



BAA Press Release

BAA – Aggregates Levy Update 18 October 2013

More than eleven years after the ill-conceived Aggregates Levy was introduced in April 2002, real progress is finally being made. Following a favourable judgment by the EU General Court, HMRC are being compelled to suspend most of the exemptions and the Treasury have opened a consultation. <http://www.hmrc.gov.uk/briefs/excise-duty/brief3113.htm>

This consultation is open for submissions until November 15th and all quarry operators are strongly advised to contact aggregateslevy@hmtreasury.gsi.gov.uk register for the consultation and make their feelings plain about the difficulty of paying a £2.00 per tonne, additional, tax in the middle of a serious recession, especially in a market often skewed by exempt materials from other quarries.

HMRC faces major problems in complying with EU law as it is not simply a case of them removing exemptions. In many cases they will have to identify and approach companies who are not registered for the Levy, inform them that not only will they have to start paying £2.00 per tonne from April 2014 but they will also be liable to pay for the previous eleven years as well. As you can imagine this will go down like a lead balloon and Customs will know this. How many companies will have eleven [soon to be twelve] years of sales figures and how many, if any, companies could survive a retrospective payment of this magnitude?

Quarry companies in Northern Ireland are particularly exposed. They are all registered and they have all submitted AGL returns so HMRC has a record of their sales. NI operators had a derogation, when we were paying £1.60 they were only paying 32p and then 40p to our £2.00. The derogation was withdrawn in December 2010 and NI operators have since been having enormous problems with cross border competition and exempt materials.

The only rational way out of this mess for all parties is for the Aggregates Levy to be scrapped and replaced by a modest levy of 10p per tonne to be used to fund projects nearby the operating site. This would not require any input from HMRC and would be administered by the local community council in partnership with the operating company.

However, to get to this point, we will first of all have to convince Treasury that the Levy in its present form is unacceptable, commercially regressive and economically flawed. The BAA recently asked the Mineral Products Association, MPA, to support a call for the Levy to be scrapped but they refused. This is unfortunate but echoes the position that the then QPA adopted in 2001 whereby it declined to support our legal challenge. It is extremely difficult for any industry to make effective representations to the authorities when its associations are so clearly divided between the interests of SME private companies and those of the remaining five majors who lay claim to 80% of all sales.

Quarry operators are also advised to copy any representations made to the Treasury consultation to their MP

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