

Land remediation relief

Consultation

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Foreword

Delivering sustained economic growth is the central mission of this government. It is the foundation for improving living standards, supporting our vital public services, and narrowing regional inequalities. A key part of this mission is our commitment to get Britain building again, underpinned by the most far-reaching reforms to the planning system in a generation and significant new investment in housing and infrastructure.

The regeneration of previously developed, or brownfield, land is an important element of our approach. Developing these sites can revitalise communities, reduce pressure on greenfield land, and help address the nation's housing and development needs. The National Planning Policy Framework provides strong support for the development of brownfield land. In December 2024, the Framework was revised to set out that proposals for brownfield development should normally be approved. The definition of previously developed land was also expanded to include large areas of hardstanding, better reflecting land that is already developed.

A range of further measures are already in place or underway to support this goal, including £5 billion grant funding for infrastructure and land from the new National Housing Delivery Fund £16 billion of capital investment for the recently announced National Housing Bank, , and the publication of a 'brownfield passport' policy paper.

Tax reliefs can play a key role in supporting the government's objectives. Land Remediation Relief (LRR) was introduced to incentivise the clean-up and redevelopment of contaminated and derelict land, encouraging investment in sites that might otherwise remain unused. It is essential that we ensure that such reliefs remain effective, targeted, and represent good value for money.

This consultation, therefore, seeks views on the design and impact of LRR as part of the government's support for brownfield development.

We welcome your insights as we work to build a more prosperous future for all.

James Murray

Exchequer Secretary to the Treasury

Chapter 1

Introduction

Background

- 1.1 Economic growth is the government's number one mission. It is vital to raising living standards, funding our public services, and addressing regional disparities across the UK.
- 1.2 The government's plan to get Britain building again is a key part of this mission. We have already taken major steps towards realising this plan, delivering the most significant reforms to the planning system in a generation. These steps include publishing a revised National Planning Policy Framework in December 2024, and introducing the Planning and Infrastructure Bill to parliament in March 2025. These reforms were judged by the OBR to add £6.8 billion to the economy and boost housebuilding to its highest level in 40 years by 2029/30.
- 1.3 We have committed to delivering the biggest increase in social and affordable housebuilding for a generation, and at the Spending Review, the Chancellor confirmed £39 billion for a successor to the Affordable Homes Programme over 10 years from 2026-27 to 2035-36. Alongside this, to further support our ambition of delivering 1.5 million homes over this Parliament we have announced a new National Housing Bank backed by £16 billion of finance, on top of £6 billion existing finance to be allocated this parliament.
- 1.4 Whilst the government is clear that a step-change is needed on planning towards a bolder and more ambitious approach, it has also been clear that the first port of call for development should be previously developed, or brownfield, land. To this end, the National Planning Policy Framework provides strong support for the development of brownfield land. In December 2024, the Framework was revised to set out that proposals for brownfield development should normally be approved. The definition of previously developed land was also expanded to include large areas of hardstanding, better reflecting land that is already developed. The government also published a 'brownfield passport' policy paper in September 2024, inviting views on how we can further prioritise and fast-track building on previously used urban land. The paper explores ways to lower the risk, cost and uncertainty associated with securing planning permission on brownfield sites.
- 1.5 The government also provides significant support through the Brownfield, Infrastructure and Land Fund; the Brownfield Housing Fund; and the Brownfield Land Release Fund.

- 1.6 The government recognises that tax reliefs can play an important role in achieving its objectives and influencing behaviour. It is not only the composition of taxes – the types of taxes and the relative proportion of revenues they make up – that can influence investment and growth, but the simplicity and predictability of the tax system. That is why in October 2024 the government published the Corporation Tax Roadmap, committing to key features of the tax system, and indicating areas where government will be exploring change.

Land Remediation Relief

- 1.7 One of these areas was Land Remediation Relief (LRR), where the government committed to a consultation to review its effectiveness, and determine whether it is still meeting its objective of boosting development of brownfield land.
- 1.8 LRR is a Corporation Tax relief aimed at incentivising the regeneration of brownfield land and reducing the pressure to develop greenfield sites. The legislation for LRR is set out in Part 14 of the Corporation Tax Act 2009 and associated Statutory Instruments. The relief provides that an additional 50% of eligible revenue expenditure can be deducted from taxable profits (on top of the 100% deduction normally available for revenue expenditure); and that 150% of eligible capital expenditure can be deducted from taxable profits. Capital expenditure that is eligible for capital allowances is not eligible for LRR. What counts as eligible expenditure is specified in legislation. Loss-making companies can surrender their losses for a 16% below-the-line cash tax credit.
- 1.9 There are two elements to the relief:
- **Contaminated land**, where eligible expenditure is on preventing, minimising, remedying or mitigating the effects of any relevant harm caused by the land being in a contaminated state. Land is considered contaminated if there is something in, on or under the land that causes – or that there is a serious possibility that it will cause – relevant harm. The contamination must be present as a result of industrial activity.
 - **Derelict land**. Land is derelict if it cannot be put into a productive state without the removal of buildings or other structures. It must have been continuously derelict since 1 April 1998 to qualify. As well as other exclusions and conditions on the relief, it is not available where: expenditure is subsidised; the company – or other party with an interest in the land – is responsible for causing the dereliction or contamination (the 'polluter pays' principle); or, for landlords, the contamination is caused by a tenant.
- 1.10 HMRC statistics on the relief show that, in the latest financial year for which data is available, 1,750 claims to LRR were made for a total value of £50 million. The median claim was £ 1,700 and 90% of claims were below £35k. Over the past 5 years, the number of claims to LRR has

remained consistent, while the value of these claims has been gradually increasing.

- 1.11 LRR was introduced in 2001, as part of the government of the time's response to Lord Roger's Urban Task Force in 1999. In 2009, significant changes were made to LRR to focus the relief on the remediation of contaminated brownfield sites, and to extend the relief to include derelict land within the scope of the relief.
- 1.12 LRR was last reviewed externally in 2011. Monitoring and evaluating reliefs is an important part of the tax policy-making process, and is vital to ensuring that they continue to meet their objectives and represent good value for money for taxpayers. The government is committed to making sure that every penny of taxpayers' money is spent in a way that most effectively achieves its missions.

Purpose of this consultation

- 1.13 We have heard concerns from some stakeholders that certain aspects of LRR hinder it from driving development of derelict and contaminated land. These include:

1. The design of the relief, including:

- i. the activities that qualify for the relief
- ii. eligibility restrictions, in particular: the date from which derelict land must be proven to be derelict in order to qualify; the restriction on temporary use for derelict land; and the 'polluter pays' principle
- iii. the mechanism of support – some stakeholders have suggested that an above-the-line credit would be more likely to be factored into companies' decision making

2. The impact of the relief, including:

- i. the value of the relief, compared with overall development costs

In addition, HM Treasury has heard concerns about **the relief's robustness against error and abuse**.

- 1.14 Regarding the impact of the relief in particular, evidence is lacking on the way in which businesses currently factor the relief into their business plans, and the extent to which LRR is currently achieving its objectives.
- 1.15 The purpose of the consultation is therefore to better understand:
- the impact of LRR on development of brownfield sites
 - how the relief is factored into businesses' decision making
 - how effective the relief is; and if it is not, why not
 - the extent to which it is robust against abuse

- 1.16 More broadly, we are also interested in how businesses approach development and brownfield land, and how LRR compares and interacts with other incentives for development of brownfield land, such as grants.

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?

Question 2: What are the main barriers to development on i) Brownfield sites, and ii) in particular, contaminated and long-term derelict land? To what extent/how does LRR help with these **versus other options**, such as grants?

Consultation process

Who should respond to this consultation

- 1.17 The government would welcome input from:
- businesses across different sectors, in particular developers (large and small)
 - business representation organisations
 - tax and accountancy experts
 - think tanks and academics
 - other interested parties
- 1.18 We are interested in a range of land development types (e.g. commercial for rental, commercial for own-use, extensions to existing sites).

How to respond

- 1.19 The government welcomes comments before 15 September 2025.
- 1.20 Where possible, please use [SmartSurvey](#). Otherwise, please email your response to Georgie.Williams@hmtreasury.gov.uk and Emma.Midgley@hmtreasury.gov.uk. When responding, please say if you are making a representation on behalf of a business, individual or a representative body. In the case of representative bodies, please

provide information on the number and nature of people you represent.

- 1.21 For all questions, please submit any supporting data alongside the response, even if it is aggregated and/or anonymised.
- 1.22 If responding by email, when responding to questions please indicate the number of the question you are responding to. You do not need to provide answers to all the questions in order to submit a response.
- 1.23 The government will publish a response to the consultation in due course. All respondents will be listed within that document.
- 1.24 The government will be consulting relevant stakeholders and interested parties through meetings between 21 July and 15 September 2025. If you would like to be included in a consultative meeting, please contact us at the emails above by 18 August 2025.
- 1.25 If there are any questions on aspects of this document, please contact us at the emails above.

Chapter 2

Design of the relief

- 2.1 As set out above, LRR provides relief for expenditure on remediation of contaminated or derelict land. The 150% relief is provided in 2 parts, ignoring the normal capital/revenue divide:
- a deduction in calculating the profits of the trade/property business (100%)
 - an additional deduction for this expenditure (50%)
- 2.2 Lossmaking businesses can surrender their LRR losses in exchange for LRR tax credits.
- 2.3 To qualify, expenditure needs to meet six main conditions and not be caught by any exceptions. The design of the relief includes these conditions and exceptions with the aims of targeting the relief appropriately, and protecting against abuse and leakage.

Conditions

- 2.4 The six main conditions that need to be met for expenditure to qualify for the relief are:
- A - Expenditure is on land in the UK in a contaminated or derelict state.
- B - Expenditure would not have occurred (or would not have been increased), were the land not in that state.
- C - Expenditure is on relevant contaminated or derelict land remediation undertaken by the company.
- D - Expenditure is on staffing costs, materials, or is contracted or sub-contracted out to another company.
- E - Expenditure is not subsidised.
- F - Expenditure is not incurred on Landfill Tax.

Exceptions

- 2.5 No relief is available under certain exceptions:
- where arrangements are in place to create or enhance a claim (anti-avoidance/fraud)
 - for cleaning up nuclear sites
 - where the 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 – this maintains the principle that those responsible for the detriment to the land should not benefit from the relief (the 'polluter pays' principle)

- 2.6 To be considered derelict land for the purpose of the relief, the land must have been derelict since the earlier of when the land was acquired, or 1 April 1998, and cannot be put into productive use without the removal of buildings and other structures. These requirements are intended to ensure that the relief is targeted at land that would not otherwise be developed or that are genuinely economically unusable, reducing deadweight.
- 2.7 The timing of relief depends on the nature of the expenditure:
- relief for revenue expenditure is given according to Generally Accepted Accounting Principles
 - relief for capital expenditure is given when incurred
- 2.8 Pre-commencement expenditure is treated as incurred on the first day of trade or property business.
- 2.9 Some stakeholders have said that some aspects of the design of LRR hinder it from effectively meeting its objective of incentivising the development of brownfield land. We would like to understand in more detail what these impediments are, examples of how, and to what extent, they have impeded the development of brownfield land, and how this could be mitigated whilst ensuring the relief remains targeted and robust against abuse and leakage. For example, we understand from stakeholder representations that the requirement for land to have been derelict since 1 April 1998 is increasingly difficult to evidence. For questions set out in this Chapter, where possible, we would welcome real examples.

Question 3: To what extent are the right projects able to access LRR, given the structure and 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
- v. the 'continuous use' requirement, which disqualifies land from LRR that has been in productive use for more than seven days a year.
- 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

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

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?

Question 7: To what extent does the legislative complexity of the relief hinder it from achieving its objectives?

Chapter 3

Impact of the relief

Background

- 3.1 The government would welcome evidence on the extent to which LRR encourages greater development on brownfield land and how the relief, among other factors, is considered in businesses' decision-making.
- 3.2 In responding to the below, we would also welcome views from businesses on how this differs between smaller and larger developers, and for different regions/locations.

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

Question 9: In general, what proportion of overall costs tend to be eligible for LRR?

Question 10: How much eligible land is there? How does this compare to when the relief was first introduced?

Question 11: Are there examples of contaminated and derelict land that has been developed as a result of LRR? Do you have a sense of how much contaminated or derelict land has been developed overall as a result of LRR?

Question 12: Are there examples of where LRR has contributed to projects that would not have proceeded absent the relief? Similarly, are there examples of where LRR has contributed to projects that would have proceeded absent the relief?

Question 13: How does LRR compare with other forms of support for the development of Brownfield land, such as the Brownfield Infrastructure and Land Fund, and local government support? What benefits or drawbacks would, for example, a grant have compared with a tax relief to the same value?

Question 14: What impacts do interactions between LRR and other forms of support, such as government grants, have?

Chapter 4

Robustness against abuse and error

Background

- 4.1 Making sure everyone pays the tax they owe is important for a well-functioning economy, protecting revenue to fund our public services, and helping to keep taxes on working people as low as possible. The vast majority of taxpayers pay their fair share. Nonetheless, closing the tax gap – which represents £46 billion lost to public services each year – is vital for maintaining fairness and trust in the system.
- 4.2 At autumn budget, the government announced the most ambitious package ever to close the tax gap, raising £6.5 billion. At Spring Statement, the Government went further still, with a package of measures to raise over £1 billion additional gross tax revenue per year by 2029/30.
- 4.3 Designing out non-compliance is also part of government's long-term ambition, and ensuring that reliefs are robust against fraud and error is an important part of this. This is particularly important where tax credits are available, which have historically been subject to higher levels of attempts at fraud and abuse. Designing out non-compliance can involve trade-offs, for example between the simplicity of the rules around eligibility for a relief, and targeting the relief at the right group of people; or between the information HMRC collects to monitor compliance, and the burdens placed on businesses to meet these requirements.
- 4.4 The government is keen to understand businesses' experience of these trade-offs in claiming LRR, and views on how robust LRR is against abuse and error.

Question 15: What is your understanding of why customers and/or their agents may make errors when submitting claims for LRR or the LRR tax credit?

Question 16: Are there any changes that could be made to the LRR guidance or rules to help prevent errors when making LRR claims, and/or make the process more straightforward?

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

Question 18: What additional processes could help to reduce error or fraud without introducing disproportionate administrative burdens?

Chapter 5

Summary of 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?
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Chapter 2: Design of the relief

Question 3: To what extent are the right projects able to access LRR, given the structure and design of the relief?

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Question 7: To what extent does the legislative complexity of the relief hinder it from achieving its objectives?

Chapter 3: Impact of the relief

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Question 14: What impacts do interactions between LRR and other forms of support, such as government grants, have?

Chapter 4: Robustness against abuse and error

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Chapter 6

Processing of personal data

Processing of personal data

This section sets out how we will use your personal data and explains your relevant rights under the UK General Data Protection Regulation (UK GDPR). For the purposes of the UK GDPR, HM Treasury is the data controller for any personal data you provide in response to this consultation paper.

Data subjects

The personal data we will collect relates to individuals responding to this discussion paper. These responses will come from a wide group of stakeholders with knowledge of the business tax system.

The personal data we collect

The personal data will be collected through email submissions and are likely to include respondents' names, email addresses, their job titles and opinions.

How we will use the personal data

This personal data will only be processed for the purpose of obtaining opinions about government policies, proposals, or an issue of public interest.

Processing of this personal data is necessary to help us understand who has responded to this discussion paper and, in some cases, contact respondents to discuss their response.

Lawful basis for processing the personal data

Article 6(1)(e) of the UK GDPR; the processing is necessary for the performance of a task we are carrying out in the public interest. This task is inviting views on the tax system, to help us to develop effective government policies.

Who will have access to the personal data

The personal data will only be made available to those with a legitimate business need to see it as part of process of reviewing the relief.

We sometimes conduct consultations in partnership with other agencies and government departments. This consultation is being conducted in partnership with His Majesty's Revenue & Customs (HMRC). Personal data received in consultation responses will be shared with HMRC in order for them to also understand who responded to the consultation, unless you explicitly tell us that you prefer not to share this information.

As the personal data is stored on our IT infrastructure, it will be accessible to our IT service providers. They will only process this personal data for our purposes and in fulfilment with the contractual obligations they have with us.

How long we hold the personal data for

We will retain the personal data until work on the issue is complete and no longer needed.

Your data protection rights

Relevant rights, in relation to this activity are to:

- request information about how we process your personal data and request a copy of it
- object to the processing of your personal data
- request that any inaccuracies in your personal data are rectified without delay
- request that your personal data are erased if there is no longer a justification for them to be processed
- complain to the Information Commissioner's Office if you are unhappy with the way in which we have processed your personal data

How to submit a data subject access request (DSAR)

To request access to your personal data that HM Treasury holds, please email: dsar@hmtreasury.gov.uk

Complaints

If you have concerns about Treasury's use of your personal data, please contact our Data Protection Officer (DPO) in the first instance at: privacy@hmtreasury.gov.uk

If we are unable to address your concerns to your satisfaction, you can make a complaint to the Information Commissioner at casework@ico.org.uk or via this website: <https://ico.org.uk/make-a-complaint>.

HM Treasury contacts

This document can be downloaded from www.gov.uk

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