

## **From Construction News - 2 November 2006**

### **Euro tax decision will hurt other sectors, say quarriers**

British Aggregates Association Director warns court decision will lead to galloping eco-taxation

PRODUCERS have warned that a European court decision over the legality of a UK tax on aggregates could affect employers in other industries. Quarriers said that a decision last month to reject claims from industry body the British Aggregates Association that the Aggregates Levy was illegal under state aid rules could lead to governments introducing extra tolls under the guise of environmental taxation.

It warned that many industries could suffer from extra environmental taxes.

Now BAA director Robert Durward has written to Richard Lambert, director general of employers organisation the Confederation of British Industry, to warn it that its members could be hit by increased taxation.

He claimed that, unless the decision by the Court of First Instance in Luxembourg was successfully challenged, European governments would be able to slap extra taxes on companies free of any fear they could be stopped.

In the letter, Mr Durward warned: "Due to the CFI decision, the financial burdens and problems arising from this flawed piece of legislation are now likely to be visited on other industries."

He said: "Our lawyers advise us that if this decision is not successfully challenged then the net result will be to remove previous constraints that prevent blatant misuse of state aid by EU member states. "In short, anything that can be termed an environmental or eco-tax, no matter how loose the rationale, can now discriminate against companies with a similar environmental footprint without the possibility of any legal remedy through the courts."

In September the CFI ruled that the UK Government had not broken the European Commission's state aid rules when it introduced a £1.60 per tonne levy on newly quarried aggregates in mainland Britain but just £0.32 per tonne after tax relief in Northern Ireland in May 2004.

If the BAA is to continue its battle against the aggregates levy it must table a final appeal against the decision to the European Court of Justice by November 13.