



REFORMING LAND REMEDIATION RELIEF

Issued 17 September 2026

ICAEW welcomes the opportunity to comment on the consultation on reforming land remediation relief, published by HM Treasury on 13 July 2026, a copy of which is available from this [link](#).

KEY POINTS

1. We broadly welcome HM Treasury's package of proposals and can anticipate some companies being more incentivised to carry out remedial work as a result of their introduction.
2. However, members have told us that the relief often does not provide sufficient incentive to choose to develop a derelict or contaminated site, especially where the costs of clearing the land are prohibitive.
3. We appreciate the intention behind the proposal to align the definition of contaminated land with planning processes, but we believe that the government has overestimated how easy it would be to apply this in practice and would still leave some developments under the old regime, thereby creating a two-track system.
4. On balance, we support moving away from a time-based method of determining whether land can be considered 'derelict', although we believe that the proposed definition contains too many exceptions which would exclude the availability of relief.
5. We believe that the bringing forward of relief for developers is likely to have the biggest positive impact, albeit that in many cases, it would still not change the decision as to whether a development would go ahead.
6. We have suggested below other reforms which we believe would have a greater impact in incentivising the remediation of contaminated or derelict land.

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This response of 17 September 2026 has been prepared by ICAEW's Tax Faculty.

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KEY POINTS

7. We broadly welcome HM Treasury's package of proposals and can anticipate some companies being more incentivised to carry out remedial work as a result of their introduction.
8. However, members have told us that the relief often does not provide sufficient incentive to choose to develop a derelict or contaminated site, especially where the costs of clearing the land are prohibitive. Getting 37.5% of the cost back is welcome but not always sufficient to make a difference to the decision to proceed with the remediation. The effect would be reduced even further if the government decides to reduce relief to 100% for clearing derelict land where the site was made derelict after 2027.
9. We appreciate the intention behind the proposal to align the definition of contaminated land with planning processes, but we believe that the government has overestimated how easy it would be to apply this in practice and would still leave some developments under the old regime, thereby creating a two-track system.
10. On balance, we support moving away from a time-based method of determining whether land can be considered 'derelict', although we believe that the proposed definition contains too many exceptions which would exclude the availability of relief.
11. We believe that the bringing forward of relief for developers is likely to have the biggest positive impact, albeit that in many cases, it would still not change the decision as to whether a development would go ahead.
12. We believe that the following changes would make a bigger difference and should also be considered.
13. First, extending the relief beyond companies (eg, to partnerships and LLPs) would help to widen its availability and bring more potential claimants within scope. This is especially important in respect of joint venture arrangements where a corporate entity is often not set up to carry out the development as it would only have a limited life.
14. Second, bringing forward the financial effect of the relief would help to make it a genuine support for remediation work, rather than a reward for work that has already happened. Examples could include a grant-based system or a deduction against VAT or PAYE liabilities.
15. Third, if the government introduced a pre-approval or clearance system scheme, this would help to provide greater certainty that the relief will be available and therefore more confidence that the work can be carried out with the tax outcome in mind.

ANSWERS TO SPECIFIC QUESTIONS

16. We have answered only some of the questions raised in the consultation document, corresponding to the feedback we have received from our members.

ALIGNING WITH PLANNING PROCESSES

Question 1: Would replacing the current contamination definitions with a process aligned with relevant planning and land contamination legislation and definitions make it easier for businesses and developers to assess eligibility and comply with the relief in practice?

17. For those developments where planning permission is required, placing the onus on the local authority to determine whether land remediation relief is available could reduce the costs of compliance in some cases. Documentation and other requirements will need to be met in any event to apply for planning permission and so if this removes the need to also assess eligibility for tax relief, this means that only one process needs to be carried out.
18. However, the proposed system could also reduce certainty and delay the availability of relief, depending on how the relevant local authority manages its responsibilities in confirming that the relevant remediation activity has been completed. Unless this is done in a timely manner (which will largely be dependent on the resource and expertise present within the local authority), companies may need to wait longer to claim the relief.
19. This is likely to be an especially pertinent issue for major projects where the de-contamination work takes place over several years. Under the existing rules, the company could claim relief on an accounting period by period basis on the amount of de-contamination work carried out in that period. However, if the company instead needs to wait for the whole works to be completed before a discharge notice is delivered, this could significantly delay the availability of the relief.
20. The lack of certainty and deferral of relief created in these cases means that the relief would reduce the incentive given to clear contaminated land compared to the present treatment, which opposite to the policy intention these proposed reforms are designed to produce.

Question 2: Do you foresee any issues with this reform option in respect to its interaction with the differing planning processes and legislation across England, Scotland, Wales and Northern Ireland?

21. We are not aware of any differences in planning processes and legislation across the four home nations. However, if administration of relief availability is subcontracted to local authorities, it will become more like a 'postcode lottery' as to how easily and quickly relief will be confirmed, due to the different levels of resourcing and knowledge across different local authorities.
22. As planning permission is not generally given until all necessary surveys and checks are completed, this could cause the availability of relief to be deferred in some cases.
23. At the same time, tax advisers working in the land remediation relief space would also need to get up to speed with local planning processes – an area they do not necessarily have much expertise in.

Question 3: Do you consider that this approach could lead to different outcomes across different local authorities, for example where contamination assessments and remediation requirements are applied inconsistently? If so, how might this risk be mitigated?

24. Yes, we envisage that this could be a potential outcome. Quality control could potentially be maintained by HMRC carrying out spot checks on a selection of cases where land remediation relief has been claimed to check the requirements that the relevant local

authorities have put in place. However, if there is a systemic issue within a particular local authority, it seems unlikely that such checks would resolve these issues.

Question 5: Are there any other unintended consequences of aligning the relief to the planning process that the government should consider?

25. Even though developments requiring planning permission would fall under the new procedures, existing definitions and processes would need to be retained to deal with other developments. This would create a two-track system, thereby preventing simplification.
26. Specific practical situations will need to be borne in mind, especially on multi-phase sites, where development takes place over a series of stages on the same plot of land. Would local authorities be able to issue discharge notices at the end of each stage, or would companies need to wait until completion of the whole development? If the latter, that would mean a considerable delay in being able to claim the relief.
27. Similarly, what happens in cases where a plot of land crosses local authority boundaries? Which authority would be responsible for issuing the discharge notice? Practical implications like these will need to be anticipated and catered for.
28. Thought will also need to be given to how these proposed changes would interact with the National Planning Policy Framework and whether changes in criteria for developments close to well-connected railway stations impact on the planning process.
29. As a general point, it is important that all government initiatives designed to encourage housebuilding work together as a cohesive strategy, rather than isolated and potentially conflicting policies.

DERELICT LAND

Question 13: To what extent do you consider that removing the 1998 date, in isolation, would be sufficient to incentivise the remediation of derelict land, or would additional reforms to LRR be necessary to achieve this aim?

30. We are aware that the 1998 date requirement has been a sticking point for many developments where the land in question became derelict after that date. For these developments, this change would remove one barrier to the relief becoming available, but whether relief actually applies is dependent on what alternative tests are put in place.

Question 17: Would removing the date requirement for derelict land status from the relief framework simplify the regime, improve targeting, and better align the relief with its policy objectives? Please state your reason.

31. Although the removal of the 1998 date requirement would potentially bring more sites into the definition of 'derelict' for the purposes of land remediation relief, the proposed alternative test does not completely remove all existing uncertainties.
32. The requirement that the land has not been in interim use could be problematic for some sites where, for example, the land was partly used for parking purposes to at least earn some revenue before it can be developed for more productive use. The new definition would prevent the site from being treated as derelict.
33. Similarly, the restriction on land having been held for future development by the same economic entity for over five years could be problematic. Although this test arguably encourages businesses not to hold onto undeveloped land long-term, it does nothing to encourage redevelopment of that land once it has been held for at least five years.
34. The government may instead wish to consider adopting the definition of 'previously developed land' as included in the Building Safety Levy Regulations. This would mean that businesses navigating both sets of rules only need to consider one definition, or an

amended version of this imposing a minimum threshold of time over which the land must have remained out of productive use.

Question 19: Does the government's initial definition of derelict land capture legitimate derelict land? Please state your reasoning.

35. The government might want to extend the scope of the relief to cover other forms of construction that need to be removed. For example, former mining sites can be very difficult and expensive to clear up but do not currently fall within the definition of derelict land. Development of these areas could have a transformative effect on former mining towns with a positive knock-on effect to the rest of the local economy.

Question 20: Does the government's initial definition of derelict land provide adequate protection against misuse? Please state your reasoning.

36. It would be helpful if the government could provide more details of the types of building or land it is aiming to bring back into productive use. This would help us determine whether the proposed relief would encourage such redevelopment or could be misused.

Question 24: Would it be preferable to update the 1998 qualifying date rather than removing and replacing it with a revised definition?

37. Yes, it might be more effective to remove the 1998 qualifying date with a requirement that the land must have remained derelict for at least, say, 10 years. This retains the intention behind the original test without the test becoming out of date over time. However, retaining a bright line date test has the risk of deferring development until after the cut-off date has passed. It may therefore be better to have a simplified version of the proposed test that captures those pieces of land that are not capable of being returned to their former productive state without remediation work.
38. While the proposed alternative definition is workable in practice, the circumstances under which land is not to be regarded as in a derelict state could cause the relief to be unavailable in some cases where its impact could encourage redevelopment.
39. Dealing with some of these in turn:
40. "It is held for future development or disposal by the same economic entity for over five years" – We assume that this test is designed to discourage 'land banking' but it could prove especially problematic in those cases where a company has been intending to redevelop land for a number of years but hasn't been able to raise the finance or other relevant resources to carry out the work. Holding onto a piece of land over the medium term shouldn't prevent a company from claiming the relief. Indeed, one might have anticipated that the relief would be aimed at those holding land for at least five years to give them the incentive to carry out the development. It will also be necessary to define the meaning of the term 'same economic entity'.
41. "It is in any... ancillary or interim use" – While we understand the intention behind this condition, this could prove problematic. It is quite common for under-developed land to be used as a temporary car park or storage facility, and it appears that any such usage would prevent the land from being treated as derelict.
42. "It is capable of productive use" – if this test includes the forms of ancillary or interim use referred to above, this could cause a significant number of pieces of land to cease to be eligible for relief.

TIMING OF THE RELIEF

Question 26: Should accelerated relief be available from the point expenditure is incurred, what practical or administrative considerations should be considered in implementing this option?

43. It is worth remembering that individual site developments are often carried out within special purpose vehicles (SPVs), especially where the development is a joint venture between multiple organisations. In those cases, bringing the expenditure relief forward may only be beneficial if it can be surrendered for a cash back credit. It is important that this facility is retained in the legislation if an election is made.

Question 27: To what extent do you consider that accelerating relief would change developer behaviour - for example by making previously unviable sites viable, or by accelerating the pace of development on sites already in the pipeline?

44. Although the proposal is undoubtedly a step in the right direction, as the availability of the relief isn't generally factored into financial modelling in many cases, it is unlikely to change developer behaviour significantly.
45. For example, if a developer has a choice of two sites and, all other things being equal, one involved remediation work and the other did not, they would generally choose the site that did not require that work. This is due to the additional cost involved in carrying out the work. Getting back 37.5% of the cost in tax relief is unlikely to make much difference to the decision-making process.

Question 28: Are there any unintended consequences or avoidance risks the government should be aware of in accelerating relief, and how might these be mitigated?

46. Bringing forward the relief does create more opportunity for errors if, for example, tax relief is also claimed when the expenditure is deducted from stock. Companies will need to maintain robust record keeping procedures to prevent this.

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. A clear statutory basis ensures legitimacy, accountability, and public trust in the tax system.
2. **Certain.** As far as possible, the application of tax rules and compliance processes should be certain. Taxpayers should not normally need to resort to the courts to understand how the rules apply to their affairs.
3. **Simple.** The tax system should be easy to understand for all taxpayers and advisers. Complexity undermines trust, creates unfairness, and discourages compliance.
4. **Easy to administer.** Tax liabilities should be straightforward to administer for HMRC, agents, and all taxpayers. Taxes should be designed to work effectively in a digital environment, while administration must remain accessible to those with limited digital capability.
5. **Properly targeted.** Anti-avoidance rules and other targeted measures should be proportionate, clearly defined, and carefully scoped to achieve their policy objective without undermining simplicity or certainty. Poorly targeted measures add complexity and uncertainty, harming compliance.
6. **Stable.** Changes to the tax system should only be made when clearly justified by economic, social, or environmental goals. Transparent, purposeful reforms build confidence and move the system toward greater coherence and long-term stability.
7. **Subject to proper consultation.** Other than in exceptional circumstances, tax changes should be subject to open and meaningful consultation. Adequate time for stakeholder input improves policy quality, practicality, and public trust.
8. **Regularly reviewed.** Tax rules, reliefs, and policy-driven interventions should be subject to regular, transparent review to assess whether they remain relevant, effective, and aligned with current policy goals. Outdated or unjustified provisions should be reformed or repealed to maintain coherence.
9. **Fair and accessible.** The tax system should be fair and accessible in design and in operation, ensuring equitable treatment of taxpayers. Revenue authorities must exercise their powers proportionately, and all taxpayers should have timely access to HMRC assistance, independent appeal, and redress.
10. **Efficient.** The tax system should raise revenue in a way that minimises unnecessary distortions, compliance burdens, and resource misallocation. While all taxes affect behaviour to some degree, tax design should avoid cliff edges, unintended incentives, or inefficiencies that reduce economic wellbeing unless these serve a clearly defined policy aim.

For more information, please see [Ten Tenets for a Better Tax System | ICAEW](#)