

## EXPLANATORY MEMORANDUM TO

### THE AGGREGATES LEVY (REGISTRATION AND MISCELLANEOUS PROVISIONS) (AMENDMENT) REGULATIONS 2015

2015 No. 1487

1. This explanatory memorandum has been prepared by HM Revenue and Customs ('HMRC') and is laid before the House of Commons by Command of Her Majesty.

#### 2. Purpose of the instrument

2.1 This instrument amends the Aggregates Levy (Registration and Miscellaneous Provisions) Regulations 2001 ('the principal Regulations') which deal with exemption from registration and obligations to notify HMRC of activities that fall within certain exemptions. The instrument removes the requirement to register for businesses that no longer have an aggregates levy liability as a result of the restoration of certain exemptions, which is being done retrospectively from 1 April 2014 by legislation included in the Finance Bill 2015.

2.2 All of the changes made by this instrument take effect on 1 August 2015. Unlike the restoration of the exemptions, the removal of the requirement to register included in this instrument is not retrospective because HMRC needs to retain the requirement that businesses were required to register for aggregates levy during the period the exemptions were suspended.

#### 3. Matters of special interest to the Select Committee on Statutory Instruments

None.

#### 4. Legislative context

4.1 The primary legislation relating to the aggregates levy is contained in sections 16 to 48 of, and schedules 4 to 10 to, Finance Act ('FA') 2001 as amended. Powers in sections 24(4) and 45(5) of the Act provide for the Commissioners to make regulations about the registration for aggregates levy, including such supplementary, incidental, consequential or transitional provision as the Commissioners may think fit. These powers were used to make the principal Regulations.

4.2 Regulation 3(1), (2), (3) and (4) of the principal Regulations deal with registration and notification requirements.

4.3 The restoration of the levy exemptions is being made by legislation included in Finance Bill 2015. The legislation will come into force on 1 August 2015 under a resolution made under the Provisional Collection of Taxes Act 1968 and will have effect on and after 1 April 2014.

## **5. Territorial extent and application**

This instrument applies to all of the United Kingdom.

## **6. European Convention on Human Rights**

As the instrument is subject to negative resolution procedure and does not amend primary legislation, no statement is required.

## **7. Policy background**

7.1 Certain exemptions from the aggregates levy were suspended with effect from 1 April 2014 pending the outcome of a State aid investigation by the Commission. The Commission announced its decision on 27 March 2015, concluding that the aggregates levy as a whole and all of the exemptions (with the exception of part of the shale exemption) were lawful. Revenue & Customs Brief 6 (2015) announced that the suspended exemptions would be reinstated with effect from the day they were suspended, with changes to the scope of the shale exemption to reflect the European Commission's decision.

7.2 It is necessary to make consequential changes so that businesses whose sole activities are the commercial exploitation of aggregates that revert to exemption are no longer required to register or account for the levy.

7.3 This instrument makes only minor changes to the principal Regulations and so there are no plans for consolidation.

## **8. Consultation outcome**

HMRC consulted widely on the suspension of the exemptions and consequential amendments. It also exposed this instrument in draft to the trade associations affected by aggregates levy, and industry advisers, and has considered comments received before finalising the instrument.

## **9. Guidance**

Details of the reinstatement of the suspended exemptions and consequential amendments to the rules on registration are explained in a Tax Information and Impact Note (TIIN) published on 8 July 2015. Two public notices covering aggregates levy, which are available at [www.gov.uk](http://www.gov.uk) will be updated in due course to reflect these changes.

## **10. Impact**

10.1 HMRC estimates that there will be a negligible impact on a small number of businesses that will have one-off costs associated with de-registering from the levy.

10.2 There will be no impact on the public sector.

## **11. Regulating small business**

11.1 The legislation applies to small business that commercially exploit specified types of aggregate.

11.2 No special approach has been taken to minimise the impact of the requirements on small businesses.

## **12. Monitoring & review**

These changes will be kept under review through communication with affected taxpayer groups.

## **13. Contact**

**Catherine Osborne** at HMRC, telephone 03000 536971 or email [catherine.osborne@hmrc.gsi.gov.uk](mailto:catherine.osborne@hmrc.gsi.gov.uk), can answer any queries regarding the instrument.