Scottish Land Commission
Coimisean Fearainn na h-Alba

A five-year route to modernising land tax administration

A ROUTE-MAP FOR SCOTTISH GOVERNMENT

August 2026

The opportunity

The Scottish Government is committed to exploring changes needed to deliver sustainable and growing tax revenues in the future.[1] It is also considering how tax can play a role in reducing emissions from land and support land reform. The Scottish Land Commission's work to date on land and tax has shown the significant potential to tax land and property value more effectively and that reforms will need to be underpinned by an improved system of land data and land tax administration.

This route-map sets out key practical steps that over five years would deliver benefits including efficiencies and improved policy delivery. It would lead to a significantly improved system, capable of supporting substantive reforms.

It addresses four key strands of delivery:

- ✓ Making better use of land data for tax decisions
- ✓ Improving land and property valuation
- ✓ Building a more joined-up system for delivery
- ✓ Innovating and testing opportunities

The case for modernising land tax administration

Land and property taxes are an important contribution to Scotland's public finances, in 2024-25 they contributed £7.1 billion.[2] However, this is not based on an up-to-date or complete picture of land value in Scotland. For example, 90% of land area (agriculture and woodland) is not assessed or included on the valuation roll and council tax is based on land values from 1991.[3] Not only does this limit the potential for the tax system to be responsive to changing policy needs, but it also puts Scotland behind other countries that have complete and up-to-date records of land information where this provides a sound basis for multiple policy purposes including taxation. Tax policy significantly influences land use and ownership decisions, impacting the delivery of Scottish Government's objectives for both. The Scottish tax system could better support productive and sustainable use of land and assets thereby playing a greater role in supporting a resilient economy, tackling inequality and addressing the environmental crises.

In 2021, the Scottish Land Commission identified ways in which existing devolved taxes could incentivise town centre regeneration and support land reform using reliefs, exemptions and devolving powers to local authorities.[4] However, it recognised the limits of the current system and the need for overcoming practical barriers linked to data, methods and capacity.[5] Such practical hurdles are also regularly identified in debates around land value taxation.[6]

In 2026 the Commission published advice following Ministers' commitments to consider options for a carbon land tax and options for tax to support wider land policy. It found that for reforms to be viable and effective, there are specific practical implementation issues that need to be addressed, including in the land data and tax administration system.

£7.1bn
contributed by land and property taxes to Scotland's public finances in 2024-25.

90%
of land area (agriculture, forestry and woodland) is not assessed or included on the valuation roll.

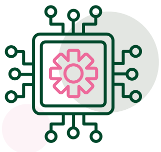
1991
The value on which Council Tax is currently based – more than three decades ago.

A route-map for improved land tax administration

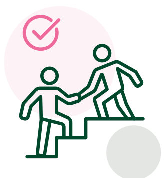
The route-map below sets out a high-level programme with key steps that would enable Scottish Ministers to modernise the current system of land tax administration, opening up viable reforms to tax land and property more effectively and efficiently. It is informed by Scottish Land Commission's advice and research on tax (see appendix).

It is informed by guiding principles that systems improvements should be:

Deliverable – It is not about creating a perfect system but one in which visible and impactful improvements are made. Changes need to be seen as credible, well governed and clearly communicated.[7]



Digital - Digital transformation is a key enabler as demonstrated in international practice. Scottish Government's digital strategy sets out that public sector data is a national asset and a key enabler of reform. It sets out a plan for 2025-28 to deliver sustainable digital public services.[8] The route-map supports this aim to help Scotland keep pace with international best practice around use of technology in the tax and valuation context.[9][10]



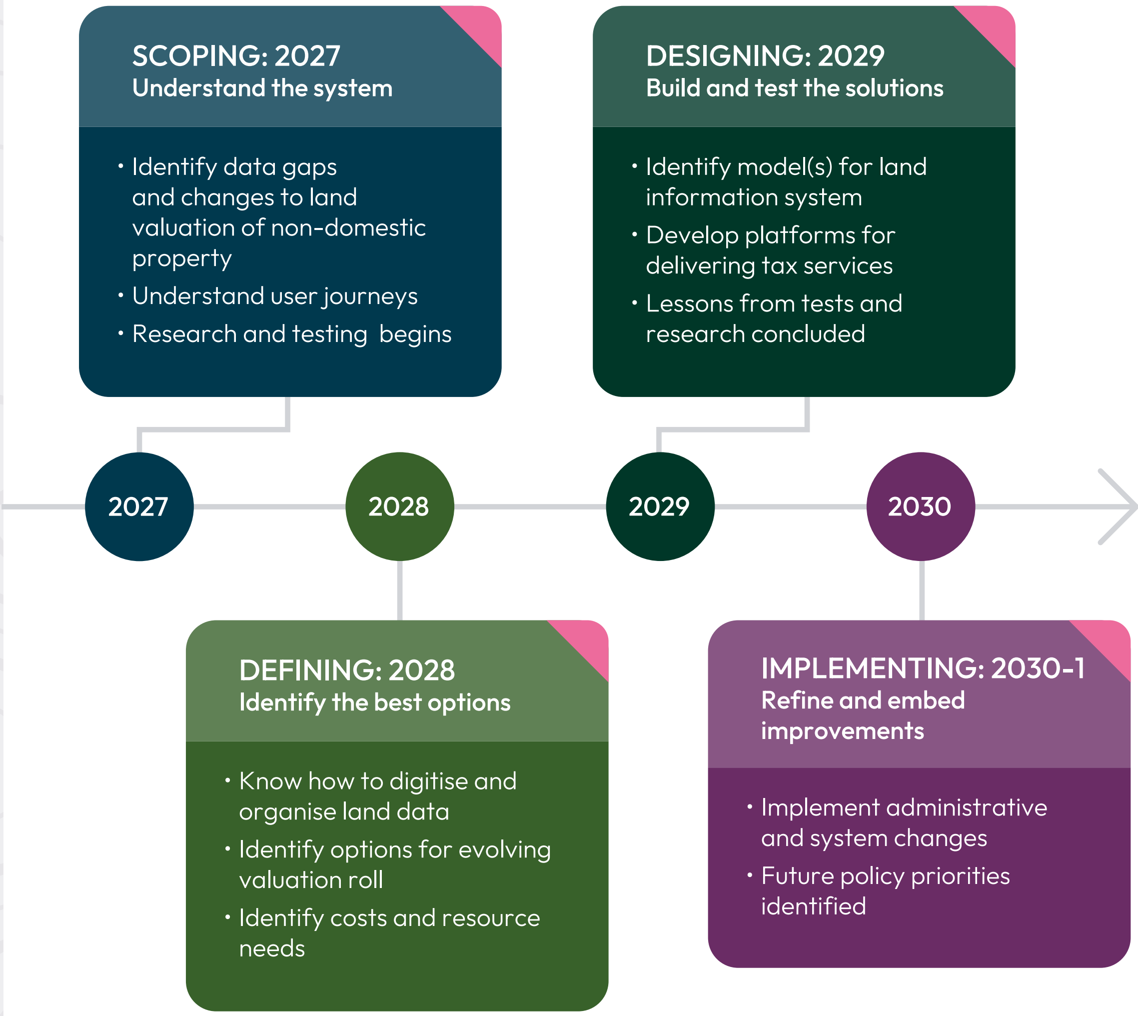
Collaborative - This work contributes to delivering public service reform, making better use of public data and systems, and more clearly joining up policy with the delivery of outcomes. This will require leadership and collaboration across the public sector, reflecting the aims of Scottish Government's approach to public service reform strategy.[11] It will also need the public sector to work directly with the people that policy, service and product will impact or be used by.[12]

Whether the intent of future policy is to move towards land value taxation and/or introduce targeted tax reforms to achieve environmental or other land use outcomes, the practical barriers and limitations of the current system remain the same.

How reform can be delivered

The route-map provides a direction of travel that within five years would improve the land tax administration. It sets out practical milestones that Scottish Government can deliver with the collaboration of public sector delivery bodies. Delivering the workstreams requires further, more detailed development and a programmatic approach as they are closely interlinked. The Scottish Land Commission can support programme delivery through convening stakeholders and advising Scottish Government.

Each stage of the programme will deliver improvements that support policy delivery and efficiency while making progress to an improved system of land administration. Broad phases of work and key milestones include:



A phased programme delivering benefits from the outset includes the following building blocks:

Make better use of land data for tax decisions

Intended outcome

A more complete system of land information that shares public sector data to inform tax decisions in real time.

Why this matters

Access and availability of high quality and up-to-date land data is required to help design and implement tax changes. A more complete and transparent approach to land information increases trust and creates a high-performing tax system.

Limitations of land ownership, use and emissions information are limiting the use of scenario modelling and new policy mechanisms. Other tax jurisdictions have more complete and technologically advanced systems, with automation and interconnected data systems supporting public service delivery.

Steps to deliver by 2031:

1. Map baseline land data requirements (including use, ownership and values).
2. Identify needs and options for organising and digitising land data.
3. Assess and identify delivery models for improved system of land information.

To do this, public bodies should work in collaboration to identify data and system needs. The Scottish Land Commission will convene a Land Data Implementation group that can help lead this.

Benefits of this approach

From the outset: More up-to-date land information will benefit and inform tax decisions as improvements are made.

Over the longer-term: Progress towards a land information system can incrementally achieve wide-ranging efficiencies across other policy areas such as land use planning and development.

Improve land and property valuation

Intended outcome

Make it easier to value land and property regularly and for valuation to operate alongside other types of land data.

Why this matters

Scottish Government is already taking steps to update and improve Non-Domestic Rates and Council Tax reform. However, more steps are needed to ensure that it becomes easier to value land and property regularly and that it operates alongside types of land data.

This is crucial to deliver more effective and targeted fiscal policy, improve transparency and effectiveness and align with international approaches to valuation for tax policy. For example, the valuation roll is the only public record of non-domestic property value, but certain land types are exempt. Considering how and why land is valued is an essential starting point to inform future tax and fiscal policy.

Steps to deliver by 2031:

1. Assess opportunities and barriers to improving system of land valuation for non-residential property.
2. Develop options for extending the valuation roll or developing additional public registers.

Research into international valuation approaches offers an assessment framework and a starting point to inform options.[13]

Benefits of this approach

From the outset: Support changes to the current non-domestic rates system and inform more targeted tax measures to unlock economic activity.

Over the longer-term: Support more effective and targeted fiscal policy, improve transparency and effectiveness, and better align Scotland with international approaches to valuation for tax policy.

Build a more joined-up system for delivery

Intended outcome

A coordinated and user-focused approach to land tax administration that has the capacity, resources and digital infrastructure needed to support wider tax reform.

Why this matters

Fiscal reforms should deliver value for money and real impact. To help with this, a better understanding of capacity in the system to introduce changes and support wider tax reforms is required such as expanding the valuation roll, developing digital platforms or portals for improved tax administration.

This involves looking at all interactions and users of the system including local authorities, assessors and taxpayers.

Steps to deliver by 2031:

1. Map user journeys and experiences of land tax administration.
2. Identify digital transformation and resource needs.
3. Develop a platform that supports the delivery of tax services.

This plan should be developed in collaboration with public bodies such as COSLA and Revenue Scotland and should be fully costed. It should be informed by the Scottish Approach to Service Design and be user-centred.

Benefits of this approach

From the outset: A coordinated, whole-system approach will help identify and address problems early and scope practical opportunities for collaboration.

Over the longer-term: Identify efficiencies across the public sector and enable resources, knowledge and expertise to be shared effectively.

Innovate and test to support land policy

Intended outcome

Research, model and test the capacity of the tax administration system to support land-based tax policy proposals.

Why this matters

Research into a carbon land tax and tax impacts on reuse of derelict land identifies that there is rarely a single tax 'solution' and that a systems-approach across different policy areas is required to tackle complex policy problems.

If land-based taxation is to play a greater role in supporting policy priorities such as reducing emissions from peatland or supporting town centre regeneration then there is a need to research, model and test the capacity of the system of tax administration to support policy proposals.[14 15]

Testing and piloting elements of the system is important to ensure it is fit for purpose and fits within a wider strategic policy context.

Steps to deliver by 2031:

1. Commit to working with a local authority to test tax reforms supporting reuse of derelict land.
2. Create a facility to explore and model land-based taxes.

Scottish Government could choose several land policy challenges to test alongside the above workstreams. Research institutions and programmes such as Scottish Government's CivTech challenge can facilitate and support delivery of these steps.

Benefits of this approach

From the outset: Help identify more immediate tax interventions and bring to the fore issues that are impeding the delivery of local taxes.

Over the longer-term: Develop a tax administration system that is fit for purpose and better able to support place-based outcomes and wider strategic policy priorities.

Appendix: Evidence underpinning the route-map

Our work on land and tax

The Scottish Land Commission has been working with Scottish Government to advise on the role of tax in supporting land reform and the reduction of greenhouse gas emissions from land. This included a reference to exploring the option of a carbon land tax.

In March 2026, the Scottish Land Commission concluded this phase of work and published advice to Scottish Ministers.[16] This advice notes opportunities to deliver national priorities using taxation to further land-based activity and outcomes but also found significant practical challenges to designing and implementing new taxes such as a potential carbon land tax. The system of tax, data and valuation is disjointed and limited in supporting the development of new tax policies. A better understanding of several key issues is needed including ownership and tenure implications, relationship with other fiscal levers and capacity in the system to deliver on intended tax objectives.

As a result of this phase of exploratory work, the Scottish Land Commission concluded that it does not support the introduction of a carbon land tax in the short term but sees potential for developing these areas further to give Scottish Ministers the option to use tax across a number of policy areas, including climate change and land reform in the future.

To do this, the Scottish Land Commission advised that Scottish Government needs a plan to modernise the land and property tax administration system starting with bringing land information together. This is a longer-term, practical programme and comprising of several key building blocks including land data, valuation and delivery.

What the evidence tells us

The route-map draws on the Scottish Land Commission's 2021 advice, research and insights.

The research on tax and the reuse of Scotland's long term derelict land concludes that the reuse of derelict land is a public policy priority which does not benefit directly from tax incentives.[17] It suggests that a national tax approach is unlikely to address issues around viability given the wide range of end-uses and challenges linked to collecting and distributing taxes. Instead, a more targeted and place-based approach to land and property tax incentives could be more effective. For example, tax incentives could be restricted to defined areas such as areas with clusters of derelict urban sites within areas of deprivation with potential for reuse for employment to support economic development or housing to help meet the housing emergency. That would bring vacant and derelict land 'into' the wider tax policy priorities. The findings highlight that Scotland has a regressive and complex land and property tax system and that a single tax treatment 'solution' is not easily envisaged.

Research into understanding the impacts of re-introducing rates for shooting and deer forests considers the fiscal and economic effects following removal of the exemption for shooting and deer forests from the valuation roll.[18] This was introduced under the Land Reform (Scotland) Act 2016. The aim is to understand the impacts of recent changes to the valuation and bringing certain commercial activities and land into the tax system. The research was undertaken before changes to the Small Business Bonus Scheme reliefs were introduced in 2026 which affected the eligibility criteria for shooting and deer forests.

The findings suggest that only 63 out of 11,280 properties had a rateable value above £12k and just 13 exceed £20k. Before factoring in reliefs, the total rateable value of shooting properties was approximately £13.5 million in 2024-25. After reliefs had been applied, the net revenue of sporting rates in 2025 was around £2.2 million. This represents less than 0.1% of overall non-domestic rates income. Given the relatively small fiscal scale, material sector-wide economic effects are unlikely to have been significant. It points to the need to consider trade-offs between administrative effort and revenue yield. Furthermore, there is no baseline pre-2017, no time series or business-level data to inform decisions stressing the need for better data to monitor policy impact and demonstrate fiscal responsibility.

Research into international approaches to land information systems/cadastres finds that modern cadastral systems are evolving into multi-functional Land Information Systems (LIS) that integrate legal, spatial, and additional datasets such as land value and land use. These systems are fully digital and increasingly interoperable across government, supporting a wide range of functions including taxation, planning, environmental policy, and infrastructure development. The foundation to a successful system is completeness of information and data. Interoperability (how systems interact) can aid the process by providing real-time data exchange between systems and help with tax integration. Similar interoperability could be added to existing databases of non-domestic rates, and potentially licencing and land use planning. Spillover benefits can arise from a multifunctional and transparent cadastral system.

Research on international approaches to land valuation finds that regular, transparent, and data-driven valuations help governments raise revenue fairly and make better use of land. By looking at international comparators, it identifies a need for a transparent and independent approach to valuation, the importance of data and technology in supporting mass appraisal and digital integration to keep valuations current and cost-effective, the importance of regular revaluation and the inclusion of environmental factors in valuation processes. This can support fiscal and land use policy in turn.

Research into the international experience of land value taxation finds that there are strong theoretical benefits for land value taxation.[19] However, in practice it is complex and there are a number of issues that must be addressed including having up-to-date land ownership, valuation and use information. Factors such as the relationship between the tax and land use planning system as well as public acceptability are significant. International experience shows that any moves toward successful implementation have been accompanied by efforts to raise awareness and a well-informed public debate.[20] Rather than introducing sweeping reforms for a single land value tax, it discusses the options for steadily increasing the role of land values in the tax base.

Key conclusions

In conclusion, the findings suggest that:

1. Complete, up-to-date and digitised information about ownership, use and value is required to keep pace with international standards for fiscal policy.

2. Discretionary tax powers, use of reliefs and exemptions should be considered to ensure a place-based approach to fiscal policy.

3. Tax must be considered as part of a strategic, joined-up fiscal policy response. The administrative costs must be considered in the context of public spend and investment i.e. short-term intervention vs longer-term gain.

4. A pragmatic, incremental approach is required to deliver reforms and to avoid significant distortive effects and unintended consequences.

The body of evidence and sector expertise offer solutions, frameworks and ideas to inform next steps.

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Scottish Land Commission
Coimisean Fearainn na h-Alba

Scottish Land Commission
An Lòchran
10 Inverness Campus
Inverness
IV2 5NA
info@landcommission.gov.scot
01463 423 300
www.landcommission.gov.scot

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