

Quarriers call for PGS exemption

• Blanket planning permission tax unfair on quarries, Treasury told

Mineral workings operations need to be exempt from the Government's proposed planning-gain supplement (PGS), quarriers say, due to land values being more likely to decrease once planning permission has been approved.

The Treasury seeks to raise around £2 billion a year for infrastructure projects for sustainable communities construction and has latched onto one of the recommendations from the Barker review of housing supply to help it achieve this.

The Government seeks to take a financial cut of the increase, or uplift, in land value once a site has gained planning permission.

Both the British Aggregates Association (BAA) and

the Quarry Products Association (QPA) are unhappy about this blanket approach.

"Although there is an initial uplift in land values when planning permissions are granted for mineral extraction, this is far less than the consultation identifies for other forms of development," said the QPA's planning director, Duncan Pollack.

He also points out that unlike residential development, the financial yield from mineral extraction is spread over the life of the working, with land value declining rather than growing over this period.

These points are echoed by the BAA's response to the Government consultation on the matter which closed at the end of February. It also

stressed the geographical nature of the business.

"Another major difference of mineral development against other developments is that our industry is rural and not urban," writes the BAA. An important distinction when the justification for raising money is to fund mostly urban infrastructure projects.

Both the BAA's Peter Huxtable and the QPA's Jerry McLaughlin told *MQR* meetings with the Treasury had been positive and that Treasury officials seemed willing to consider the position of minerals in light of the PGS, which does not make any special provision for those liable for the aggregates levy, landfill tax, or climate change levy.

Prepare for levy victory, advises BAA

• Quarriers should lodge tax claims with Europe

The British Aggregates Association (BAA) is advising members to sign precautionary claims through their solicitors in light of the expected judgement on its case in the European Court over the legality of the European Commission's consultation on the aggregates levy.

Last November the BAA took a case against the EC stating that it had breached the law by not undertaking a full phase 2 investigation into whether the levy broke state aid rules. The ECD should have opened up the inquiry to public consultation, it argues.

The judgement could be made any time up to Christmas this year. If found to breach rules the EC would have to open the consultation to all points of view not just that of the British Gov-

ernment, as the BAA argue.

If it was then found the levy was breaking state aid it is probable those outside the regulations at present, such as china clay and slate producers, would have to pay the backdated levy.

However, the BAA feels this is the start of the general removal of the levy and are advising members to lodge a claim before April as this is when the three-year window to claim back the tax closes.

"It is a case of putting your marker down. If you apply now then any potential claim can go back the full period to April 2002. If not you start to lose the period in which you can claim," the BAA's Richard Bird told *MQR*.

The BAA also has a case in Europe arguing Northern Ireland's 80% derogation from the tax breaks state aid.