



HM Treasury

Review of the Aggregates Levy

29th May 2019

10:30 – 12:30



HM Treasury

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Introductions and opening remarks

Minutes of the 1st Working Group meeting

Ann-Therese Farmer (Chair)



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Update on the Review

Christina Hart

Update on the Review

- Follow up on some of the thoughts from the 1st working group meeting, including natural capital accounting, biodiversity and recycling.
- Continued our engagement across government and with the devolved administrations:
 - other govt departments including DEFRA, BEIS and MHCLG.
 - Scottish Government - to discuss the review and devolution.
 - Updated Welsh Government on the review.
 - NI civil service - to understand their views and the context of the levy in NI.
 - Met with HMRC's compliance team for environmental tax in NI.
- The Exchequer Secretary met with Kate Forbes MSP.



Stakeholder engagement

- Stakeholder engagement to date:
 - Committee of the British Ceramic Confederation
 - MPA Wales Conference
 - Woodland Trust
 - Construction Employers Federation NI
 - NI Environment Link
 - Mineral Products Association
 - British Aggregates Association



Visits – Surrey, London and Cheshire (organised by MPA)

Day Group

- Recycling and logistics in Purley, London
- Discussed the applications for recycled material and some of the market dynamics.



JJ Franks

- A new sand extraction site near Redhill, Surrey
- Discussed the planning process and its conditions, as well as some of the remediation they are doing while operating. Viewed a lake they are creating as a biodiverse habitat.

Sibelco

- Silica sand site in Congleton, Cheshire
- Viewed the whole 'production' process; discussed the varied properties and applications of silica, different markets for silica sand.



Visits – Northern Ireland (organised by MPA NI)

Creagh Concrete Brackagh

- A sand and gravel site on the edge of the Sperrins area of natural beauty.
- We discussed compliance issues, both within NI and cross-border compliance issues.
- We heard that the Aggregates Levy Credit Scheme helped raise standards.



RJ Mittens

- Crushed rock site, very close to the border in Co. Fermanagh.
- In addition to discussing compliance issues, we heard that sales to GB and RoI were crucial for sustaining the sector during the financial crisis.
- We also heard that cash flow is a bigger challenge for NI.

Robinson Quarry Masters

- Supplier of hard rock basalt and concrete blocks in Co. Antrim.
- We discussed the administrative burden of the tax, the £2 per tonne 'flat' rate and how it affects sales of low-value products.



Upcoming engagements

- A roundtable in Edinburgh hosted by MPA Scotland, with BAA, Scottish SMEs, Scottish Environment Link.
- Visit to ball and china clay sites in the South West.
- MPA's annual minerals conference in London.
- RSPB organised visit to quarry restoration projects in Cambridgeshire.
- Visit to a large crushed rock site and a heavy clay site in the East Midlands.
- We're open to other meetings.



Also, the 3rd meeting of this Working Group and meeting with the Exchequer Secretary





HM Revenue
& Customs

Aggregates Levy Review: Expert Working Group

29 May 2019

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- Scope of the Aggregates Levy
- What is aggregate?
- When is Aggregates Levy due?
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Scope of the Aggregates Levy

The Aggregates Levy is a tax on primary virgin rock sand and gravel used in construction for its bulk properties.

The intended scope is achieved through a series of exclusions, exemptions and reliefs.

The following slides provide a simplified description of the structure of the levy.

These slides are not intended as legal guidance. For details of how the levy works in practice please see Notice AGL1.

What is aggregate?

For the purposes of the levy, aggregate is **sand, gravel and rock** along with anything that's incorporated in them or naturally mixed with them.



When is Aggregates Levy due?

Aggregates levy is due on **taxable aggregate** when it is **commercially exploited** in the UK.

“**Commercial exploitation**” is the first of any of the following **four events**:

1. **Removed** from the originating site
2. Subject to an **agreement to supply** it to any person
3. Used for **construction purposes**
4. **Mixed** with anything other than water



What aggregate isn't taxed?

Levy isn't due on aggregate that's

- previously had **levy paid** on it (which wasn't later relieved).
- previously been used for construction purposes (**recycled** aggregate)
- **not commercially exploited**
- specifically **exempt**
- **the intended product of an exempt process**

There are also circumstances in which taxable aggregate can qualify for **relief**.



Aggregate not commercially exploited

There is no commercial exploitation when aggregate is

- moved to a site within the same registration
- moved to a registered site to have an exempt process applied to it
- moved to a site to have china clay or ball clay extracted from it
- returned to the land at the site from which it was won, unmixed with anything except water
- won by an agricultural or forestry business from its own site and used, unmixed, on another of its sites.



Exempt aggregate 1

The following materials are **exempt** when they are **wholly or mainly**

- **coal, lignite or slate**
- **clay, soil, vegetable or other organic matter.**
- **spoil or by-products from industrial combustion or metal smelting and refining**
- **drill cuttings** from oil exploration in the UK
- material from **utility works**, such as laying gas or water pipes



Exempt aggregate 2

The following materials are exempt when they are **wholly**

- aggregate dug to lay **foundations, pipes and cables**
- aggregate **dredged** from rivers, canals, ports and harbours
- aggregate dug to build or improve **roads**
- aggregate dug to build or improve **railways**
- **china clay and ball clay waste**
- processing **waste** from extracting
 - certain **industrial minerals**
 - **coal, lignite or slate**from other aggregate after extraction.



Exempt processes

The **intended products** of certain **processes** are not “aggregate” for the purposes of the legislation:

- using **shale for a non-construction purpose**
- cutting rock to make building and facing stone (called “**dimension stone**”)
- producing **lime or cement** from limestone or from limestone and anything else
- extracting certain **industrial minerals** or otherwise separating them from any aggregate



Industrial minerals

- anhydrite
- ball clay
- barytes
- china clay
- feldspar
- fireclay
- fluorspar
- fullers earth
- gems and semi-precious stones
- gypsum
- metal ore
- muscovite
- perlite
- potash
- pumice
- rock phosphate
- sodium chloride
- talc
- vermiculite



Reliefs

Aggregate may be fully relieved if it's:

- **exported** from the UK in the form of aggregate
- used in a prescribed **industrial or agricultural process**
- **returned to its originating site**, unprocessed
- used for **beach replenishment**
- disposed of to **landfill**
- used in an **exempt process** after levy has been accounted for



Industrial and agricultural processes

38 industrial processes

7 agricultural processes

See Notice AgL2 for full details



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Closing Remarks

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