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British Aggregates Association Forces Customs U-Turn

Customs and Excise have been forced to rescind a damaging new ruling that would have hit a number of quarry operators, thanks to the vigilance of the British Aggregates Association (BAA).

In August, Customs and Excise unexpectedly changed the guidance for exempting water content from the aggregates levy. Previously, water added to aggregates after quarrying, but before being sold, had been exempt. However, the new guidance insisted that added water was only exempt to the extent that it exceeded the natural water content when the aggregates were dug. The new guidance placed "wet" quarries, extracting aggregate from below the water table, at a disadvantage, while also having a negative impact on all quarries, where washing and drying processes typically wash away much of the original water content.

Acting on the concerns of members, the BAA complained to Customs officials that the new guidance was unfair. In addition, legal advice from the BAA's lawyers, arguing that the new policy was an abuse of power, was shown to Customs officials. Customs and Excise have now confirmed they will make allowances for all added water, as the original legislation intended, and have amended the guidance on their website.

Association Director Robert Durward comments:

"Customs were trying to interpret the aggregates levy more strictly than they were legally allowed to. Their ruling was totally impractical, and meant there was no longer a level playing field. This would have damaged a number of aggregates businesses and I am relieved that we successfully defended our members' interests."

"The real problem results from the ludicrous distinction between "natural" and "added" water in the aggregates levy legislation. The Treasury should rethink this distinction completely, as the current legislation remains flawed.

"With such a poorly designed tax, it is hardly surprising that Customs officials have not been able to make it work sensibly. The aggregates levy has caused numerous practical problems, of which this is but one example."

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