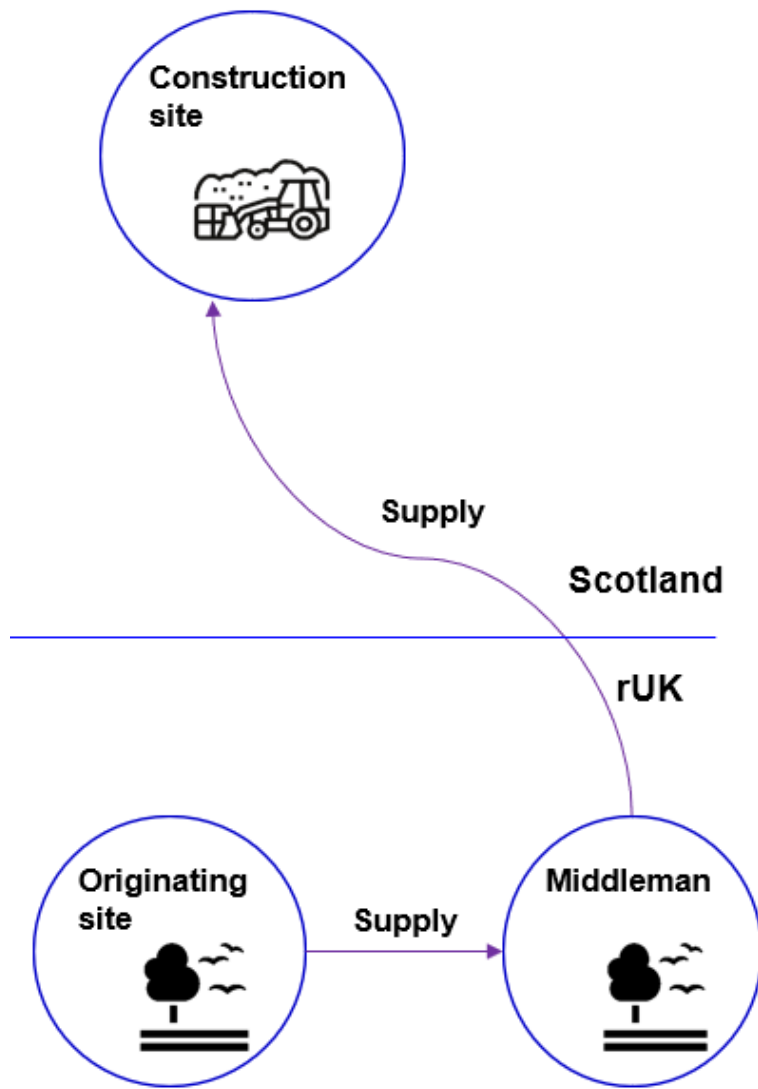
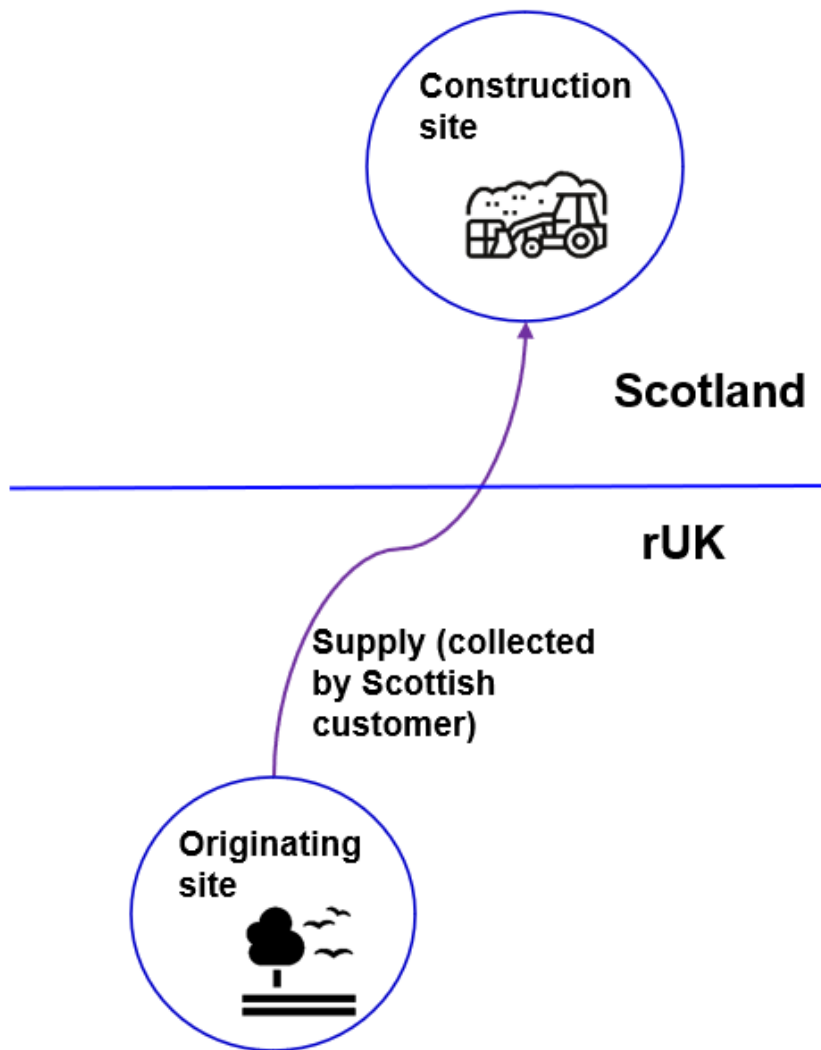


Diagram 3



- 1.16 Engagement with industry is ongoing to allow for consideration of the most appropriate approach to accounting administratively for cross-border movement within the arrangements for SAT. This will include the scenarios above as well as other, less common, arrangements.
- 1.17 The Scottish Government also remains committed to collaborative working with the UK Government to explore complementary approaches to cross border taxation. As noted earlier, HMRC has not yet announced details on how they will approach this for UKAL.
- 1.18 Given this important interaction, and the ongoing industry engagement, questions on the cross-border movement of aggregate have not been included within the scope of this consultation. There will however be a separate process to seek views on the taxation of cross-border movement of aggregate.

2. Scottish Aggregates Tax Administration Regulations

2.1 The following sections 2.A. - 2.H., set out the proposed SAT administration regulations. This will 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

A1. Introduction

2.2 This chapter provides clarification on the commencement of the regulations and defines expressions used in them. A copy of the draft legislative provisions is contained in Annex A of this paper.

A2. Citation and commencement

2.3 Regulation 1 stipulates that the regulations will be known as the Scottish Aggregates Tax (Administration) Regulations 2024.

2.4 The regulations will come into force on 1 April 2026, except for regulations 8 and 9 which will come into force on 1 December 2025. This will enable Revenue Scotland to administratively set up future taxpayers and non-exempt notifiers on the tax system prior to the tax going live.

A3. Interpretation

2.5 Regulation 2 defines the terms used, such as 'accounting period', which explains that taxpayers can choose to submit tax returns on a monthly rather than quarterly basis. Similarly, it provides a definition of an aggregates invoice and stipulates what it should contain.

2.6 Regulation 8 sets out those activities which are exempt from registration requirements. Regulation 9 sets out the activities which are exempt from registration but where a notification must still be made to Revenue Scotland.

2.7 The Scottish Government intends that these provisions will provide an early switch on of powers which enable taxpayers to register for the tax, but not of the time limits or penalty provisions for failing to register.

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?

B. Weight of aggregate

Relevant Provisions: Part 2, regulations 3 - 7

B1. Introduction

2.8 This chapter sets 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](#)⁸ and the penalty is to be calculated in accordance with [section 183 of RSTPA](#)⁹.

B2. Standard Method

2.9 The standard method (regulation 4) is to determine the weight by the use of a weigh bridge which complies with applicable weights and measures legislation. The weight is to be measured at the time when the aggregate is first subjected to commercial exploitation.

B3. Specified Methods

2.10 Regulation 5 stipulates that in the absence of the standard method being followed and an approved or alternative method not being followed, Revenue Scotland will be able to impose the method to be used by the taxpayer.

B4. Agreed Methods

2.11 As per regulation 6, where the use of a weigh bridge is not practicable; the taxpayer may use another agreed method for weighing, if this has been agreed in writing with Revenue Scotland.

2.12 The Scottish Government intends that documentary evidence be retained by the taxpayer (including the workings and all relevant background documents) to explain and support any calculation of the weight of taxable or exempt aggregate.

B5. Penalties

2.13 Penalties may apply where the aggregate had not been weighed in accordance with standard/agreed methods, resulting in potential lost revenue; and/or where there have been deliberate inaccuracies regarding the weight of the aggregate.

2.14 It also includes a penalty provision at regulation 7 for failure to use a weighing method imposed by Revenue Scotland.

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

⁹ [Revenue Scotland and Tax Powers Act 2014](#)

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?

C. Registration

Relevant Provisions: Part 3, regulations 8 - 15

C1. Introduction

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

C2. Exemption from registration

2.16 Regulation 8 sets out those activities which are exempt from registration requirements, as set out in section 6(2) to section 6(6) of the 2024 Act.

C3. Notification of commercial exploitation of exempt aggregate

2.17 Regulation 9 sets out that notification must still be made to Revenue Scotland for the commercial exploitation of certain exempt aggregate. These are currently the same exemptions as is provided for by UKAL. The provisions specify that the relevant activities are:

- Exempt aggregate under section 6(7), i.e. aggregate which consists wholly of the spoil from any process by which—
 - (a) coal (including bituminous coal, cannel coal and anthracite);
 - (b) lignite;
 - (c) slate;
 - (d) a substance listed in [section 4\(3\)](#);has been separated from other rock after being extracted or won with that other rock.
- Exempt aggregate under section 6(8)(a), (b), and (c), i.e. aggregate which consists wholly or mainly of any one or more of the following, or is part of anything consisting wholly or mainly of the following—
 - (a) coal (including bituminous coal, cannel coal and anthracite);
 - (b) lignite;
 - (c) slate.
- Clay in section 6(8)(f) of the Act.

C4. Notification of taxable activities and cessation of taxable activities

2.18 This section provides for notifications by persons who carry out or intend to carry out taxable activities (regulation 10). This must be done in accordance with Revenue Scotland administrative arrangements, including notification within 30 days of the earliest of the following: the date on which the person formed the intention of carrying out taxable activities; or the date on which the person carried out taxable activities.

2.19 It also provides for notification of cessation of taxable activities (regulation 11) whereby a person who is required under regulation 9 or 10 to notify Revenue

Scotland, has ceased to have the intention of carrying out taxable activities. This must be done in writing within 30 days of having ceased the taxable activities.

C5. Changes in particulars

2.20 Regulation 12 provides for changes in particulars. It sets out that where a person who has made a notification under section 18(3) of the 2024 Act or under regulation 9 discovers that any of the information contained is inaccurate must, within 30 days of the discovery, notify Revenue Scotland in writing of the inaccuracy and provide full details.

C6. Transfer of a going concern

2.21 This section makes special provision for transfers of a going concern (regulation 13). Revenue Scotland may, with effect from the date of the transfer of the business, cancel the registration of the transferor and register the transferee with the registration number previously allocated to the transferor.

C7. Representation of unincorporated body

2.22 Regulation 14 sets out where obligations under the 2024 Act are required by or on behalf of an unincorporated association, other than a partnership. Each individual partner is personally responsible for providing accurate and timely information as required by Revenue Scotland administrative arrangements in relation to this Part.

C8. Bankruptcy or incapacity of registrable persons

2.23 If a registrable person becomes bankrupt, incapacitated or dies, Revenue Scotland may, from the date when this occurred, treat any person carrying on any taxable business of the registrable person as though that person was a registered person (regulation 15).

2.24 The Scottish Government intends that persons who are exempt from the requirement to be registered but required to notify Revenue Scotland of exempt aggregate production keep any records required to support the exempt status. Such other records may be specified in a published notice by Revenue Scotland.

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?

D. Non-resident taxpayers

Relevant Provisions: Part 4, regulations 16 - 22

D1. Introduction

2.25 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.

2.26 Scottish Ministers may by regulations make provision for securing that every non-resident taxpayer, for the purposes of paying the tax, appoints a person resident in the United Kingdom to act as the taxpayer's tax representative. Section 26(3) of the 2024 Act details that such regulations could include provision on:

- the requirement to notify Revenue Scotland where a person becomes a non-resident taxpayer;
- requirement for a non-resident taxpayer to appoint a tax representative;
- for the appointment of a tax representative to take effect only where the person is approved by Revenue Scotland, and where a request has been made to Revenue Scotland for such an appointment;
- authorising Revenue Scotland to give a direction for the replacement of a tax representative, or to require a person specified in the direction to be treated as the appointed tax representative;
- the circumstances in which a person ceases to be a tax representative and about the withdrawal by Revenue Scotland of its approval of a tax representative;
- enabling a tax representative to act on behalf of the person for whom they represent through an agent of the representative; and
- regulating the procedures to be followed for any of the above and imposing requirements as to the information to be provided to Revenue Scotland; as well as the timings for which things are done/take effect.

D2. Interpretation

2.27 In this part, "eligible to act as a tax representative" is to be construed with reference to section 26(1) of the 2024 Act which provides that a tax representative must be resident in the United Kingdom (regulation 16).

D3. Non-resident taxpayers: requirement and provision for tax representatives

2.28 Regulation 17 sets out that a non-resident taxpayer must notify Revenue Scotland in writing within 30 days of becoming a non-resident taxpayer.

D4. Replacement tax representative

2.29 A non-resident taxpayer may appoint a replacement tax representative, as detailed in regulation 18.

D5. Requirement to change tax representative

2.30 Regulation 19 stipulates that Revenue Scotland may, with effect from a date they specify, by way of written notice served on the non-resident taxpayer that they:

- withdraw their approval of their appointed tax representative,
- change their representative, and
- oblige that non-resident taxpayer to make an application in writing for Revenue Scotland's approval for a person's appointment as a replacement tax representative.

D6. Direction regarding appointment of tax representative

2.31 As per regulation 20, Revenue Scotland may give a direction requiring a specified person to be treated as the appointed and approved tax representative of a non-resident taxpayer from a specified date.

D7. Ceasing to be a tax representative

2.32 This provision indicates the circumstances whereby a person will cease to be the tax representative for a non-resident taxpayer (regulation 21).

D8. Tax representative: Duty to notify

2.33 Regulation 22 outlines the circumstances whereby a tax representative (or a person treated as such) must notify and provide full particulars to Revenue Scotland in writing.

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?

E. Accounting period, returns, payment of tax

Relevant Provisions: Part 5, regulations 23 - 24

E1. Introduction

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

E2. Making of returns

2.35 Regulations 23 and 24 specify that a return must be made, and tax paid, no later than 30 days following the end of an accounting period.

2.36 A return under regulation 23 must also include a declaration by the taxpayer that the return is, to the best of the taxpayer's knowledge, correct and complete.

2.37 However, where the taxpayer authorises an agent to complete the return, the agent must certify in the return that the taxpayer has declared that the information provided in the return is to the best of the taxpayer's knowledge, correct and complete.

E3. Payment of tax

2.38 Where a return is made to Revenue Scotland under regulation 23, the tax due must be paid no later than 30 days following the end of the accounting period in which the tax liability arises (paragraph 1).

2.39 Paragraph 2 stipulates that where a return is amended, the tax payable as a result of the amendment must be paid by the latest of the following dates: the 30-day accounting period date (as referred to above); or the date on which the return is amended.

2.40 For the purposes of paragraphs (1) and (2), tax is treated as paid if arrangements satisfactory to Revenue Scotland are made for payment of the tax i.e. the tax is paid within the dates as outlined above.

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?

F. Tax Credits: General

Relevant Provisions: Part 6, regulations 25 - 28

F1. Introduction

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

F2. Interpretation

2.42 Regulation 25 defines a “relevant amount” to be the amount of the credit as determined in accordance with Part 6 of these regulations. It defines “relevant tax” as the tax, if any, that was required to have been paid as a condition of the entitlement to credit.

F3. Scope

2.43 The Scottish Government intends that no credit arising under any provision of these Regulations may be claimed except in accordance with this Part (regulation 26).

F4. Claims in returns

2.44 Regulation 27 sets out rules for making credit claims in returns. This will require that the tax credit claim is made in the relevant accounting period and, if this is not undertaken by the taxpayer, they will have one year from the filing date under RSTPA section 83 to amend that return.

F5. Payments in respect of credit

2.45 As per regulation 28, Revenue Scotland will not be liable to make any payment under this regulation unless and until the person has made all the returns which the person was required to make.

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?

G. Credit: bad debts

Relevant Provisions: Part 7, regulations 29 - 36

G1. Introduction

2.46 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.

2.47 The definitions used in this chapter are provided for in Part 7 of Annex A.

G2. Scope

2.48 Regulation 30 specifies that bad debt credit can only be claimed in relation to commercial exploitation that occurred by aggregate leaving a site or by an agreement to supply. The provisions set out that other forms of commercial exploitation cannot generate a bad debt.

G3. Amount of credit

2.49 As per regulation 31, the credit arising under Part 7 of the regulations is an amount equal to such proportion of the tax charged on the taxable activity as the outstanding amount forms of the total consideration.

G4. Evidence required in support of claim

2.50 Regulation 32 sets out the evidence required in support of a bad debt credit claim, including any other evidence specified by Revenue Scotland in a published notice.

G5. Records required to be kept

2.51 The records required to be kept in support of a bad debt credit claim are outlined in regulation 33. The following information must be retained:

- in respect of each relevant transaction:
 - the amount of tax charged on that transaction;
 - the return in which that tax was accounted for and when it was paid;
 - the date and identifying number of the aggregates invoice issued in respect of the relevant transaction;
 - any consideration that has been received (whether before the claim was made or subsequently);
- the outstanding amount;
- the amount of the claim;
- the return in which the claim was made; and
- any other information that Revenue Scotland specifies in a published notice.

G6. Attribution of payments

2.52 The Scottish Government intends that payment is to be attributed to the taxable activity and the other matters in accordance with the rules set out in regulation 34.

G7. Repayment of credit

2.53 As stipulated in regulation 35, the claimant must repay to Revenue Scotland the amount of the claim to which the failure to comply relates.

G8. Writing off debts

2.54 Regulation 36 is to apply for the purpose of determining whether, and to what extent, the consideration is to be taken to have been written off as bad debt.

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?

H. Tax credits: other

Relevant Provisions: Part 8, regulations 37 - 39

H1. Introduction

H2. Tax Credits in relevant circumstances

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

2.56 The tax credit scenarios mirror that of UKAL, except for the addition of the cross-border tax credit. The relevant circumstances are that the aggregate in question:

- moved outwith Scotland to rUK, in the form of aggregate;
- is exported or removed from the UK from a place in Scotland without further processing;
- has an excepted process applied to it;
- is used in industrial or agricultural processes as specified in the Schedule;
- is disposed of by dumping;
- returned without further processing to its originating site/or a site which is not its originating site but is registered under the same name;
- is disposed of to landfill; or
- is gravel or sand and is used for beach restoration purposes at a site which is not its originating site.

H3. Evidence required in support of claim

2.57 This chapter also provides for the evidence required in support of a credit claim (regulation 38) and records to be kept (regulation 39). This includes all credit or debit notes or other documents received by the person which evidence an increase or decrease in the amount of any consideration for a relevant transaction, and copies of such documents that are issued by the person.

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?

3. Revenue Scotland and Tax Powers Act 2014

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](#)¹⁰ and the [First-tier Tribunal for Scotland Tax Chamber regulations](#)¹¹.

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](#)¹² make provisions about records which must be kept in relation to the existing devolved taxes.

3.5 These 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\(9\)](#)^[2].

3.6 The regulations provide that for the purposes of SAT the following records should be required to be preserved:

- the person’s business and accounting records.
- an Aggregates Tax account in such form and containing such particulars as may be specified in a notice published by Revenue Scotland (and not subsequently withdrawn);
- all invoices (including aggregates invoices) and similar documents issued to the person and copies of such invoices and similar documents issued by the person;
- all credit or debit notes or other documents received by the person which evidence an increase or decrease in the amount of any consideration for a

¹⁰ [RSTPA - secondary legislation - Revenue Scotland](#)

¹¹ [First-tier Tribunal for Scotland Tax Chamber](#)

¹² [The Revenue Scotland and Tax Powers Act \(Record Keeping\) Regulations 2015](#)

relevant transaction, and copies of such documents that are issued by the person;

- documentary evidence (including the workings and all relevant background documents) to explain and support any calculation of the weight of taxable or exempt aggregate;
- transfer notes, haulage slips or other documentation that relates to material that is brought into or taken from a site; and
- such other records as may be specified in a notice published by Revenue Scotland (and not subsequently withdrawn).

3.7 The regulations also provide that relevant persons keep records specified in the proposed SAT administration regulations, particularly those relating to claims for credit as set out in Parts 6 - 8.

3.8 Persons who are exempt from the requirement to be registered but required to notify Revenue Scotland of exempt aggregate production are required to keep any records needed to support their exempt status. Other such records may be specified in a published notice by Revenue Scotland.

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?

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

- 3.9 [The Revenue Scotland and Tax Powers Act \(Involved Third Party\) Order 2015 regulations](#)¹³ 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\(3\)](#)¹⁴.
- 3.10 These regulations will add a provision for the inspection of involved third parties related to SAT (being defined as a person involved (in any capacity) with the commercial exploitation of taxable aggregate).

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?

¹³ [The Revenue Scotland and Tax Powers Act \(Involved Third Party\) Order 2015](#)

¹⁴ [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

- 3.11 The [Revenue Scotland and Tax Powers Act \(Postponement of Tax Pending a Review or Appeal\) Regulations 2015](#)¹⁵ 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](#)¹⁶.
- 3.12 This administration regulation will apply the existing provisions to the Scottish Aggregates Tax.

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?

¹⁵ [The Revenue Scotland and Tax Powers Act \(Postponement of Tax Pending a Review or Appeal\) Regulations 2015](#)

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

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

- 3.13 [The Revenue Scotland and Tax Powers Act \(Interest on Unpaid Tax and Interest Rates in General\) Regulations 2015](#)¹⁷ relates to the date in which interest on unpaid tax is payable from.
- 3.14 This administration regulation will make SAT 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](#)¹⁸. 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.

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?

¹⁷ [The Revenue Scotland and Tax Powers Act \(Interest on Unpaid Tax and Interest Rates in General\) Regulations 2015](#)

¹⁸ [Revenue Scotland and Tax Powers Act 2014](#)

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

- 3.15 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 Land and Buildings Transaction Tax and Scottish Landfill Tax.
- 3.16 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](#) (SCTS) provides administrative support for both.
- 3.17 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.
- 3.18 [The First-tier Tribunal for Scotland \(Transfer of Functions of the First-tier Tax Tribunal for Scotland\) Regulations 2017](#)¹⁹ and [The Upper Tribunal for Scotland \(Transfer of Functions of the Upper Tax Tribunal for Scotland\) Regulations 2017](#)²⁰ provide for the establishment of the Tax Tribunals to hear appeals and exercise other functions in relation to devolved taxes.
- 3.19 This administration regulation would add provision for appeals to be heard regarding SAT.
- 3.20 [The First-tier Tribunal for Scotland \(Transfer of Functions of the First-tier Tax Tribunal for Scotland\) Regulations 2017](#)²¹ and [The Upper Tribunal for Scotland \(Transfer of Functions of the Upper Tax Tribunal for Scotland\) Regulations 2017](#)²² 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.

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?

¹⁹ [The First-tier Tribunal for Scotland \(Transfer of Functions of the First-tier Tax Tribunal for Scotland\) Regulations 2017](#)

²⁰ [The Upper Tribunal for Scotland \(Transfer of Functions of the Upper Tax Tribunal for Scotland\) Regulations 2017](#)

²¹ [The First-tier Tribunal for Scotland \(Transfer of Functions of the First-tier Tax Tribunal for Scotland\) Regulations 2017](#)

²² [The Upper Tribunal for Scotland \(Transfer of Functions of the Upper Tax Tribunal for Scotland\) Regulations 2017](#)

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

4. Impact Assessments

Background

- 4.1 This section details the impact assessments considered as part of the secondary legislation. These are set out in sections 4.A. – 4.K.
- 4.2 Views are sought on a range of issues to inform the relevant impact assessments. Responses are encouraged from all interested parties, to ensure that the impact assessments are fully considered.

A. Equal opportunities

- 4.3 The Scottish Government assessed the potential impacts of the [Aggregates Tax and Devolved Taxes Administration \(Scotland\) Act 2024](#)²³ on equal opportunities, fairness, and the Public Sector Equality Duty, as per [section 5 of the Equality Act 2010 \(Specific Duties\) \(Scotland\) Regulations 2012](#)²⁴.
- 4.4 It is not expected that the 2024 Act will have any impact on equal opportunities. The Equalities Impact Assessment processes were completed while developing the 2024 Act and concluded that a full Equality Impact Assessment (EQIA) was not required. It concluded that:
- Individuals will not be denied access to, a service or function as a result of the policy changes proposed.
 - There will not be a change in the size of budget, or an impact on resources, and will this change (potentially) impact on individuals, such as a service be withdrawn, changed or expanded.
 - The policy will not impact on other policies that effect people.
- 4.5 The tax will primarily and directly affect producers of primary aggregate who will be liable to register, make tax returns and make payments to Revenue Scotland in relation to the tax. The proposed amendments, made under powers conferred by the Act, do not discriminate with respect to any of the protected characteristics (including age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex and sexual orientation) either directly or indirectly.
- 4.6 SAT will be a tax on the commercial exploitation of crushed rock, sand and gravel, replacing an existing similar UK wide tax. It is not assessed that any of the proposed provisions of the Act will have any impact on those who share a protected characteristic.
- 4.7 The Scottish Government will continue to consider any potential equality impacts in relation to development of secondary legislation and implementation of the tax.

²³ [Aggregates Tax and Devolved Taxes Administration \(Scotland\) Act 2024](#)

²⁴ [The Equality Act 2010 \(Specific Duties\) \(Scotland\) Regulations 2012](#)

B. The Fairer Scotland Duty

4.8 [The Fairer Scotland Duty](#)²⁵ is a statutory requirement under [Part 1 of the Equality Act 2010](#)²⁶. This has been considered by the Scottish Government in terms of how the 2024 Act can reduce inequalities of outcome caused by socioeconomic disadvantage. The proposed amendments do not discriminate with regards to socioeconomic inequalities or have any impacts on socio-economically disadvantaged groups, such as workers on low incomes in this sector.

4.9 The Fairer Scotland Duty Assessment processes were completed while developing the 2024 Act and concluded that a full assessment was not required. It concluded that in light of the nature of this devolved tax, and the fact that the Act largely retains core aspects of the existing UK tax, it is not expected to have any impacts on inequality for socio-economically disadvantaged groups.

4.10 The Scottish Government will continue to consider the Fairer Scotland Duty throughout the development of relevant secondary legislation and implementation of the tax.

²⁵ [The Fairer Scotland Duty: Guidance for Public Bodies](#)

²⁶ [Equality Act 2010](#)

C. Human rights

- 4.11 The proposed amendments associated with the secondary legislation do not infringe on or affect any subject areas of the [European Convention on Human Rights](#) (ECHR)²⁷. No differential impact on human rights or any impact on any individual's civil liberties through the proposals have been identified.
- 4.12 European Court of Human Rights ("EHCR") jurisprudence (see *Ferrazini v. Italy* [GC] 2001-VII, paragraphs 24-31) affords the widest margin of appreciation to States in terms of their taxing function, save for cases where tax measures are of a penal, discriminatory or otherwise significantly disproportionate nature, and hence article 6 of ECHR is not engaged.
- 4.13 The 2024 Act amends the [Revenue Scotland and Tax Powers Act 2014](#)²⁸, to amongst other things, provide for a range of additional civil penalties in relation to SAT and make minor modifications to the scope of SAT-related decisions made by Revenue Scotland. However, a notice of review can be given to Revenue Scotland in relation to such decisions or a notice of appeal can be given to the independent and impartial First-tier Tribunal (Tax Chamber) and the Upper Tribunal. It is not therefore considered that there are any relevant human rights concerns.

²⁷ [European Convention on Human Rights](#)

²⁸ [Revenue Scotland and Tax Powers Act 2014](#)

D. Child rights and wellbeing

- 4.14 The Scottish Government has considered child rights and wellbeing impacts associated with the introduction of the SAT secondary legislation. The evidence and assessment identify that the proposal has no engagement with children, or their rights contained within the [United Nations Convention on the Rights of the Child](#) (UNCRC)²⁹ requirements as incorporated into domestic law. (The UNCRC requirements cover devolved matters only and are set out in the [United Nations Convention on the Rights of the Child \(Incorporation\) \(Scotland\) Act 2024](#)³⁰).
- 4.15 As there is no relation to the rights of children within the 2024 Act, there is no potential for there to be a notable impact. Therefore, after screening, it was concluded that a Child Rights and Wellbeing Impact Assessment (CRWIA) is not required. It concluded that:
- The 2024 Act will not affect children and young people up to the age of 18. The devolved tax will be charged on crushed rock, sand and gravel. It will be accounted for by primary aggregate-producing quarries and wharves at the point of commercial exploitation and will not significantly change the current tax landscape under the UKAL.
 - If the cost of the tax is passed to the consumer, this will not have any adverse effects on children and young people as the effects would be even to all customers purchasing goods containing aggregate materials. Additionally, children and young people are not expected to significant consumers of crushed rock, sand and gravel.

²⁹ [The United Nations Convention on the Rights of the Child](#)

³⁰ [United Nations Convention on the Rights of the Child \(Incorporation\) \(Scotland\) Act 2024](#)

E. Business impacts

- 4.16 The 2024 Act has been informed by extensive stakeholder engagement. In particular, the aggregates industry has been a key stakeholder group informing development of SAT.
- 4.17 The development of legislation has been informed by a SAT Advisory group, which includes representatives from trade bodies representing the majorities of companies producing primary and recycled aggregate in Scotland.
- 4.18 A Business and Regulatory Impact Assessment (BRIA) was carried out for the 2024 Act. The BRIA considered three possible options in relation to establishing a replacement for the UKAL in Scotland: 1) do not replace UKAL once it is disapplied in Scotland, 2) introduce a replacement tax that utilises the fundamental structure of UKAL while being tailored to Scotland's needs, and 3) provide for a replacement tax that takes a fundamentally different approach to the existing UKAL, redefining key concepts and introducing a different system for the administration of SAT.
- 4.19 The BRIA published at introduction of the SAT primary legislation supported option two (introduce a tax that retains the fundamental structure of UKAL) as it would retain definitions developed over a long period of time with extensive engagement between the UK Government and stakeholders. Similarly, this would maintain a system that is widely understood by the industry and considers that UKAL has been considered and validated through litigation, including by the European courts.
- 4.20 A partial Business and Regulatory Impact Assessment (BRIA) has been completed as part of this consultation on SAT administration regulations and is included at **Annex B**. The partial BRIA assesses the likely costs, benefits and risks that the Bill will have on the public, private, or third sector. Responses to this consultation will help to inform whether a full BRIA is required. If a full BRIA is required, it will be published alongside the Order introduced to Parliament post-consultation.

F. Privacy impacts

4.21 The proposed amendments to the regulations would be subject to other legislation that prohibits, restricts access or relates to the disclosure of that information, for example the [Data Protection Act 2018](#)³¹ or the [Revenue Scotland and Tax Powers Act 2014](#)³². Therefore, a Data Protection Impact Assessment has not been completed.

³¹ [Data Protection Act 2018](#)

³² [Revenue Scotland and Tax Powers Act 2014](#)

G. Digital impacts

- 4.22 A Digital Impact Assessment is not required for the amendments proposed in this policy, however, the approach to making tax digital has been discussed in light of upcoming changes to technology.
- 4.23 Digital practices and innovation can offer opportunities for taxation, in terms of data management and reporting. However, there can also be challenges in relation to costs, timing, and accessibility. This would be applicable to all of the devolved taxes, in addition to SAT.
- 4.24 Further consideration will be given to this should Scottish Ministers bring forward legislative proposals drawing on the Order-making powers related to the use of automation by Revenue Scotland and communications from Revenue Scotland to taxpayers to ensure that the final design does not engage human rights legislation.

H. Island communities

- 4.25 During the consultation and engagement for the 2024 Act, a partial Island Communities Impact Assessment was completed and published alongside the consultation paper. Both documents invited views to help further inform the process to develop policies.
- 4.26 It was noted that island communities may have potential issues with regard to supply chains. SAT will aim to encourage the minimum necessary exploitation of primary aggregates, in order to maximise the use of secondary and recycled aggregates (which are exempt from the tax). Island communities may be disadvantaged due to their limited access to secondary and recycled aggregates, albeit the provisions in the 2024 Act largely reflect the core elements of the existing UK Aggregates Levy.
- 4.27 The partial Island Communities Impact Assessment was reviewed following consultation and stakeholder feedback, and in light of the provisions in Part 2 of the 2024 Act. It was concluded that the proposed amendments would have no adverse impact on island and rural communities. Therefore, a full Island Communities Impact Assessment (ICIA) as required under the [Islands \(Scotland\) Act 2018](#)³³, is not necessary. It was concluded that:
- The UK Aggregates Levy has been in operation since 2002 and currently applies in Scotland. A decision to not introduce the SAT (i.e., to effectively abolish the tax in Scotland) would therefore represent the position of greatest change. That would not be compatible with Scottish Government objectives, nor would it be a business-as-usual option.
 - Taking account of stakeholder views, the 2024 Act will replicate the core structure of the UKAL, while also providing opportunities for improved collection and administration of the tax. It is therefore not considered that the replacement tax will impose any new or additional burdens on island Communities.
 - It is assessed that the application of the tax will not result in any additional impacts on those that commercially exploit primary aggregates on Scottish Islands, when compared to those elsewhere in Scotland, nor any differential impact between producers on different islands.
- 4.28 Once operational, the Scottish Government will keep the impact of the tax on island communities under review.

³³ [Islands \(Scotland\) Act 2018](#)

I. Local government

- 4.29 Consultation and stakeholder engagement to help develop the 2024 Act included dialogue with local government, principally between Scottish Government and Revenue Scotland officials and the [Convention of Scottish Local Authorities](#)³⁴ (COSLA), the body that represents Scotland's councils. Some local authorities submitted their own response to the consultation directly.
- 4.30 COSLA have been a key stakeholder and engaged with the Scottish Government as part of the expert advisory group, convened specifically to provide advice on the Bill.
- 4.31 It is not expected that the amendments as part of the secondary legislation will result in any significant implications for local government. At present, four Scottish local authorities operate their own quarries and therefore directly pay UKAL where aggregate is commercially exploited.
- 4.32 More broadly, local authorities may indirectly pay UKAL where they purchase aggregates from quarry operators and the cost of the levy is passed on. The Scottish Government does not currently hold any direct information on the amount of UKAL paid by local authorities, either directly or indirectly.
- 4.33 However, in an illustrative scenario where the SAT rate is consistent with that for UKAL, as local authorities will already have provisions in place to account for the cost of UKAL either as a taxpayer or when purchasing aggregate, the introduction of SAT is not expected to result in additional responsibilities or costs to local authorities.

³⁴ [COSLA](#)

J. The Consumer Duty

4.34 The [Consumer Scotland Act 2020](#)³⁵, which came into force on 1 April 2024, established a Consumer Duty on public bodies to improve the extent to which consumers are considered in strategic policy and decision-making. A key principle of the Duty is to ensure all public bodies, including the Scottish Government, are working towards improving outcomes for consumers as part of their strategic decision-making process.

4.35 “Vulnerable consumers” are defined in [section 25 of the Consumer Scotland Act 2020](#)³⁶ as consumers who, by reason of their circumstances or characteristics:

a) may have significantly fewer or less favourable options as consumers than a typical consumer, or

b) are otherwise at a significantly greater risk of:

(i) harm being caused to their interests as consumers, or

(ii) harm caused to those interests being more substantial,

than would be the case for a typical consumer

The proposals do not have an adverse impact on vulnerable customers, as the same access will be available for aggregate materials.

4.36 As the policy associated with the administration regulations is not strategic, there is no formal requirement for a Consumer Duty Assessment.

³⁵ [Consumer Scotland Act 2020](#)

³⁶ [Consumer Scotland Act 2020](#)

K. Sustainable development

- 4.37 [The Environmental Assessment \(Scotland\) Act 2005, section 4\(3\)\(b\)](#)³⁷, specifies that a Strategic Environmental Assessment (SEA) is not required for financial or budgetary plans and programmes. Therefore, as the 2024 Act is a financial Act, no SEA is required. UKAL, which aims to minimise the use of primary aggregates and maximise the use of secondary and recycled aggregates, has been operational in Scotland since 2002.
- 4.38 In policy terms, the Scottish Government will place particular importance on considering how SAT aligns with our overall ambitions for sustainable economic growth and our transition to a circular economy.
- 4.39 As recognised in the [National Strategy for Economic Transformation](#)³⁸, Scotland has a unique opportunity over the next ten years to increase economic and social wellbeing, whilst respecting environmental limits and becoming one of the most prosperous nations in the world.
- 4.40 Recognising the environmental impacts associated with the use of new materials, the Act will support the Scottish Government's circular economy and zero waste goals and continue to encourage a shift in demand from primary aggregate towards recycled aggregate, wastes and other by-products. The Act will also encourage innovation and the development of new products which might substitute for aggregates in future and help to support this shift.
- 4.41 The Scottish Government considered whether the proposals outlined in the administration regulations would avoid or reduce significant adverse effects on the environment and whether the Act offered opportunities to enhance sustainable development. The introduction of SAT is intended to contribute to the Scottish Government commitment to build a fair, green and growing economy. Therefore, it was concluded that a full Strategic Environmental Assessment (SEA) is not required.
- 4.42 The Scottish Government publication, [Delivering Scotland's circular economy - route map to 2025 and beyond](#)³⁹, sets out the importance of embedding circular construction practices to reduce resource needs, reduce waste and carbon, and encourage refurbishment and reuse. SAT will support the Scottish Government's ambitions for a circular economy, in particular the ambition to embed circular construction practices. Although SAT in and of itself will not individually deliver the Scottish Government's circular economy ambitions, it will serve as a price signal which complements other circular construction measures.

³⁷ [Environmental Assessment \(Scotland\) Act 2005](#)

³⁸ [Scotland's National Strategy for Economic Transformation - gov.scot](#)

³⁹ [Scotland's circular economy and waste route map to 2030 - gov.scot](#)

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?

5. How to respond to this consultation

Responding to the consultation

We are inviting responses to this consultation by 21 March 2025.

Please respond to this consultation using the Scottish Government's consultation hub, Citizen Space at <http://consult.gov.scot>.

If you are unable to respond using our consultation hub, please complete the Respondent Information Form to:

Fully Devolved Taxes Unit
Directorate of Taxation and Fiscal Sustainability
Scottish Government
Victoria Quay
Edinburgh
EH6 6QQ

Responses may also be sent to Devolvedtaxes@gov.scot.

Handling your response

If you respond using the consultation hub, you will be directed to the About You page before submitting your response. Please indicate how you wish your response to be handled and, in particular, whether you are content for your response to be published. If you ask for your response not to be published, we will regard it as confidential, and we will treat it accordingly.

All respondents should be aware that the Scottish Government is subject to the provisions of the Freedom of Information (Scotland) Act 2002 and would therefore have to consider any request made to it under the Act for information relating to responses made to this consultation exercise.

If you are unable to respond via Citizen Space, please complete and return the Respondent Information Form included in this document.

To find out how we handle your personal data, please see our privacy policy: <https://www.gov.scot/privacy/>.

Next steps in the process

Where respondents have given permission for their response to be made public, and after we have checked that they contain no potentially defamatory material, responses will be made available to the public at <http://consult.gov.scot>. If you use the consultation hub to respond, you will receive a copy of your response via email.

Following the closing date, all responses will be analysed and considered along with any other available evidence to help us. Responses will be published where we have been given permission to do so. An analysis report will also be made available.

Feedback

If you have any comments about how this consultation exercise has been conducted, please send them to the contact address above or at devolvedtaxes@gov.scot.

Scottish Government Consultation Process

Consultation is an essential part of the policymaking process. It gives us the opportunity to consider your opinion and expertise on a proposed area of work.

You can find all our consultations online: <http://consult.gov.scot>. Each consultation details the issues under consideration, as well as a way for you to give us your views, either online, by email or by post.

Responses will be analysed and used as part of the decision-making process, along with a range of other available information and evidence. We will publish a report of this analysis for every consultation. Depending on the nature of the consultation exercise the responses received may:

- indicate the need for policy development or review
- inform the development of a particular policy
- help decisions to be made between alternative policy proposals
- be used to finalise legislation before it is implemented

While details of particular circumstances described in a response to a consultation exercise may usefully inform the policy process, consultation exercises cannot address individual concerns and comments, which should be directed to the relevant public body.

6. Annex A – Draft Legislative Provisions

Draft Regulations laid before the Scottish Parliament under section 58(1) of the Aggregates Tax and Devolved Administration (Scotland) Act 2024 for approval by resolution of the Scottish Parliament.

STATUTORY INSTRUMENTS

2025 No.

AGGREGATES TAX

The Scottish Aggregates Tax (Administration) Regulations 2025

Made - - - - *****

Coming into force

for the purpose of regulations 8 and 9 1 December 2025

for the purpose of remaining regulations 1 April 2026

The Scottish Ministers make the following Regulations in exercise of the powers conferred by sections 11(1), 15(1), 18(5), 20, 22(a), 22(c), 23(1), 26(1) 32(1), 33(1), and 34(1) of the Aggregates Tax and Devolved Administration (Scotland) Act 2024⁽⁴⁰⁾, sections 74 and 194(1) of the Revenue Scotland and Tax Powers Act 2014⁽⁴¹⁾ and all other powers enabling them to do so⁽⁴²⁾.

In accordance with section 58(1) of the Aggregates Tax and Devolved Administration (Scotland) Act 2024, a draft of this instrument has been laid before and approved by resolution of the Scottish Parliament.

PART 1

Preliminary

Citation and commencement

1. —(1) These Regulations may be cited as the Scottish Aggregates Tax (Administration) Regulations 2025.

(2) Regulations 8 and 9 shall come into force on 1 December 2025.

(3) The remainder of these Regulations shall come into force on 1 April 2026.

(40) 2024 asp [].

(41) 2014 asp 16.

(42) The powers to make these Regulations are exercised together by virtue of section 33(2) of the Interpretation and Legislative Reform (Scotland) Act 2010 (asp 10) and the Regulations are subject to the affirmative procedure by virtue of section 33(3) of that Act.

Interpretation

2. —(1) In these Regulations—

“accounting period” means—

- (a) for a registered person, each period ending on the dates notified by Revenue Scotland;
- (b) for any other registrable person—
 - (i) except where (ii) applies, each period of 3 months starting from the effective date of registration;
 - (ii) where Revenue Scotland have, by virtue of regulation 23(2)(a), varied the length of any accounting period or the date on which it begins or ends, such period is as specified by Revenue Scotland;

“the Act” means the Aggregates Tax and Devolved Taxes Administration (Scotland) Act 2024;

“aggregate” has the meaning given in section 3 of the Act;

“aggregates invoice” means an invoice in respect of commercial exploitation of aggregate issued by a registrable person to a customer and which contains all of the following information;

- an identifying number;
 - the date of its issue;
 - the date on which the commercial exploitation place;
 - the name, address and registration number of the person issuing it;
 - the name and address of the person to whom it is issued;
 - the weight of the material commercially exploited;
 - a description of the material commercially exploited;
 - the rate of tax chargeable in relation to the commercial exploitation;
 - the total amount payable for which the invoice is issued; and
- where the amount of tax is shown separately, a statement confirming that that tax may not be treated as the input tax of any person

“aggregates tax bad debt account” has the meaning given in regulation 33(3);

“commercial exploitation” has the meaning given in section 7 of the Act;

“credit”, except where the context otherwise requires, means credit which a person is entitled to claim under Part 6 of these Regulations;

“disposal to landfill” is to be interpreted in accordance with sections 5 and 12 of the Landfill Tax (Scotland) Act 2014;

“effective date of registration” means the date on which the registrable person begins to carry out taxable activities (whether or not the person has notified Revenue Scotland under section 18(3) of the Act).

“excepted process” has the meaning given in section 4(2) of the Act;

“originating site” has the meaning given in section 9 of the Act;

“published notice” means a notice published by Revenue Scotland and not withdrawn or replaced by a further notice;

“registrable person” has the meaning given in section 18(7) of the Act;

“registered person” means a person who is registered under section 18 of the Act and register and registration are to be construed accordingly;

“registration number” means the identifying number allocated to a registered person and notified to that person by Revenue Scotland;

“return” means a return which is required to be made in accordance with regulation 23;

“the RSTP Act” means the Revenue Scotland and Tax Powers Act 2014;

“taxable activities” has the meaning given in section 18(2) of the Act, and “taxable activity” is construed accordingly;

“taxable business” means a business or part of a business in the course of which a taxable activity is carried out.

(2) In these Regulations any question whether a person is connected with another is to be determined in accordance with section 1122 of the Corporation Tax Act 2010(43).

PART 2

Weight of Aggregate

Scope

3. This Part applies for the purpose of determining the weight of any quantity of aggregate for the purposes of the tax and references in this Part to weight are to be construed as references to the weight of such aggregate.

Standard Method

4. —(1) This regulation applies unless regulation 5 or 2.9 applies.
 - (2) A registrable person is to determine the weight by the use of a weigh bridge which complies with applicable weights and measures legislation [at a site referred to in section 7(2) of the Act].
 - (3) The weight is to be determined at the time when the aggregate is first subjected to commercial exploitation.
 - (4) Revenue Scotland is to set out in a published notice—
 - (a) the terms and conditions regarding the use of a weigh bridge;
 - (b) the records to be kept by the registrable person; and
 - (c) the rules regarding the discounting of constituents (such as water).

Specified Methods

5. —(1) Except where regulation 2.9 applies, this regulation applies where Revenue Scotland has specified rules for determining weight in a published notice.
 - (2) A specification made by Revenue Scotland as described in paragraph (1) above may make provision for—
 - (a) the method by which weight is to be determined;
 - (b) the time by reference to which weight is to be determined;
 - (c) the records to be kept by the registrable person; and
 - (d) the discounting of the weight of constituents (such as water).
 - (3) [Where this regulation applies the registrable person is to determine weight in accordance with the rules in the specification (and not in accordance with the rule in regulation ***).]

Agreed methods

6. —(1) This regulation applies where—
 - (a) the use of a weigh bridge is not practicable;

(43) 2010 c.4.

- (b) the registrable person and Revenue Scotland have agreed in writing that weight is to be determined in accordance with this regulation; and
 - (c) a direction under paragraph (5) has not been made.
- (2) Rules may be agreed between the registrable person and Revenue Scotland under this regulation as regards—
- (a) the method by which weight is to be determined;
 - (b) the time by reference to which weight is to be determined.
- (3) Where paragraph (4) applies Revenue Scotland may give a direction (which may be contained in guidance) that the rules agreed under this regulation are no longer to have effect.
- (4) This paragraph applies where Revenue Scotland believes that the agreed rules should no longer be applied because they do not give an accurate indication of the weight or they are not being fully observed or for some other reason.
- (5) [Where this regulation applies the registrable person is to determine weight in accordance with the rules agreed (and not in accordance with the rule in regulation **** or *****).]

Penalties

7. —(1) Paragraph (2) applies where—
- (a) a quantity of aggregate has not been weighed in accordance with this Part;
 - (b) a tax return is made in respect of that aggregate; and
 - (c) there is in consequence potential lost revenue (within the meaning of sections 187 to 190 of the RSTP Act).
- (2) Any statement in the tax return regarding the weight of the aggregate is deemed to be a deliberate inaccuracy for the purposes of section 182 of the RSTP Act and the penalty is to be calculated in accordance with section 183 of that Act.

PART 3

Registration

Exemption from registration

8. —(1) — This regulation applies where the only taxable activity that a person is carrying out or intends to carry out is the commercial exploitation of aggregate referred to in any of sections 6(2) to 6(6) and section 6(8)(d), (e) and (f) of the Act.
- (2) Such a person is to be exempt from the following requirements—
- (a) to be registered under section 18(1) of the Act; and
 - (b) to notify Revenue Scotland under section 18(3) of the Act.
- (3) Such a person may still be required to keep records and meet other duties under made in accordance with section 18(5) and (6) of the Act.

Notification of commercial exploitation of exempt aggregate

9. —(1) This regulation applies where—
- (a) regulation 8 applies; and
 - (b) a person intends to carry out or carries out the commercial exploitation of the following aggregates, being those referred to in—
 - (i) section 6(7) of the Act;
 - (ii) section 6(8) (a), (b) and (c) of the Act;
 - (iii) clay in section 6(8)(f) of the Act.

(2) Such a person must notify Revenue Scotland of the intention referred in paragraph (1)(b) within 30 days of that intention being formed.

Notification of taxable activities

- 10.** —(1) A person who is required by section 18(3) of the Act to notify Revenue Scotland of the intention to carry out taxable activities or of carrying out taxable activities must do so in accordance with Revenue Scotland administrative arrangements, including the formatting of the notification within 30 days of the earliest of the following dates falling after [implementation date]—
- (a) the date on which the person formed the intention of carrying out taxable activities; and
 - (b) the date on which the person carried out taxable activities.

Notification of cessation of taxable activities

- 11.** —(1) A person who is required under regulation 9 or 10 to notify Revenue Scotland that they have ceased to have the intention of carrying out taxable activities must do so in writing within 30 days of the person's so having ceased.
- (2) The notification must include—
- (a) the date on which the person ceased to have the intention of carrying out taxable activities; and
 - (b) if different, the date on which the person ceased to carry out taxable activities.

Changes in particulars

- 12.** —(1) Where a person who has made a notification under section 18(3) of the Act or under regulation 9 discovers that any of the information contained in or provided with the notification is inaccurate (whether as a result of any change in circumstances, inaccuracy, inadequacy or otherwise), that person must, within 30 days of the discovery, notify Revenue Scotland in writing of the inaccuracy and provide full details.
- (2) Without prejudice to paragraph (1) above, a registrable person must within 30 days of any change occurring in any of the circumstances referred to in paragraph (4) below, notify Revenue Scotland in writing and provide it with particulars of—
- (a) the change; and
 - (b) the date on which the change occurred.
- (3) A registrable person who discovers that any information contained in or provided with a notification under paragraph (1) or (2) above was inaccurate must, within 30 days of discovering the inaccuracy, notify Revenue Scotland in writing and provide it with particulars of—
- (a) the inaccuracy;
 - (b) the date on which the inaccuracy was discovered;
 - (c) how the information was inaccurate; and
 - (d) the correct information.
- (4) The circumstances mentioned in paragraph (2) above are the following circumstances relating to the registrable person or any taxable business carried on by that person—
- (a) the person's name, trading name (if different) and address and the sites which the person operates;
 - (b) the person's status, namely whether carrying on business as a sole proprietor, body corporate, partnership or other unincorporated body;
 - (c) in the case of a partnership, the name and address of any partner; or
 - (d) in the case of a trust any change of trustee or beneficiary.
- (5) Any person failing to comply with a requirement imposed in any of paragraphs (1) to (3) above is to be liable to a penalty under section 209 of the RSTP Act.
- (6) Where, in relation to a registered person, Revenue Scotland is satisfied that any of the information recorded in the register is or has become inaccurate, it may correct the register accordingly.

(7) For the purposes of paragraph (6) above, it is immaterial whether or not the registered person has notified Revenue Scotland of any change which has occurred in accordance with paragraphs (1) to (3) above.

Transfer of a going concern

13. —(1) Paragraph (2) applies where—

- (a) a taxable business is transferred as a going concern;
- (b) the registration of the transferor has not already been cancelled;
- (c) as a result of the transfer of the business the registration of the transferor is to be cancelled and the transferee has become liable to be registered; and
- (d) an application is made in respect of the transfer by both the transferor and the transferee,

(2) Revenue Scotland may, with effect from the date of the transfer of the business, cancel the registration of the transferor and register the transferee with the registration number previously allocated to the transferor.

(3) An application under paragraph (1) above is to be treated as the notification referred to in regulation 11.

(4) Where the transferee of a business has been registered in accordance with paragraph (2) above—

- (a) any liability of the transferor existing at the date of the transfer to make a return or account for or pay any tax under Part 5 of these Regulations is to become the liability of the transferee;
- (b) any entitlement of the transferor, whether or not existing at the date of the transfer, to credit or payment under Part 6 of these Regulations is to become the entitlement of the transferee;
- (c) any other provision by or under the Act relating to the transferor's obligations under the Act that applied to the transferor before their registration was cancelled any such provision that continues to apply to the transferor after that cancellation shall apply to the transferee; or
- (d) any circumstances relating to the application of the Act (or any provision made under the Act) relating to the transferor's obligations under the Act before their registration was cancelled (or any such circumstances that continue to apply to the transferor after the cancellation) shall apply to the transferor.

(5) In addition to the provisions in paragraph (3), where both paragraph (6) and (7) apply, the things referred to in paragraph (7) are to be treated as having been done by the transferee.

(6) This paragraph applies when the transferee of a business has been registered under paragraph (2) above during an accounting period subsequent to that in which the transfer took place (but with effect from the date of the transfer).

(7) This paragraph applies where either the transferor or transferee has done any of the following things—

- (a) made a tax return;
- (b) accounted for tax; or
- (c) claimed an entitlement to credit.

Representation of unincorporated body

14. —(1) Where anything is required to be done by or under the Act (whether by these Regulations or otherwise) by or on behalf of an unincorporated body other than a partnership, it is to be the joint and several responsibility of—

- (a) every member holding office as president, chairman, treasurer, secretary or any similar office;
- (b) if there is no such office, every member holding office as a member of a committee by which the affairs of the body are managed; or
- (c) if there is no such office or committee, every member;

but, subject to paragraph (2) below, if it is done by any of the persons referred to above that will be sufficient compliance with any such requirement.

(2) Where an unincorporated body other than a partnership is required to make any notification such as is referred to in regulations 9 to 2.20, it will not be sufficient compliance unless the notification is made by a person upon whom a responsibility for making it is imposed by paragraph (1) above.

(3) Where anything is required to be done by or under the Act (whether by these Regulations or otherwise) by or on behalf of a partnership, it is to be the joint and several responsibility of every partner; but if it is done by one partner or, in the case of a partnership whose principal place of business is in Scotland, by any other person authorised by the partnership with respect thereto that will be sufficient compliance with any such requirement.

(4) Notwithstanding regulation 14(3), each individual partner is personally responsible for providing accurate and timely information as required by Revenue Scotland administrative arrangements in relation to this Part.

Bankruptcy or incapacity of registrable persons

15. —(1) If a registrable person becomes bankrupt or incapacitated or dies, Revenue Scotland may, from the date on which the registrable person became bankrupt or incapacitated or dies, as the case may be, treat as a registrable person any person carrying on any taxable business of the registrable person; and any legislation relating to the tax is to apply to any person so treated as though that person were a registered person.

(2) Any person carrying on such business as aforesaid must, within 30 days of commencing to do so, inform Revenue Scotland in writing of that fact and the date of the bankruptcy order or of the nature of the incapacity or of the death and the date on which it began or occurred.

(3) Where Revenue Scotland have treated a person carrying on a business as a registered person under paragraph (1) above, they must cease so to treat that person if—

- (a) the registration of the registrable person is cancelled, whether or not any other person is registered with the registration number previously allocated to the registrable person;
- (b) the bankruptcy is discharged or the incapacity ceases; or
- (c) the person ceases carrying on the business of the registrable person.

(4) A body corporate becomes bankrupt or incapacitated when it—

- (a) goes into liquidation;
- (b) enters administration under Part 2 of the Insolvency Act 1986⁽⁴⁴⁾ or Part 3 of the Insolvency (Northern Ireland) Order 1989⁽⁴⁵⁾; or
- (c) has an administrative receiver (as defined in section 251 of the Insolvency Act 1986) appointed in respect of it.

(5) An individual becomes bankrupt or incapacitated when the individual—

- (a) becomes subject to a bankruptcy restrictions order under section 155 of the Bankruptcy (Scotland) Act 2016⁽⁴⁶⁾;
- (b) becomes incapacitated (within the meaning of the Adults with Incapacity (Scotland) Act 2000⁽⁴⁷⁾);
- (c) starts to serve a sentence of imprisonment or is remanded in custody in the United Kingdom; or
- (d) is detained in hospital under the Mental Health (Care and Treatment) (Scotland) Act 2003⁽⁴⁸⁾.

(6) An individual or a partnership becomes bankrupt or incapacitated when the estate of that person—

- (a) is sequestrated under the Bankruptcy (Scotland) Act 2016; or
- (b) is made subject to a protected trust deed (see section 163 of the Bankruptcy (Scotland) Act 2016).

(7) A body corporate, individual or partnership which or who is subject to the laws of a jurisdiction other than Scotland becomes bankrupt or incapacitated on the occurrence of circumstances analogous to those described in paragraphs (4) to (6).

(44) 1986 c.45.

(45) S.I. 1989/2405.

(46) 2016 asp 21.

(47) 2000 asp 4.

(48) 2003 asp 13.

PART 4

Non-resident taxpayers

Interpretation

16. —(1) In this Part—
- (a) “eligible to act as a tax representative” is to be construed with reference to section 26(1) of the Act which provides that a tax representative must be resident in the United Kingdom; and
 - (b) “non-resident taxpayer” has the meaning given in section 26(2) of the Act.

Non-resident taxpayers: requirement and provision for tax representatives

17. —(1) A non-resident taxpayer must notify Revenue Scotland in writing of becoming a non-resident taxpayer within 30 days of so becoming.
- (2) Revenue Scotland may—
- (a) require or permit such a taxpayer to appoint some person resident in the United Kingdom to act as the taxpayer’s tax representative with effect from a date Revenue Scotland specify, and
 - (b) oblige the taxpayer, before the date specified in sub-paragraph (a), to request in writing that Revenue Scotland approve the appointment of that person as the tax representative.
- (3) Any appointment of a person as a tax representative is to take effect only if, and from the date, approved by Revenue Scotland.

Replacement tax representative

18. —(1) A non-resident taxpayer may appoint a different tax representative as a replacement for a tax representative whose appointment has taken effect.
- (2) Such appointment is to take effect only if, and from the date, approved by Revenue Scotland, following an application made to it in writing.

Requirement to change tax representative

19. —(1) Revenue Scotland may, with effect from a date or dates they specify, for good cause and by way of written notice served on the non-resident taxpayer—
- (a) withdraw their approval of any person appointed as a tax representative for that non-resident taxpayer;
 - (b) require that non-resident taxpayer to replace any tax representative with a different tax representative; and
 - (c) oblige that non-resident taxpayer to make an application in writing for Revenue Scotland’s approval for a person’s appointment as a replacement tax representative.
- (2) Any appointment of a person as a replacement tax representative is to take effect only if, and from the date, approved by Revenue Scotland.

Direction regarding appointment of tax representative

20. —(1) This regulation applies in a case where Revenue Scotland require the appointment of a tax representative under regulation **Error! Reference source not found.**(2)(a) and the non-resident taxpayer—
- (a) becomes liable to a penalty under section 216C of the RSTP Act (penalty for failing in obligation to request Revenue Scotland’s approval of tax representative), or
 - (b) unreasonably fails to obtain Revenue Scotland’s approval in accordance with regulation **Error! Reference source not found.**(2)(b) (approval of tax representative).
- (2) Where this regulation applies, Revenue Scotland may give a direction requiring a specified person to be treated as the appointed and approved tax representative of that non-resident taxpayer from a specified date.

(3) A person specified in a direction under paragraph (2) above is to be treated as the tax representative of the non-resident taxpayer from the specified date until such date as Revenue Scotland may specify in a further direction.

(4) Revenue Scotland may only specify a person under paragraph (2) above who—

(a) is eligible to act as a tax representative, and

(b) is suitable in all the circumstances to be the tax representative for the relevant non-resident taxpayer.

(5) Revenue Scotland may give a direction requiring a specified person to be treated as the appointed and approved tax representative of a non-resident taxpayer as a replacement for a person specified in a direction under paragraph (2) above.

(6) Where paragraph (5) applies, paragraphs (3) and (4) apply in the same way to as to a direction under paragraph (2).

(7) Regulations 18 and 19 do not apply in relation to a person specified in a direction under this regulation.

Ceasing to be a tax representative

21. —(1) A person will cease to be the tax representative for a non-resident taxpayer from the time when—

(a) the non-resident taxpayer ceases to be a registered person;

(b) the non-resident taxpayer replaces that person with a different tax representative under regulation 18 and 19;

(c) Revenue Scotland issue a direction under regulation 20(2);

(d) the person dies, becomes incapacitated or becomes bankrupt;

(e) the person ceases to be eligible to act as a tax representative;

(f) the person delivers to Revenue Scotland notification in writing that they withdraw as tax representative for the non-resident taxpayer; or

(g) the non-resident taxpayer delivers to Revenue Scotland notification in writing that they withdraw an appointment that they permitted but did not require.

(2) A person who is specified in a direction under regulation 20(2) will not—

(a) cease to be (or be treated as) the tax representative except in accordance with that regulation; or

(b) be permitted to withdraw under paragraph (1)(f) above.

(3) The name of a tax representative (or a person treated as such) must be registered against the name of the non-resident taxpayer of whom that person is (or is treated as) the representative.

(4) That name must be deleted from the register if the person ceases to be the tax representative for that non-resident taxpayer and Revenue Scotland consider it appropriate to do so.

(5) In this regulation, “bankrupt” and “incapacitated” have the meaning provided for in regulation 15(4) to 15(7).

Tax representative: Duty to notify

22. —(1) A tax representative (or a person treated as such) must notify and provide full particulars to Revenue Scotland in writing about any of the following matters—

(a) any change in the name, constitution or ownership of the tax representative’s business, any change in the site details or any event that may require the register to be varied;

(b) the tax representative lawfully ceasing to be the appointed tax representative of the relevant non-resident taxpayer; and

(c) the tax representative ceasing to be eligible to act as a tax representative.

(2) Such notification must be delivered to Revenue Scotland no later than 30 days starting from the first day after the matter arises.

PART 5

Accounting period, returns, payment of tax

Making of returns

- 23.** —(1) Subject to paragraph (3) below and save as Revenue Scotland may otherwise allow, a registrable person must, in respect of each accounting period, make a return to Revenue Scotland.
- (2) Subject to paragraph (3) below, a registrable person must make each return not later than 30 days following the end of the accounting period to which it relates.
- (3) Where Revenue Scotland consider it necessary in the circumstances of any particular case, it may—
- (a) vary the length of any accounting period or the date on which it begins or ends or by which any return must be made;
 - (b) allow or direct the registrable person to make a return in accordance with sub-paragraph (a) above;
 - (c) allow or direct a registrable person to make returns to a specified address,
[and any person to whom Revenue Scotland gives any direction such as is referred to in this regulation must comply therewith.]

Payment of tax

- 24.** —(1) Where a return is to be made under regulation 23, the tax or additional tax payable must be paid to Revenue Scotland no later than 30 days after the end of the accounting period in respect of which the tax liability arises.
- (2) Where a return is amended, the tax payable as a result of the amendment must be paid by the latest of the following dates—
- (a) the date in paragraph (1) above;
 - (b) the date on which the return is amended.
- (3) For the purposes of paragraphs (1) and (2), tax is treated as paid if arrangements satisfactory to Revenue Scotland are made for payment of the tax.
- (4) A return under regulation 23 must also include a declaration by the taxpayer that the return is, to the best of the taxpayer's knowledge, correct and complete.
- (5) However, where the taxpayer authorises an agent to complete the return, the agent must certify in the return that the taxpayer has declared that the information provided in the return is to the best of the taxpayer's knowledge, correct and complete.
- (6) Revenue Scotland will not be obliged to reimburse any tax owed by it to an operator (as defined in section 10(1) of the Act) until any outstanding tax return has been made by the operator and tax in respect of the return has been paid to Revenue Scotland.
- (7) See section 83 of the RSTP Act for the taxpayer's right to amend a return and sections 109 to 112 of that Act in respect of defences by Revenue Scotland of unjustified enrichment in respect of a claim by the taxpayer for reimbursement in respect of an overpayment of tax.

PART 6

Tax Credits: General

Interpretation

- 25.** —(2) In this Part—

“relevant accounting period” means—

- (a) in the case of an entitlement to credit arising under Part 7 of these Regulations, the accounting period in which the period of one year from the date of the issue of the aggregates invoice expired;

- (b) in the case of an entitlement to credit arising under Part 8 of these Regulations, the accounting period in which the relevant circumstances condition is met;

“relevant amount” means the amount of the credit as determined in accordance with Part 7 or 8 of these Regulations, as the case may be;

“relevant tax” means the tax, if any, that was required to have been paid as a condition of the entitlement to credit.

Scope

26. —(1) This Part applies to entitlements to credit arising under Parts 7 and 8 of these Regulations.

(2) No credit arising under any provision of these Regulations may be claimed except in accordance with this Part.

Claims in returns

27. —(1) Subject to paragraph (2) below, a person entitled to credit may claim it by deducting its amount from any tax due from the person for the relevant accounting period and, where that is done, the person must make a return for that accounting period accordingly.

Payments in respect of credit

28. —(1) Subject to paragraph (5) below, where the total credit claimed by a registrable person in accordance with this Part exceeds the total of the tax due from the person for the accounting period, Revenue Scotland must pay to the person an amount equal to the excess.

(2) Where Revenue Scotland has cancelled the registration of a person in accordance with section 19 of the Act, and the person is not a registrable person, the person must make any claim in respect of credit to which this Part applies by making an application in writing.

(3) A person making an application under paragraph (2) above will give to Revenue Scotland full particulars in relation to the credit claimed, including (but not restricted to)—

- (a) the return in which the relevant tax was accounted for;
- (b) the amount of the tax and the date and manner of its payment;
- (c) the events by virtue of which the entitlement to credit arose.

(4) Subject to paragraph (5) below, where Revenue Scotland is satisfied that a person who has made a claim in accordance with paragraphs (2) and (3) above is entitled to credit, and that the person has not previously had the benefit of that credit, it must pay to the person an amount equal to the credit.

(5) Revenue Scotland will not be liable to make any payment under this regulation unless and until the person has made all the returns which the person was required to make.

PART 7

Credit: bad debts

29. In this Part—

“claim” means a claim in accordance with Part 6 of these Regulations for an amount of credit arising under this Part and “claimant” are to be construed accordingly;

“customer” means a person for whom a taxable activity is carried out by the claimant;

“outstanding amount” means, in relation to any claim—

- (a) if at the time of the claim the claimant has received no payment in respect of the amount written off in its accounts, the amount so written off; or

- (b) if at that time it has received a payment, the amount by which the amount written off exceeds the payment (or the aggregate of the payments);

“relevant transaction” means any taxable activity in respect of which a claim is made;

“security” means—

- (c) in relation to Scotland, any security (whether heritable or moveable), any floating charge and any right of lien or preference and right of retention (other than a right of compensation or set-off); and
- (d) in relation to England, Wales and Northern Ireland, any mortgage, charge, lien or other security.

Scope

30. —(1) An entitlement to credit arises under this Part where—

- (a) a registered person has commercially exploited taxable aggregate within the meaning of section 7(1)(a) or (b) (“relevant commercial exploitation”) in respect of a customer with whom the registered person is not connected;
- (b) the registered person has accounted for and paid tax on the taxable activity;
- (c) the whole or any part of the consideration for the taxable activity has been written off in the registered person’s accounts as a bad debt;
- (d) the registered person has issued an invoice in respect of the taxable activity which shows the consideration charged to the customer and the amount of tax chargeable; and
- (e) a period of one year (beginning with the date of the issue of that invoice) has elapsed.

Amount of credit

31. —(1) Subject to paragraph (2), the credit arising under this Part is an amount equal to such proportion of the tax charged on the taxable activity as the outstanding amount forms of the total consideration.

(2) Where the consideration for the taxable activity in question is less than twice the amount of tax accounted for and paid by a person in respect of that activity, the amount of the tax credit which they can claim under paragraph (1) above shall be restricted to half the outstanding amount.

Evidence required in support of claim

32. —(1) The claimant, before making a claim, must hold in respect of each relevant transaction—

- (a) a copy of the aggregates invoice issued by the claimant;
- (b) records or any other documents showing that the claimant has accounted for and paid tax on the activity;
- (c) records or any other documents showing that the consideration has been written off in the claimant’s accounts as a bad debt; and
- (d) any additional evidence specified by Revenue Scotland in a published notice.

Records required to be kept

33. —(1) Any person who makes a claim must make a record of that claim.

(2) The record referred to in paragraph (1) above must contain the following information in respect of each claim made—

- (a) in respect of each relevant transaction—
 - (i) the amount of tax charged on that transaction;
 - (ii) the return in which that tax was accounted for and when it was paid;
 - (iii) the date and identifying number of the aggregates invoice issued in respect of the relevant transaction;
 - (iv) any consideration that has been received (whether before the claim was made or subsequently);
- (b) the outstanding amount;
- (c) the amount of the claim;

(d) the return in which the claim was made; and

(e) any other information that Revenue Scotland specifies in a published notice.

(3) Any records made in pursuance of this regulation are to be kept in a single account known as “the aggregates tax bad debt account”.

Attribution of payments

34. —(1) Paragraph (2) applies where—

(a) the claimant has carried out a taxable activity for a customer;

(b) there exist one or more other matters in respect of which the claimant is entitled to a debt owed by the customer (whether they involve a taxable activity or not and whether they are connected with aggregate or not); and

(c) a payment has been received by the claimant from the customer,

(2) The payment is to be attributed to the taxable activity and the other matters in accordance with the rule set out in paragraphs (3) and (4) below (and the debts arising in respect of the taxable activity and the other matters are collectively referred to in those paragraphs as debts).

(3) The payment is to be attributed to the debt which arose earliest and, if not wholly attributed to that debt, thereafter to debts in the order of the dates on which they arose, except that attribution under this paragraph is not to be made if the payment was allocated to a debt by the customer at the time of payment and the debt was paid in full.

(4) Where—

(a) the earliest debt and the other debts to which the whole of the payment could be attributed arose on the same day; or

(b) the debts to which the balance of the payment could be attributed in accordance with paragraph (3) above arose on the same day,

the payment is to be attributed to those debts by multiplying, for each such debt, the payment made by a fraction of which the numerator is the amount remaining unpaid in respect of that debt and the denominator is the amount remaining unpaid in respect of all those debts.

Repayment of credit

35. —(1) Paragraph (2) applies where—

(a) a claimant has benefited from an amount of credit to which the claimant was entitled under this Part; and

(b) either—

(i) a payment for the relevant transaction is subsequently received; or

(ii) a payment is, by virtue of regulation 34, treated as attributed to the relevant transaction,

(2) The claimant must repay to Revenue Scotland such amount as equals the amount of the credit, or the balance thereof, multiplied by a fraction of which the numerator is the amount so received or attributed, and the denominator is the amount of the outstanding consideration.

(3) Paragraph (4) applies where the claimant—

(a) fails to comply with the requirements of regulation 33; or

(b) in relation to the documents mentioned in that regulation, fails to comply with either—

(i) section 99(1) of the RSTP Act; or

(ii) any obligation arising under 111(4)(a) of that Act.

(4) The claimant must repay to Revenue Scotland the amount of the claim to which the failure to comply relates.

Writing off debts

36. —(1) This regulation is to apply for the purpose of determining whether, and to what extent, the consideration is to be taken to have been written off as a bad debt.

(2) The whole or any part of the consideration for a taxable activity is to be taken to have been written off as a bad debt where—

- (a) the customer has become insolvent—
 - (i) through sequestration or bankruptcy or entering into any accommodation with the customer's creditors; or
 - (ii) by going into insolvent winding up or by entering administration;
- (b) the claimant because of the insolvency of the customer has to any extent not been able to recover the consideration;
- (c) the claimant has written it off in accounts as a bad debt; and
- (d) the claimant has made an entry in relation to that activity in the aggregates tax bad debt account in accordance with regulation 33 (and this will apply regardless of whether a claim can be made in relation to that activity at that time).

(3) Where the claimant owes an amount of money to the customer which can be set off, the consideration written off in the aggregates tax bad debt account is to be reduced by the amount so owed.

(4) Where the claimant holds in relation to the customer an enforceable security, the consideration written off in the aggregates tax bad debt account is to be reduced by the value of the security.

PART 8

Tax credits: other

Tax Credits in relevant circumstances

37. —(1) An entitlement to credit arises under this Part where—

- (a) a registered person has carried out a taxable activity and has accounted for the tax chargeable on that activity;
- (b) the registered person has paid that tax or would have paid that tax but for the fact that the credit has been deducted from any tax due from the person for the relevant accounting period in accordance with regulation 27(1); and
- (c) any of the relevant circumstances conditions in paragraph (2) apply in relation to the aggregate in question.

(2) The relevant circumstances conditions are that the aggregate in question—

- (a) is moved outwith Scotland to a place in the rest of the United Kingdom, or to United Kingdom waters, in the form of aggregate;
- (b) is exported or removed from the United Kingdom from a place in Scotland without further processing, in the form of aggregate;
- (c) has an excepted process applied to it;
- (d) is used in any of the industrial or agricultural processes specified in the Schedule;
- (e) is disposed of (by dumping or otherwise) in any of the following ways—
 - (i) it is returned without further processing to its originating site or any site which is not its originating site but is registered under the same name;
 - (ii) it is disposed of to landfill;
 - (iii) it is gravel or sand and is used for beach restoration purposes at a site which is not its originating site.

(3) The amount of the credit arising under this Part is to be equal to the tax that was charged on the aggregate in question.

(4) For the purposes of subsection (9) of section 15 of the Act, all the processes listed in the Schedule are specified for the purposes of that subsection.

Evidence required in support of claim

- 38.** —(1) The claimant, before making a claim, must hold in respect of each claim—
- (a) records or any other documents showing that the claimant has accounted for and paid tax on the activity;
 - (b) records or any other documents which evidence the applicability of the relevant circumstances conditions referred to in regulation 37(2), including as appropriate, evidence of export, movement and end use; and
 - (c) any other records or documents that Revenue Scotland specifies in a published notice.
- (2) Where regulation 37(2)(b) applies to the aggregate in respect of which a credit is claimed, paragraph (1) applies with the following modifications—
- (a) the claimant need not hold the records or documents before making the claim;
 - (b) the claimant must obtain the records or documents within a period of three months beginning on the day of making the claim, and if the claimant does not do so then sub-paragraph (c) applies;
 - (c) the claimant must amend the return for the accounting period where the claim was made by removing the claim from that return for the accounting period immediately following that in which the period of three months referred to in sub-paragraph (b) expires.

Records required to be kept

- 39.** —(1) Any person who makes a claim must make a record of that claim.
- (2) The record referred to in paragraph (1) above must contain the following information in respect of each claim made—
- (a) in respect of each claim—
 - (i) the amount of tax charged;
 - (ii) the return in which that tax was accounted for, when it was paid to Revenue Scotland and the manner of its payment; and
 - (iii) the circumstances in which the entitlement to tax credit arose;
 - (b) the amount of the claim; and
 - (c) the return in which the claim was made.

A member of the Scottish Government

St Andrew's House,
Edinburgh
Date

SCHEDULE

Regulation 37

AGRICULTURAL OR INDUSTRIAL PROCESSES

A. Industrial Processes

<i>Code</i>	<i>Description</i>
001	Iron, steel and non-ferrous metal manufacture and smelting processing including foundry processes, investment casting, sinter plants and wire drawing.
002	Alloying.
003	Emission abatement for air, land and water.
004	Drinking water, air and oil filtration and purification.
005	Sewage treatment.
006	Production of energy.
007	Ceramic processes.
008	Refractory processes.
009	Manufacture of glass and glass products.
010	Manufacture of fibre glass.
011	Manufacture of man-made fibres.
012	Production and processing of food and drink
013	Manufacture of plastics, rubber and PVC.
014	Chemical manufacturing e.g. soda ash, sea water magnesia, alumina.
015	Manufacture of precipitated calcium carbonate.
016	Manufacture of pharmaceuticals, bleaches, toiletries and detergents.
017	Aerating processes.
018	Manufacture of fillers for coating, sealants, adhesives, paints, grouts, mastics, putties and other binding or modifying media.
019	Manufacture of pigments, varnishes and inks.
020	Production of growing media and line markings for sports pitches and other leisure facilities.
021	Incineration.

022	Manufacture of desiccant.
023	Manufacture of carpet backing, underlay and foam.
024	Resin processes.
025	Manufacture of lubricant additives.
026	Leather tanning.
027	Paper manufacture.
028	Production of art materials.
029	Production of play sand e.g. for children's sand pits.
030	Clay pigeon manufacture.
031	Abrasive processes: specialist sand blasting, iron free grinding (pebble mills) and sandpaper manufacture
032	Use as a propping agent in oil exploration e.g. fracture sands and drilling fluids
033	Flue gas desulphurisation and flue gas scrubbing.
034	Manufacture of mine suppressant.
035	Manufacture of fire extinguishers.
036	Manufacture of materials used for fireproofing.
037	Acid neutralisation.
038	Manufacture of friction materials e.g. automotive.

B. Agricultural processes

<i>Code</i>	<i>Description</i>
039	Manufacture of additives to soil.
040	Manufacture of animal feeds.
041	Production of animal bedding material.
042	Production of fertiliser.
043	Manufacture of pesticides and herbicides.
044	Production of growing media, including compost for agricultural and horticultural use only.
045	Soil treatment, including mineral enrichment and reduction of acidity.



EXPLANATORY NOTE

(This note is not part of the Regulations)

These Regulations make provision for the administration and assurance of Scottish aggregates tax. In particular:

- Part 1 provides for commencement of the Regulations and defines expressions used in them.
- Part 2 sets 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 instead.
- Part 3 makes provision regarding exemption from the requirements of registration for certain persons. It provides for notifications by persons who carry out or intend to carry taxable activities. It also provides for notification of cessation of taxable activities, and notification of carrying out commercial exploitation of certain exempt aggregates. It makes special provision for transfers of a going concern, partnerships and other unincorporated bodies and relating to bankruptcy or incapacity of registered persons.
- Part 4 makes provision for non-resident taxpayers' appointment of tax representatives.
- Part 5 deals with accounting for tax by making returns in respect of accounting periods, and payment of tax.
- Part 6 deals with claims and payments in respect of credits of tax arising under Parts 8 and 9.
- Part 7 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.
- Part 8 provides for an entitlement to credit where certain circumstances apply to the aggregate in question, such as moving the aggregate outwith the United Kingdom, or being used in the industrial or agricultural processes listed in the Schedule. It also provides for the evidence required and records to be kept.

2025 No.

AGGREGATES TAX

The Scottish Aggregates Tax (Revenue Scotland and Tax Powers Act Amendments etc.) Regulations 2025

<i>Made</i>	- - - -	***
<i>Laid before the Scottish Parliament</i>		***
<i>Coming into force</i>	- -	***

The Scottish Ministers in exercise of the powers conferred on them by sections 74(9), 142(3), 217 and 245 of the Revenue Scotland and Tax Powers Act 2014(49) and section 18(6) of the Aggregates and Devolved Taxes Administration (Scotland) Act 2024(50), hereby make the following Regulations:

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

1. In the Revenue Scotland and Tax Powers Act (Record Keeping) Regulations 2015(51) after regulation 4 insert the following—

“Records in respect of aggregates tax

5. —(1) A registrable person is obliged to keep the following records—

the person’s business and accounting records (including stock records);

- (b) an aggregates tax account in such form and containing such particulars as may be specified in a notice published by Revenue Scotland (and not subsequently withdrawn);
- (c) all invoices (including aggregates invoices as defined in Regulation 2 of the [Scottish Aggregates Tax (Administration) Regulations 2025]) and similar documents issued to the person and copies of such invoices and similar documents issued by the person;
- (d) all credit or debit notes or other documents received by the person which evidence an increase or decrease in the amount of any consideration for a relevant transaction, and copies of such documentation as are issued by the person;
- (e) documentary evidence (including the workings and all relevant background documents) to explain and support any calculation of the weight of taxable or exempt aggregate;
- (f) transfer notes, haulage slips or other documentation that relates to material that is brought into or taken from a site;
- (g) documentary evidence regarding the adjustment of an entry concerning the amount of AL for which he is liable to account;

(49) 2014 asp 16
(50) 2024 asp []
(51) 2015 SSI/130

- (h) documentary evidence regarding amounts of aggregate which have been dumped or disposed of to landfill;
- (i) documentary evidence regarding any claim by the registrable person for a tax credit under regulation [30] (bad debts) of the [Scottish Aggregates Tax (Administration) Regulations 2025] including, as appropriate, evidence of insolvency or liquidation and, in each case, regarding any relevant surrounding circumstances;
- (j) documentary evidence regarding any claim by him for a tax credit under regulation [27] (other tax credits) of the [Scottish Aggregates Tax (Administration) Regulations 2025] including, as appropriate, evidence of export and end use and, in each case, regarding any relevant surrounding circumstances; and
- (k) any other such other records as may be specified by a notice published by Revenue Scotland (and not subsequently withdrawn).

6. A person who is exempt from registration by virtue of regulations under section 18(5) Aggregates and Devolved Taxes Administration (Scotland) Act 2024 is obliged to keep the following records—

- (a) such records as are necessary to demonstrate eligibility for that exempt status; and
- (b) any other such other records as may be specified by a notice published by Revenue Scotland (and not subsequently withdrawn).

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

2. In the Revenue Scotland and Tax Powers Act (Involved Third Party Order 2015 (52) after regulation 2 insert the following—

“Involved third parties – Scottish Aggregates Tax

3. For the purposes of section 143(2) of the Revenue Scotland and Tax Powers Act 2014 and in relation to the Aggregates Tax and Devolved Taxes Administration (Scotland) Act 2024(53) (“the 2024 Act”)—

- (a) an “involved third party” is any person involved (in any capacity) with the commercial exploitation of taxable aggregate in terms of section 7 of 2024 Act(54);
- (b) “relevant documents” are documents relating to the commercial exploitation mentioned in paragraph (a); and
- (c) “a relevant devolved tax” is Scottish aggregates tax(55) within the meaning of section 1 of the 2024 Act.”

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

3. In the Revenue Scotland and Tax Powers Act (Postponement of Tax Pending a Review or Appeal) Regulations 2015(56) at the end of regulation 3(1) insert “or the Aggregates Tax and Devolved Taxes Administration (Scotland) Act 2024(57)”

(52) 2015 SSI/37.

(53) 2024 asp [].

(54) 2024 asp [].

(55) See section 3(3) of the Revenue Scotland and Tax Powers Act 2014 for the definition of devolved tax and section 80M of the Scotland Act 1998 (c.46) which specifies aggregates tax as a devolved tax.

(56) 2015 SSI/129.

(57) 2024 asp [].

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

4. In the Revenue Scotland and Tax Powers Act (Interest on Unpaid Tax and Interest Rates in General) Regulations 2015(58) at the end of regulation 4(1) insert the following—

“4	Scottish Aggregates Tax	In relation to a return made under regulations made under section 23 (duty to make returns and pay tax) of the Aggregates Tax and Devolved Taxes Administration (Scotland) Act 2024(59), the filing date”
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Name

A member of the Scottish Government

St Andrew’s House,
Edinburgh
Date

EXPLANATORY NOTE

(This note is not part of the Regulations)

These Regulations make provisions relating to Scottish aggregates tax. It provides for which records which should be kept by both registered persons and persons who are exempt from registration, inspections of third parties, the ability of a taxpayer to apply to postpone the payment of a tax, penalty or interest, and the date from which interest on unpaid tax is payable.

(58) 2015 SSI/128.
(59) 2024 asp [].

7. Annex B – Partial Business and Regulatory Impact Assessment (BRIA)

Scottish Aggregates Tax administration regulations – Partial Business and Regulatory Impact Assessment

Section 1: Background, aims and options

Purpose and intended effect

Background

The UK Aggregates Levy (UKAL), which came into effect in April 2002, was introduced to ensure that the environmental impacts of aggregates extraction not already addressed by regulation were more fully reflected in prices. It applies to the commercial exploitation of primary aggregates – mostly crushed rock, gravel and sand used as aggregates in, for example, construction.

The [Scotland Act 2016](#) provided the Scottish Parliament with the legislative competence to introduce a devolved replacement for UKAL. When introduced, Revenue Scotland, Scotland's tax authority for devolved taxes, will be responsible for the collection and management of the Scottish Aggregates Tax (SAT).

The [Aggregates Tax and Devolved Tax Administration \(Scotland\) Act](#) received Royal Assent on 12 November 2024, and the intended introduction date of SAT is 1 April 2026. To ensure the effective introduction of SAT, secondary legislation is required to specify the administration requirements associated with the tax, alongside required changes to the Revenue Scotland and Tax Powers Act 2014 (RSTPA) and the First-tier Tribunal for Scotland Tax Chamber Regulations to support the operational effectiveness of SAT.

This is a Partial Business and Regulatory Impact Assessment (BRIA), with a Final BRIA to be published alongside the Scottish Statutory Instructions that will bring into force the SAT administration regulations.

Objective

The purpose of these regulations is to ensure the effective introduction of SAT on 1 April 2026. The intent of these regulations will deliver the following outcomes:

- Effective administration regulations for SAT.
- Ensuring that SAT operates effectively in relation to the wider devolved taxes legislative regime, as set out in RSTPA, and wider legislation (i.e. First-tier Tribunal for Scotland Tax Chamber Regulations).

This draft assessment considers the business impacts associated with the introduction of secondary legislation setting out the SAT administration requirements for taxpayers and wider legislative changes to ensure that SAT can be introduced on 1 April 2026.

Rationale for Government intervention

The Scottish Government's [Framework for Tax](#) provides the foundation from which SAT has and will be designed and delivered. The Framework ensures that decisions on tax policy are coherent and rooted in a defined set of principles and strategic objectives, rigorously appraised and developed through an established policy cycle,

which puts proactive engagement with stakeholders and partners at the heart of tax policy making.

The Scottish Government intends that SAT will align with wider ambitions to deliver a fair, green and growing economy; in particular, the Scottish Government's ambitions for a circular economy.

The circular economy aims to minimise our demand on primary resources and maximise the re-use, recycling and recovery of resources. The draft [Circular Economy and Waste Route Map to 2030](#) sets out the importance of embedding circular construction practices to reduce resource needs, reduce waste and carbon, and encourage refurbishment and reuse. SAT will support the Scottish Government's ambitions for a circular economy, in particular the ambition to embed circular construction practices. Although SAT in and of itself will not individually deliver the Scottish Government's circular economy ambitions, it will serve as a price signal to complement other circular construction measures. The Scottish Government is also undertaking research via ClimateXChange, a centre for expertise on climate change, to better understand the evidence base on the role of recycled aggregates.

SAT will also add to the fiscal powers available to the Scottish Government and increase the proportion of the Scottish Budget raised in Scotland. The devolution of this power will provide scope for SAT to evolve over time, informed by Scotland-specific data collection and increased understanding of the tax and its impacts on the aggregates industry in Scotland.

Section 2: Consultation

Development phase

Prior to public consultation on the proposed introduction of SAT regulations and related changes to wider legislation, the Scottish Government has engaged a SAT expert advisory group on the proposed SAT administration regulations.

Established in January 2023, the advisory group has provided expertise informing the development of the Aggregates Tax and Devolved Taxes Administration (Scotland) Act 2024 ("the 2024 Act") and continues to provide expertise on preparation for the implementation of SAT.

Advisory group members are drawn from a range of backgrounds, including industry representative bodies for both primary and recycled aggregate producers, aggregates consumers (including key public sector bodies), corporate stakeholders with an interest, and environmental organisations.

In particular, the SAT Advisory group includes representatives from trade bodies representing the majorities of companies producing primary and recycled aggregate in Scotland. These are:

- The British Aggregates Association, a trade body for independent small and medium size quarry operators.

- The Mineral Products Association, a trade association for the aggregates, asphalt, cement, concrete, dimension stone, lime, mortar, and industrial sand industries.
- Resource Management Association Scotland, a trade body for micro, small and medium sized resource management companies.

Revenue Scotland engagement to date has focussed on the development of the registration process and the tax return. Input has been received from representatives of the British Aggregates Association, Mineral Products Association, Chartered Institute of Taxation, Institute for Chartered Accountants of Scotland, the British Geological Survey and individual businesses. This engagement has helped Revenue Scotland develop the registration process and tax return and further engagement is planned with future SAT taxpayers in order to ensure that these processes are well understood prior to SAT being introduced on 1 April 2026.

Within Government

Land and Environmental Tax Division has a network of stakeholder organisations with an interest in tax policy. Government organisations and departments with a policy interest in proposals are contacted in respect of these proposals and consultation documents are made available to these bodies.

This includes direct contact and discussion with the following during the development phase:

- Revenue Scotland
- Civil Law and Legal System Division

Business consultation

As these regulations are most relevant to businesses who will be SAT taxpayers, business engagement is a crucial component of policy development.

Businesses, who will be SAT taxpayers, have been represented on the SAT advisory group through the development phase of this consultation and further engagement with businesses will be organised once the consultation has been launched to enable a full discussion on the technical and financial implications of the proposed secondary legislation on businesses.

Public consultation

This Partial Impact Assessment forms part of a package issued for public consultation. This consultation seeks general comment on principles and processes to allow regulations to be introduced to the Scottish Parliament in Spring 2025.

Notification of the consultation has been issued to a list of organisations previously identified as having an interest in SAT.

Section 3: Options

Sectors and groups affected

These proposals affect all persons who will be registered SAT taxpayers.

Sectors and groups directly affected can be categorised as aggregate producers, aggregate users and aggregate supply chain operators.

In 2019, the Scottish Government commissioned the British Geological Survey (BGS) to produce a survey on aggregates production in Scotland and cross-border flows. This survey (the [2019 Aggregate Minerals Survey for Scotland](#)) contains the latest available survey results.

The 2019 BGS survey highlighted that aggregates are extracted and sourced across Scotland. Operating quarries which produce crushed rock, or quarries where sand or gravel is extracted or landed, are found in nearly all 32 local authority areas. Around 87% of aggregate produced in Scotland is crushed rock with the remainder being sand and gravel.

A Scotland specific breakdown of aggregate production is not available. However, [research](#) published by the Scottish Government suggests that the majority of total aggregate production in Scotland will be accounted for by the major companies. Indicative forecasts assign about 15% of UK taxable primary aggregate production to Scotland suggesting around 30 million tonnes of taxable aggregate produced in Scotland annually.

HMRC data suggests that there are about 150 UKAL taxpayers who have sites registered in Scotland. Between them these taxpayers have around 320 sites in Scotland. About 14 taxpayers have sites registered in both Scotland and the rest of the UK.

To improve the data on the Scottish aggregates sector, the Scottish Government has jointly commissioned, with the UK and Welsh Governments, the BGS to undertake a new aggregates survey in 2024, based on 2023 outputs. The survey findings are expected to be published in early 2025.

Option Development

This partial assessment considers three possible options in relation to introducing regulations to enable SAT to go-live on 1 April 2026. The options are:

1. Do not introduce secondary legislation in advance of SAT's introduction date.
2. Introduce secondary legislation that aligns with the RSTPA and also broadly retains the fundamental structure of UKAL.
3. Introduce secondary legislation that takes a fundamentally different approach to RSTPA and UKAL.

Option 1 - Do not introduce secondary legislation in advance of SAT's introduction date

Sectors and groups affected

Producers of commercial aggregate.

Benefits

There are no perceived benefits to this option. This secondary legislation is required to ensure that SAT can be properly effective when it comes into force on its proposed introduction date of 1 April 2026.

Stakeholders have engaged with the Scottish Government and Revenue Scotland in good faith on policy development over an extended period. Therefore, not introducing this secondary legislation would result in reputational damage to both the Scottish Government and Revenue Scotland and uncertainty for the sectors and groups affected as the relevant Act without the accompanying secondary legislation would not be capable of being administered by taxpayers or Revenue Scotland alike.

The issue of tax non-compliance was raised consistently by taxpayers and other stakeholders throughout the Bill development process. Revenue Scotland require the Scottish Government to introduce this secondary legislation to enable them to seek to address the concerns raised.

Costs

A lack of secondary legislation would lead to increased taxpayer uncertainty and risk as there would be, for example, no administration regulations specifying the operation of the tax. There would be costs associated with this option, including the costs of legal uncertainty of introducing a tax without a proper and effective administrative system underpinning it.

Revenue Scotland has also made significant progress in preparing for the introduction of SAT, incurring capital and resource expenditure in 2024-25 to develop IT systems and appoint new staff.

Revenue Scotland's IT development work is also nearing completion and there are contractual commitments to suppliers that must be met.

Option 2 - Introduce secondary legislation that aligns with the RSTPA and also broadly retains the fundamental structure of UKAL

Sectors and groups affected

Producers of commercial aggregate.

Benefits

Alongside the completion of the primary legislation, secondary legislation is required to ensure that SAT can come into force on 1 April 2026.

The 2024 Act is designed within the parameters set out in the Scotland Act 2016 and its development was informed by extensive engagement with a range of expert stakeholders. Parliamentary scrutiny of the Act indicated that stakeholders broadly favour the Scottish Government aligning with the UKAL.

Retaining the core elements of the existing UK Aggregates Levy, will provide continuity and certainty for taxpayers while ensuring that the devolved tax can evolve over time to support Scottish Government specific policy objectives.

Costs

There are about 150 UKAL taxpayers who have sites registered in Scotland. In addition, taking account of the intended cross-border arrangements for SAT, a small number of quarry operators registered for UKAL in the rest of the UK, will be liable to register for and pay SAT.

Although the Scottish Government cannot quantify the number of operators, a [survey](#) based on 2019 data indicated that around 80,000 tonnes of aggregate moved from the rest of the UK to Scotland that year. During stakeholder engagement related to the 2024 Act, some members of an expert advisory group observed that extra business administration will be an unavoidable consequence of the introduction of SAT.

The Scottish Government would expect the administration costs involved in SAT to be broadly similar to those for UKAL. More specifically, although the specific details of the tax return will be set out by Revenue Scotland in future and may differ from that for UKAL, the Scottish Government expects that any tax return would draw on data that taxpayers would already be required to hold in relation to UKAL.

There will inevitably be additional administration costs for businesses which require to submit returns and data to SAT and UKAL. However, the Scottish Government does not anticipate significant additional administration costs arising from this and expects overall business costs to be broadly comparable to current UKAL costs.

A more comprehensive assessment of the costs associated with introducing SAT in a way that retains the fundamental structure of UKAL and aligns with the RSTPA was set out in the 2024 Act's [financial memorandum](#).

Option 3 - Introduce secondary legislation that takes a fundamentally different approach to RSTPA and UKAL

Sectors and groups affected

Producers of commercial aggregate.

Benefits

This will enable the Scottish Government to take a more distinctive approach to the tax. However, the 2024 Act has been drafted in a manner that is similar to UKAL and requires to be embedded within the RSTPA framework to be operationally effective. As such there is little scope to deviate in secondary legislation from the framework that has already been set out in the Act.

Costs

There has been strong support for a close alignment between SAT and UKAL and RSTPA. Taking a fundamentally different approach to UKAL or RSTPA would lead to business uncertainty and the potential for additional administrative costs. This would especially be the case for those businesses which require to submit returns and data to SAT and UKAL.

Regulatory And EU Alignment Impacts

Intra-UK Trade Impacts

The Scottish Government recognises that some taxpayers will commercially exploit aggregate in Scotland and the rest of the UK and will therefore have to register for both UKAL and SAT. The [2019 Aggregate Minerals Survey for Scotland](#) shows that in 2019, approximately 2.5 million tonnes of aggregate were moved from Scotland to the rest of the UK, mainly in the form of crushed rock, while approximately 0.08 million tonnes were moved to Scotland from quarries in the rest of the UK.

Powers in relation to SAT were devolved to the Scottish Parliament in the Scotland Act 2016 and enacted in the 2024 Act. The Internal Market Act 2020 does not apply to SAT as the Act states that that United Kingdom market access principles do not apply to any legislation so far as it imposes, or relates to the imposition of, any tax, rate duty or similar charge.

However, under the proposals set out in the 2024 Act, SAT is not considered likely to have any significant impact on intra-UK trade. Primary aggregate producers throughout the UK already pay UKAL and following introduction of SAT, will only pay either UKAL or SAT. There may, however, be an impact on intra-UK trade should the SAT and UKAL tax rates diverge over time.

The Scottish Government and Revenue Scotland are working with the aggregates industry, other relevant stakeholders and the UK Government to ensure that there is a smooth transition from UKAL to SAT and that the ongoing administration of SAT does not impact on intra UK trade.

International Trade

The [2019 Aggregate Minerals Survey for Scotland](#) shows that in 2019, approximately 3.7 million tonnes of aggregate was exported from Scotland to a destination outside the UK, while negligible amounts were imported to Scotland from outside the UK. Based on the provisions in the 2024 Act, SAT is not considered likely to have any

impact on international trade. Imported aggregate would be subject to SAT on the same basis as domestic aggregate.

A tax credit would continue to be available for aggregate exported outside the UK, which maintains the current approach under UKAL.

EU Alignment

The [Scottish Government's Environment Strategy](#) sets out our long-term strategic ambitions and policy priorities for the environment. The Strategy supports the Scottish Government's objective to maintain or exceed EU environmental standards. One of the Strategy's outcomes, that we use and re-use resources wisely, is strongly aligned with a key objective of SAT.

Scottish firms impact test

The Scottish firms' impact test regards all firms with fewer than 50 full-time employees as being small businesses. The majority of small firms have fewer than 10 employees and guidelines state that a concerted effort should be made to consult them over policy proposals.

Businesses have been represented on the SAT expert advisory group through the development phase of this consultation. This includes the British Aggregates Association and Mineral Products Association who represent the interests of a significant number of organisations directly and indirectly involved in the aggregates industry. Further engagement with businesses will be organised once the consultation has been launched to enable a full discussion on the technical and financial implications of the proposed changes on Scottish firms.

Scottish Government and Revenue Scotland officials also met individually with a number of firms involved in the production of primary aggregate to discuss aspects of the proposed secondary legislation.

The main topics discussed included the 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.

Competition Assessment

We have applied the Competition and Markets Authority Competition Filter questions and concluded that the proposals will neither directly or indirectly limit the number or range of suppliers, limit the ability of suppliers to compete or reduce suppliers' incentives to compete vigorously.

Consumer Assessment

Under the provisions set out in the 2024 Act, SAT will be paid by producers of primary aggregate.

The tax is intended to encourage the use of alternatives to primary aggregate and to be effective at altering aggregates consumption it is expected that producers will pass the cost of the tax onto consumers of aggregate.

As this is consistent with the current position for UKAL, we expect that the impact on consumers will be minimal. Actual consumer costs will, however, be dependent on the tax rate set for SAT, which will not be set until closer to the time that the tax comes into force.

Separately, any future regulations to change SAT exemptions, credits or the tax rate may have a cost implication where the cost of the tax is passed onto customers.

Test run of business forms

Those responsible for the commercial exploitation of aggregates in Scotland will be the only users of the SAT registration form and tax return. Taxpayers in Scotland, and where appropriate producers of commercial aggregate in the rest of the UK, already have systems in place to accommodate the UKAL return.

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.

Digital Impact Test

The collection and management of SAT will be designed to operate online, in order to maximise convenience for the taxpayer and efficiency for Revenue Scotland. Only those responsible for the commercial exploitation of aggregate will be required to register and make tax returns, the majority of whom already submit online tax returns to HMRC. The tax administration systems will be designed to take place online in accordance with Scottish Government's Digital Nation Principles.

Legal Aid Impact

We do not consider there to be any legal aid implications associated with these proposals.

Enforcement, sanctions, and monitoring

Revenue Scotland will have powers in relation to the collection and management of SAT and the RSTPA 2014 provides for its general functions.

The RSTPA sets out the tax administration framework that underpins all devolved taxes in Scotland, along with the powers and duties of taxpayers and Revenue

Scotland. It also outlines the investigatory powers of Revenue Scotland, the process for issuing penalties in respect of non-compliant behaviour and provisions for debt enforcement.

In addition, the Scottish Tax Tribunals are in place to hear appeals against appealable decisions made by Revenue Scotland related to the fully devolved taxes.

The SAT administration regulations will bring into force the overarching administration regulations for SAT. In advance of SAT implementation changes will also be made the following regulations:

- **The Revenue Scotland and Tax Powers Act (Record Keeping) Regulations 2015:** this makes provisions about records which must be kept in relation to the existing devolved taxes. A provision is to be added for record keeping requirements for the Scottish Aggregates Tax.
- **The Revenue Scotland and Tax Powers Act (Involved Third Party) Order 2015:** this makes provisions about the inspection of third parties related to taxable disposals for the purpose of Scottish Landfill Tax. A provision is to be added with regard to the inspection of third parties related to the SAT.
- **The Revenue Scotland and Tax Powers Act (Postponement of Tax Pending a Review or Appeal) Regulations 2015:** this provides that where a review or appeal under the RSTPA is in progress, an LBTT taxpayer may make an application to Revenue Scotland to postpone the payment of tax, penalty or interest. A provision is to be added that a SAT taxpayer may make an application to Revenue Scotland to postpone the payment of tax, penalty or interest, where a review or appeal under the RSTPA is in progress.
- **The Revenue Scotland and Tax Powers Act (Interest on Unpaid Tax and Interest Rates in General) Regulations 2015:** this relates to the date on which interest on unpaid tax is payable from. An entry is to be added to the table in the regulations which specifies that interest is due from the filing date.
- **The First-tier Tribunal for Scotland Tax Chamber (Procedure) Regulations and the First-tier Tribunal for Scotland Tax Chamber and Upper Tribunal for Scotland (Composition) Regulations:** amendments to these regulations will allow the Scottish tax chamber to consider SAT cases.

Implementation and delivery plan

Revenue Scotland has established a programme to deliver the systems, resource, guidance and other requirements to bring SAT into force. This programme is working within schedule and will include an extensive stakeholder engagement plan in order to ensure that those who are required to interact with Revenue Scotland in relation to SAT will be well informed about their required obligations.

The secondary legislation commencement provisions will grant Revenue Scotland the power to register taxpayers from 1 December 2025. Revenue Scotland therefore plan to undertake an onboarding exercise in order to register future SAT taxpayers prior to the introduction date of 1 April 2026 in order to aid in a smooth transition from UKAL to SAT.

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](#) 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.

Recommendation

After careful consideration, the Scottish Government recommends the adoption of option 2, which is to introduce secondary legislation that aligns with the RSTPA and also broadly retains the fundamental structure of UKAL .

We recommend this option on the basis that it will reduce the uncertainty for current and future taxpayers and their customers and make the transition between UKAL and SAT as smooth as possible for the businesses affected.

This option also reflects feedback from stakeholder engagement through the SAT expert advisory group, and meetings with aggregate firm representatives. In addition, parliamentary scrutiny of the Act also indicated that stakeholders broadly favour the Scottish Government aligning with the UKAL.



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