



PRESS RELEASE
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Another Milestone for the British Aggregates Association

Last week's EU Phase II decision, which found illegal State aid in the Aggregates Levy (AGL), marks yet another significant victory for the BAA. Although it will be some time yet before the full text of the decision is published, it is clear that the foundations of the Levy itself have now been cracked.

BAA Director Robert Durward;

“What makes this result all the more remarkable is the fact that the BAA has been fighting its case single-handed. Not only has the Mineral Products Association (MPA) consistently refused to back our call for the tax to be withdrawn, or replaced with something sensible, but it boasts of ‘working closely with the Treasury.’ This division does not happen in other sectors and is not in the best interests of our industry.”

From what has been announced so far, it would appear that the Commission has either got it wrong on certain of the other exemptions or it has once again stretched the law. This is what happened in Northern Ireland when an earlier Phase II investigation decided that the NI Aggregates Levy Credit Scheme, (ALCS), was not illegal. However, despite a great deal of pressure from NI operators and politicians, the scheme cannot be reinstated on the same basis. This rather obvious contradiction would appear to cast serious doubt on the impartiality of the Commission.

Under State aid law, a large number of companies across the country who have been selling shale aggregates could now be faced with AGL bills going back to 2002 plus compound interest. This ridiculous situation is the direct result of the Government's failure to accept that the Aggregates Levy was flawed, something that the BAA has been pointing out with some force since well before the case first went to court in 2002.

Robert Durward;

“We have always said that the eventual demise of the AGL could be messy and a number of our own members are also now at risk of having to repay shale exemptions. However we have obtained legal advice on the matter and the association will support companies faced with draconian bills from HMRC.”

Despite claims by HMRC that the AGL is now in the clear this is far from being the case. The environmental façade of the Levy has been discredited and the BAA has a hearing in the Court of Appeal in November to challenge the 2002 judgment by Justice Moses that the Levy did not involve State aid. Although there is a way to go yet, the BAA fully expects that this hearing will provide, at the very least, yet another step in the right direction.

1st April 2015

ENDS

Notes

1. BAA represents the interests of some 70 independent UK-owned SME aggregate producers
2. EU Press Release 27th March http://europa.eu/rapid/press-release_IP-15-4713_en.htm?locale=en
3. HMRC Customs Brief 6/15 27th March
<https://www.gov.uk/government/publications/revenue-and-customs-brief-6-2015-reinstatement-of-aggregates-levy-exemptions-exclusions-and-reliefs/revenue-and-customs-brief-6-2015-reinstatement-of-aggregates-levy-exemptions-exclusions-and-reliefs>
4. HM Treasury Press Release <https://www.gov.uk/government/news/eu-decision-on-aggregates-levy-ends-period-of-uncertainty-for-large-part-of-industry>

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