











BAA Press Release Immediate 10th February 2014

Quarry Industry told "Get It In Writing"

The British Aggregates Association (BAA) has warned quarry operators who have a full or partial exemption to the Aggregates Levy that HM Treasury may be giving them misleading and potentially disastrous information.

Most of the exemptions, based on the geology of the rock being quarried are to be withdrawn on April 1st because of a ruling by the EU General Court. However, under EU Competition Law all State aid, if subsequently found to be illegal, must be repaid in full plus interest from the time it started. The Aggregates Levy was introduced in 2002 and the EU is presently holding a "Phase II" investigation into the legality of certain exemptions including aggregates from slate, shale and china clay.

Having to stump up twelve years of unpaid Levy would almost certainly put a great number of operating companies into liquidation. In an effort to avoid a hostile reaction, Treasury has claimed that it will not require payment of back Levy. However, State aid law demands otherwise and the BAA has obtained a legal opinion from a top law firm Herbert Smith Freehills which points out that a decision not to recover illegal State is not within the UK's power.

BAA Director Robert Durward:

"It is now clear that ultimate power in this matter resides with the EU and not the UK. Operators who are concerned about the possibility of having to repay up to twelve years Levy are advised to seek expert legal advice without delay. They could of course also ask HMRC for a written undertaking, specific to their company, that back Levy will not be collected. HMRC's response, if they get one, will tell them all they need to know."

Ends.

Notes to editors:

- 1. A more detailed explanation is here PDF
- 2. Legal opinion from Herbert Smith Freehills (31st January 2014) PDF
- 3. Extract from meetings with Treasury Officials (15th and 18th November 2013) PDF
- 4. **HMRC Brief 31/13 -Suspension of certain aggregates levy exemptions (**18th October 2013) PDF
- 5. Copy of Letter to Danny Alexander, HM Treasury (22nd August 2013) PDF

The Association represents the interest of the SME privately owned independent industry sector with some 115 members, 70 who own and operate quarries throughout the UK with 13% of national output and over 300 individual sites. We are fully represented with other industry bodies and with local, national and EU government and policy makers.

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