



HM Treasury

Land Remediation Relief

Summary of Responses

June 2026

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Chapter 1

Introduction

Background

- 1.1 At Budget 2024, the government announced that it would consult on Land Remediation Relief (LRR) in Spring 2025, committing to review its effectiveness and assess whether it continues to achieve its objective of encouraging brownfield land development.
- 1.2 Land Remediation Relief is a Corporation Tax relief aimed at incentivising the regeneration of brownfield land and reducing the pressure to develop greenfield sites. The legislation for Land Remediation Relief is set out in Part 14 of the Corporation Tax Act 2009 and associated Statutory Instruments.
- 1.3 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. Loss-making companies can surrender their losses for a 16% below-the-line cash tax credit.
- 1.4 There are two elements to the relief:
 - Contaminated land. Relief is available on eligible expenditure on preventing, minimising, remedying or mitigating the effects of any relevant harm caused by the land being in a contaminated state.
 - Derelict land. Relief is available if land 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.
- 1.5 The consultation closed on 15 September 2025. Over 30 responses were received from a range of individuals, businesses, advisory firms, representative bodies and academics. Officials also held 9 roundtables, meeting with 37 respondents. The government is grateful to all those who provided insights during the consultation.

Chapter 2

Summary of Responses

Summary of Responses

Overview

- 2.1 The consultation published on 21 July 2025 invited input on the design of the relief, the impact of the relief, and robustness against abuse and error. The questions are detailed below.

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?

- 2.2 Respondents indicated that site selection is driven primarily by commercial viability, location, sales values, build and remediation costs, planning risk, and market conditions.
- 2.3 Land Remediation Relief is generally a secondary consideration and is rarely factored in at the outset, if at all, as sites are typically decided on pre-tax profits; qualifying expenditure is difficult to estimate before intrusive investigations; and there can be a timing mismatch between when costs are incurred and when relief is realised.
- 2.4 Most businesses use specialist surveys and quantity surveyors, but uncertainty over the scale and nature of works can still make it hard to forecast qualifying costs.
- 2.5 Despite these constraints, many respondents emphasised that Land Remediation Relief can be material for marginal or heavily contaminated sites by reducing the net cost of remediation, supporting working capital, and in some cases supports the overall project viability particularly where it helps mitigate exposure to unforeseen costs or cost escalation. However, complexity and perceived ambiguity of the rules (for example, around dereliction, connected-party contamination and qualifying activities) can limit the extent to which Land Remediation Relief is relied upon in early decision-making.

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?

- 2.6 Many respondents identified high remediation and enabling costs, uncertain contamination, planning and regulatory complexity, and funding/cashflow constraints as the main barriers. Contamination is often not fully understood until intrusive works begin, making it difficult to price risk or guarantee viability, especially where land values are marginal.
- 2.7 Grants were seen as important where there is a large viability gap (including negative land value) because they can provide upfront support but were described as discretionary, limited in scale, slow to secure, and typically only available where a site is not viable without grant funding.
- 2.8 Land Remediation Relief was generally viewed as a rules-based mechanism that can reduce the net cost of remediation and partially offset unforeseen overruns, supporting delivery on marginal sites. However, complex evidencing requirements and difficulty obtaining subcontractor information can make it hard to substantiate qualifying spend. Claims are often only considered after completion, when eligible costs may be bundled into wider invoices and hard to separate. The delayed benefit also limits how far developers can rely on LRR in investment decisions.

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

A significant number of respondents noted that many projects which they believe should qualify for Land Remediation Relief are unable to access it. Respondents identified concerns around the “polluter pays” rules, the requirement for the claimant to hold a “major interest” in land, and the derelict land test, including the need to evidence non-use since 1 April 1998.

- 2.9 Respondents also highlighted low awareness of the relief, its technical complexity, and the evidential and administrative burdens involved.

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**

2.10 Most respondents considered the scope of Land Remediation Relief too narrow, with many remediation activities excluded, such as mineshaft grouting, gas-holder remediation, most demolition and some invasive species. The definition of 'derelict land' is widely seen as overly restrictive, particularly the requirement for land to have been derelict and unused since 1 April 1998, which is increasingly difficult to evidence and no longer reflects market conditions. The 'continuous use' requirement was criticised as arbitrary and capable of disqualifying clearly derelict sites with only minimal or temporary use. The 'polluter pays' provisions were also seen as too rigid.

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

2.11 Respondents stated that the timing of the relief is an issue for developer-traders, especially housebuilders, who typically cannot access tax relief until homes are sold because units are treated as "stock" for accounting, and therefore Corporation Tax purposes, which are relieved when the housing units are sold. Respondents favoured allowing claims in the year of spend or moving to an above-the-line tax credit model.

2.12 The relief's retrospective and "below-the-line" nature, combined with the absence of any clearance or pre-approval mechanism, creates uncertainty.

2.13 Additional impediments include eligibility requirements such as holding a major interest in the land, exclusion of non-corporate

structures, inability to claim certain overhead or indirect costs, and restrictions where grants or capital allowances overlap.

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?

- 2.14 Responses were mixed on the complexity of claiming Land Remediation Relief. Respondents stated the process is manageable for large claimants with specialist advisers but is too complex and costly for SMEs and those without expertise. Complexity and documentation requirements deter smaller claimants and can result in under-claiming.
- 2.15 Several respondents also highlighted timing complexity especially for developer-traders, requiring long-term tracking and attribution of historic remediation spend, sometimes over many years.
- 2.16 Many emphasised that identifying and evidencing qualifying expenditure is often difficult in practice, as remediation costs are frequently embedded within wider contractor pricing and not clearly itemised.
- 2.17 Many noted that clearer HMRC guidance, greater consistency in interpretation, and simplified claim mechanics would reduce barriers.

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

- 2.18 Several respondents consider the legislation well understood and not unduly complex (especially for larger taxpayers with advisors or companies aware of the relief), while others see complexity as a material barrier, particularly for SMEs and developers without in-house tax expertise. Those who stated the relief was complex noted that claims often need in-depth eligibility knowledge and quantity surveyors to disaggregate costs; legislative changes add complexity. Simplifying legislation, clarifying definitions, and improving guidance would help make Land Remediation Relief accessible, predictable, and aligned with modern development.

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

- 2.19 Respondents stated that the credit element of Land Remediation Relief rarely drives site selection. Developers prioritise planning and location, and buyers prefer sellers to remediate, so its influence is often limited. The credit is typically claimed only where Land Remediation Relief creates or increases a trading loss, creating a cashflow choice between a 16% payable credit and carrying losses forward for relief at 25% (or 29%

for large housebuilders with profits over £25 million who are subject to the Residential Property Developer Tax). As a result, few claim it. Nevertheless, it can help loss-making corporates and single-property SPVs with early-stage cashflow, though it is less effective where relief arises only on sale.

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

- 2.20 Most respondents reported that the proportion of overall costs eligible for Land Remediation Relief is typically low; with higher percentages generally limited to heavily contaminated sites. Some attributed this to the relief's narrow scope, suggesting that expanding qualifying costs would make the relief more meaningful in investment decisions.

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

- 2.21 The majority believed eligible brownfield and derelict land has declined over time as sites have been remediated, and noted that local authority brownfield registers are incomplete and inconsistent. Almost all agreed that the fixed dereliction date prevents new land from becoming eligible.

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?

- 2.22 Many stakeholders indicated that this is difficult to quantify; over half of respondents did not provide an answer. Out of those who responded, most respondents said Land Remediation Relief has enabled a small number of projects, particularly where remediation costs would otherwise have made development unviable, but for large developers it is usually a contributing factor rather than the sole determinant. It was also stated that Land Remediation Relief generates working capital that can be reinvested into future development, including further remediation, and has, in some cases, made projects viable, particularly when combined with other support.

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?

- 2.23 Feedback indicates this is difficult to quantify; however, some said it can make marginal brownfield schemes viable, citing contaminated sites and one project where unexpected contamination was under 3% of total costs but the client may not have proceeded without Land

Remediation Relief. Respondents also provided case studies of the Relief influencing decisions, such as a national retailer choosing brownfield over greenfield, others noted Land Remediation Relief made marginal brownfield schemes viable or, alongside other support, enabled commencement. Others were unaware of any projects that depended on the relief, or could not comment.

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?

- 2.24 Responses were mixed, some preferred grants because they provide upfront capital and can cover most or all remediation costs. Others felt grants and tax reliefs are complementary.
- 2.25 Respondents said Land Remediation Relief is more accessible, non-competitive and consistent than grants, but it requires upfront spend, is narrowly focused, and mainly improves post-tax cash flow. For developers, benefits may only be realised on sale, creating timing issues. Grants were valued for upfront funding, but seen as finite and often competitive and complex, with uncertain outcomes, delays, political risk and variation across devolved nations.

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

- 2.26 Of the respondents that answered this question, most stated Land Remediation Relief cannot be claimed on grant-funded expenditure, with only the non-subsidised balance eligible where grants part-fund costs. Coexistence is possible but often complex, requiring careful allocation and early planning, and is typically only worthwhile for larger projects; Land Remediation Relief was viewed as more predictable than grants. Overlaps with other capital allowances are rare, but clearer guidance was requested and some proposed giving Land Remediation Relief precedence over plant and machinery allowances, alongside calls for greater awareness and clarity on what counts as “subsidised”.

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?

- 2.27 Respondents stated errors mainly arise from misunderstanding Land Remediation Relief scope/definitions, including ineligible costs or failing to apportion mixed contracts, poor cost data and timing mistakes, and not identifying links to polluters. Clearer, better promoted guidance and specialist input were widely recommended.

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?

- 2.28 Respondents suggested that errors and complexity in Land Remediation Relief claims could be reduced through clearer, more accessible guidance and process improvements. Some called for improved awareness, particularly among SMEs and overseas investors, and a few suggested wider reforms such as expanding qualifying costs, accelerating the timing of relief, increasing rates, and consolidating the separate derelict land provisions. Some had no specific comments and felt current guidance is sufficient.

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

- 2.29 The majority stated that they were not aware of any fraud risk, but noted that the credit element is more susceptible to abuse if claims are not properly scrutinised.

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

- 2.30 Most respondents proposed stronger compliance checks, supporting documentation, and possibly an additional Information Form for large claims to reduce error and fraud, and felt that resourcing HMRC to check claims would be effective.

Question 19. In what capacity are you responding to this consultation?

- 2.31 Respondents included major housebuilders, representative bodies, tax advisers, and businesses involved in remediation, development, and construction, as well as individuals.

Question 20. If you wish to, please enter details of the business or body you represent

- 2.32 The majority of respondents provided details of their capacity and experience, ranging from national developers and advisers to specialist remediation companies and professional bodies.

Chapter 3

Respondents

Design of the Relief

- 3.1 The relief is targeted at companies remediating contaminated or derelict land, but the eligibility criteria are often too narrow and inflexible, with tax legislation definitions that are inconsistent with the planning process. The derelict land test is outdated and excludes many viable sites.
- 3.2 The scope of qualifying works is limited and excludes many brownfield activities. This restricts the relief's relevance to modern brownfield development.
- 3.3 While respondents recognised that the "polluter pays" rule is an important safeguard, it was highlighted that the rule can have unintended consequences, disqualifying claims where the developer or a connected party retains a minor interest in the land.
- 3.4 Relief is only available to housebuilders when costs are recognised in the profit and loss account, typically after sale, creating multi-year delays between incurring costs and receiving benefit. Investors can claim in the year of expenditure, leading to an uneven playing field in when the relief is received.
- 3.5 The administrative burden in claiming LRR is high, with complex rules, and a need for specialist technical and tax knowledge.

Impact of the Relief

- 3.6 Considering responses from businesses, as well as our own analysis, the government has concluded that Land Remediation Relief is not meeting its intended objective of materially incentivising brownfield development.
- 3.7 For most sites, qualifying costs represent only 1–2% of total project expenditure, meaning the impact of Land Remediation Relief is limited.
- 3.8 The relief is also rarely considered in early site appraisals due to uncertainty about what will qualify and when a benefit will be received.

- 3.9 The disparity between housebuilders (recovering 12.5–14.5% of qualifying costs) and investors (up to 37.5%) means the relief is less effective for housing delivery.
- 3.10 The complexity, lack of clarity and awareness, and high compliance costs associated with Land Remediation Relief also deter SMEs and smaller developers from claiming, reducing the reach and overall effectiveness of the relief.
- 3.11 The relief's interaction with grants can also be challenging for businesses, with relief being denied on grant-funded expenditure, leading businesses to face administrative complexities when trying to maximise both.
- 3.12 However, whilst Land Remediation Relief is not meeting its objective of incentivising brownfield development, it does provide a meaningful incentive for some marginal brownfield sites, tipping viability where contamination costs are high. It is also highly valued by businesses for being predictable and rules-based.

Robustness Against Abuse and Error

- 3.13 The relief's narrow scope and the need for most businesses to obtain technical documentation (site surveys, breakdowns) during the planning process, make it less vulnerable to abuse than broader reliefs like R&D. However, the complexity of Land Remediation Relief subsequently leads to more frequent errors.
- 3.14 Common errors include claiming for ineligible works, failing to apportion mixed costs, misunderstanding the polluter pays rule, and incorrect application or unawareness of guidance.

Chapter 4

Next Steps

- 4.1 Following a thorough review of stakeholder feedback on the design, impact, and robustness of Land Remediation Relief, there are several areas where the government has identified limitations in the current regime.
- 4.2 The government recognises that whilst Land Remediation Relief may not be meeting its intended objective of effectively incentivising brownfield development, it does provide meaningful relief for some businesses investing in marginal or highly contaminated sites and is an important means of supporting businesses in developing and remediating brownfield sites.
- 4.3 The government therefore sees a compelling case for reforming Land Remediation Relief and will consult with industry over the coming months to explore whether viable, cost-effective reforms can be made to improve Land Remediation Relief.
- 4.4 We will provide further details in the coming months and continue to welcome further evidence and engagement from businesses on how to improve the effectiveness of Land Remediation Relief in the interim.

Annex A: List of stakeholders consulted

Royal Town Planning Institute

IMH Advisory LLP

EMR

ICAEW

Bellway Homes

FLI Global

The CLA

Gleeds LLP

RSM UK Tax and Accounting Limited

Deloitte LLP.

Keepmoat Homes Limited

Environmental Industries Association

Smith Kelland

CIOT

Saffery LLP

Ryan

ICAEW

PwC

NBI

EIC

Taylor Wimpey

The Fiscal Incentives Group

Community Planning Alliance

EMR

Grant Thornton

Barratt Redrow

Berkeley

BPF

EIC

HBF

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