



## **LAND REMEDIATION RELIEF CONSULTATION**

Issued 15 September 2025

ICAEW welcomes the opportunity to comment on the Land remediation relief consultation published by HM Treasury on 21 July 2025, a copy of which is available from this [link](#).

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This response of 15 September 2025 has been prepared by the ICAEW Tax Faculty. Internationally recognised as a source of expertise, ICAEW's Tax Faculty is a leading authority on taxation and is the voice of tax for ICAEW. It is responsible for making all submissions to the tax authorities on behalf of ICAEW, drawing upon the knowledge and experience of ICAEW's membership. The Tax Faculty's work is directly supported by over 130 active members, many of them well-known names in the tax world, who work across the complete spectrum of tax, both in practice and in business. ICAEW Tax Faculty's Ten Tenets for a Better Tax System, by which we benchmark the tax system and changes to it, are summarised in Appendix 1.

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## KEY POINTS

1. Our members see land remediation relief (LRR) as a very valuable contributor to the cost of qualifying works. The 150% relief is seen as generous, and it is helpful that certain capital costs can be treated as revenue. From that perspective, we do not recommend any wholesale changes to the overall design of the relief.
2. However, understanding whether a claim is eligible is complex and so improved HMRC guidance would be welcome to help claimants navigate whether their remediation activities are eligible, such as a list of substances which need to be cleared and in what circumstances.
3. We agree that the relief aligns well with the government's policy to encourage development of brownfield sites, but it could think more radically and use LRR to explicitly encourage certain types of activity such as, for example, providing an enhanced relief or credit for works undertaken on sites given over to affordable housing.
4. Our members have given us examples of organisations eg Real Estate Investment Trusts (REITs) and Jersey Property Unit Trusts (JPUTs) not subject to corporation tax (CT) that either invest in or carry out work involving land remediation that would appreciate relief. In order to increase the availability of the relief we believe that it should be extended beyond the CT regime.
5. We also believe that the timing of the relief (given in respect of the period in which the related expenditure hits the profit and loss account) reduces its attractiveness in some cases, such as land development activities where expenditure is deferred until the sale of the relevant assets. Moving the relief to the period in which the expenditure was incurred would help to make the relief more attractive in these cases.
6. In respect of activities involving the clearing of derelict land, we believe that the requirement for the land to have been derelict since 1 April 1998 is unnecessarily restrictive and we agree that a specific period of dereliction prior to the date of commencing works would be more appropriate.
7. We have also been advised of situations where the rules around connected parties and the 'polluter pays' principle have prevented claims where they ought to have been available. We believe that a purpose test would help to limit the application of this anti-avoidance measure to cases where the relief is genuinely being abused.
8. Introducing a mechanism for developers to seek pre-approval or obtain a non-binding advisory opinion on the eligibility of specific remediation works for LRR, prior to commencing work, would provide greater certainty and reduce financial risk. This would encourage investment in complex sites. We note the recent HMRC consultation on the possible introduction of clearances for major infrastructure projects and consider that this is an example of a situation where HMRC and HM Treasury could work together to design a more comprehensive clearance system available in a wider range of situations than those envisaged in that earlier consultation.
9. We provide more detailed answers to some of the questions posed in the consultation document below.

## ANSWERS TO SPECIFIC QUESTIONS

**Question 1 What are the main factors that businesses consider when selecting a site for development?**

- **What role does tax (in particular LRR) play?**

**• If LRR is factored into decision making, how is it considered in the site selection and development process?**

**• How do businesses establish the amount of contamination or dereliction and, with that, the costs that would be eligible for LRR compared with overall costs on site? How does LRR help with any uncertainty around this?**

10. LRR is a significant factor in the viability assessments for developing brownfield sites. For many developers and investors, the availability of this relief can be the difference between a project being financially feasible or not, particularly for sites with extensive contamination or dereliction that would otherwise incur prohibitive remediation costs.
  - Positive influence: LRR directly reduces the net cost of remediation, making brownfield sites more attractive compared to greenfield sites. This aligns with the government's "brownfield first" policy and incentivises the regeneration of challenging urban areas.
  - Marginal projects: For projects with tight margins, the LRR can be crucial. Without it, the additional costs of decontamination would simply make the development uneconomical, leading to these sites remaining derelict.
  - Uncertainty and complexity: While influential, the complexities and potential for uncertainty around claims can sometimes temper its impact. Developers need a clear understanding of what qualifies and what doesn't to accurately factor it into their financial models.

## CHAPTER 2: DESIGN OF THE RELIEF

**Question 4: We have heard representations that the following aspects of the design of LRR act as an impediment to incentivising development of contaminated or derelict land, which we are seeking views on in particular:**

- i. **activities/elements that aren't covered by LRR**
  - ii. **the types of works that are included in the definition of 'derelict land'**
  - iii. **the impact of the date from which land must be derelict to be considered eligible.**
  - iv. **the number of additional sites that would become viable if the date were changed from 1998 to a fixed date (for instance, 10 years) prior to today, aligning with the original legislation**
11. Requiring the land to have been derelict since at least 1 April 1998 restricts the availability of the relief in many cases, which will only continue to increase the further we get from this date. We understand the rationale for requiring land to have remained out of productive use for a reasonable time period but consider that this should be based on a set number of years from before the date of the works commencing, rather than from a specified date set out in the legislation.
  12. Many of our members suggested that five years prior to the date of remediation work seems reasonable, although others considered a period of 10 years might be more realistic in some cases. It takes quite a while for a building to be decommissioned and then sold to a third party. Waiting for planning permission can also delay works taking place.
    - v. **the 'continuous use' requirement, which disqualifies land from LRR that has been in productive use for more than 7 days a year.**
  13. The disqualification of land from LRR if it has been in productive use for more than seven days a year is another restrictive clause. This can penalise sites that might have had very limited or intermittent use but still require significant remediation. Focusing on the need for remediation rather than minimal past use seems to be a more accurate way of defining whether land is derelict. This could perhaps be determined during the planning permission process, though we appreciate this could create additional administrative burdens for local authorities. As a general principle, it does not seem right that a site that is used for eight days a year is considered not be derelict whereas one used for seven days a year is derelict.

- vi. ***the exception from LRR where a company or connected party was responsible in any way for causing the contamination or dereliction or such a company holds an interest in the land (the 'polluter pays principle') – in particular where the owner retains a reversionary interest***

14. A significant barrier to eligibility for relief is the fact that a party connected with the claimant cannot be responsible for causing the contamination or dereliction. While we appreciate the policy purpose of the restriction, in certain cases this can prevent the remediation of sites where the original polluter no longer exists or cannot be traced, or where the current owner inherited the issue. Allowing relief in such "orphan" cases would unlock more sites for development.

***Question 5: Are there other aspects of the design that act as an impediment to incentivising the development of contaminated or derelict land?***

15. The timing of the relief is not ideal for house builders as it is not available until the relevant expenditure hits the profit and loss account (ie on the sale of the houses and not the initial cleaning of the site). In cases with phased works etc this can delay the relief for two to three years, which reduces the perceived value of the relief and makes it less likely that it is factored into budgeting process. Moving to a tax credit-based system where the credit is given in respect of the period(s) in which the relevant work was carried out would increase the extent to which the relief incentivises remediation work, though we recognise that this would have a negative cashflow impact on the exchequer.
16. In addition, the relief isn't available to non-corporate structures, such as JPUTs and REITs. Moving to a tax credit basis would allow the same tax incentives to be granted no matter the legal form of entity carrying on the remediation work. One of our members noted that local government pension scheme providers have a target to invest in illiquid assets, which could include industrial sites on which remediation work had been carried out.
17. In addition, relief for derelict land is only available where the land is cleared in advance of new buildings being erected. More projects would be eligible for relief if LRR also applied to clearance work in advance of the refurbishment of existing buildings. This could help to support the government's growth agenda as such sites are likely to be brought back into productive use more quickly than those where a complete rebuild is required.

***Question 6: How complex is the relief to claim? To what extent does administrative complexity of claiming the relief hinder the relief from achieving its objectives?***

18. The relief is relatively understandable, but there can be confusion over which contaminants you can get relief for clearing. Including a summary table in HMRC's manuals could make it easier for users to identify the issues and eligibility – for example the method of treatment for Japanese Knotweed can impact on eligibility, whereas that is not the case for other contaminants, so by having it all collated in a table may make it easier to digest.

### CHAPTER 3: IMPACT OF THE RELIEF

***Question 8: What role does the credit element of LRR play in influencing decisions in site selection/proceeding remediation works?***

19. We have received a suggestion that the relief could be reformed into an above the line credit. This would bring it into line with other relief regimes, such as the R&D tax relief and creative sector reliefs. It would also make the availability of the relief more visible to stakeholders such as senior management and shareholders, hence being more likely to feature in budgeting processes. This would also make it easier to apply the tax benefit to the period of the works, rather than the period in which it hits the profit and loss account.

## CHAPTER 4: ROBUSTNESS AGAINST ABUSE AND ERROR

***Question 17: Are there fraud risks associated with LRR, particularly with the payable tax credit part of the relief?***

20. Although any valuable tax relief or credit is susceptible to abuse, our understanding is that LRR is more resistant to false claims than, for example, R&D tax relief or business premises renovation allowance. This is because of the very specific type of activity that qualifies for relief. The weakness of R&D tax relief is that it can apply in a wide variety of situations, whereas LRR requires clearing of very specific contaminants or structures. The type of work that is the subject of an LRR claim is also usually very visible and can often be checked against applications for planning permission etc.

## APPENDIX 1

### ICAEW TAX FACULTY'S TEN TENETS FOR A BETTER TAX SYSTEM

The tax system should be:

1. Statutory: tax legislation should be enacted by statute and subject to proper democratic scrutiny by Parliament.
2. Certain: in virtually all circumstances the application of the tax rules should be certain. It should not normally be necessary for anyone to resort to the courts in order to resolve how the rules operate in relation to his or her tax affairs.
3. Simple: the tax rules should aim to be simple, understandable and clear in their objectives.
4. Easy to collect and to calculate: a person's tax liability should be easy to calculate and straightforward and cheap to collect.
5. Properly targeted: when anti-avoidance legislation is passed, due regard should be had to maintaining the simplicity and certainty of the tax system by targeting it to close specific loopholes.
6. Constant: Changes to the underlying rules should be kept to a minimum. There should be a justifiable economic and/or social basis for any change to the tax rules and this justification should be made public and the underlying policy made clear.
7. Subject to proper consultation: other than in exceptional circumstances, the Government should allow adequate time for both the drafting of tax legislation and full consultation on it.
8. Regularly reviewed: the tax rules should be subject to a regular public review to determine their continuing relevance and whether their original justification has been realised. If a tax rule is no longer relevant, then it should be repealed.
9. Fair and reasonable: the revenue authorities have a duty to exercise their powers reasonably. There should be a right of appeal to an independent tribunal against all their decisions.
10. Competitive: tax rules and rates should be framed so as to encourage investment, capital and trade in and with the UK.

These are explained in more detail in our discussion document published in October 1999 as TAXGUIDE 4/99 (see [TAXGUIDE](#)).