

## EXPLANATORY MEMORANDUM TO

### THE AGGREGATES LEVY (GENERAL) (AMENDMENT) REGULATIONS 2018

2018 No. 395

#### 1. Introduction

- 1.1 This explanatory memorandum has been prepared by HM Revenue & Customs and is laid before the House of Commons by Command of Her Majesty.
- 1.2 This memorandum contains information for the Select Committee on Statutory Instruments.

#### 2. Purpose of the instrument

- 2.1 This instrument amends the Aggregates Levy (General) Regulations 2002 (S.I. 2002/761) (“the General Regulations”) from 1 April 2018 as a consequence of changes to the scope of Landfill Tax. The General Regulations provide a credit for the purposes of Aggregates Levy for aggregate “disposed of to landfill”. This instrument amends the definition of that term to ensure that, following the Landfill Tax changes, the credit will continue to be available for disposals in all parts of the United Kingdom, and at authorised landfill sites only (which requires what is regarded as an authorised site to be defined by reference to the legislation applicable in all parts of the UK).

#### 3. Matters of special interest to Parliament

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

- 3.1 This instrument is made and laid fewer than 21 days before it comes into force. It is made ancillary to changes to the UK Landfill Tax primary legislation made by the Finance Act 2018 (“FA 2018”) and to the devolution of Landfill Tax to Wales with effect from 1st April 2018. The changes to UK Landfill Tax come into force on 1st April 2018 and it was undesirable to make this instrument in this form without certainty that those changes would be made by FA 2018. The FA 2018 received Royal Assent on 15th March 2018, fewer than 21 days before 1st April 2018. This instrument is made and laid as soon as reasonably practicable following Royal Assent.

##### *Other matters of interest to the House of Commons*

- 3.2 As this instrument is subject to negative resolution procedure and has not been prayed against, consideration as to whether there are other matters of interest to the House of Commons does not arise at this stage.

#### 4. Legislative Context

- 4.1 Aggregates Levy was introduced from 1 April 2002 and is provided for by sections 16 to 48 of, and Schedules 4 to 10 to, Finance Act 2001.
- 4.2 Landfill Tax was introduced from 1 October 1996 and is provided for by sections 39 to 71 of and Schedule 5 to, the Finance Act 1996.
- 4.3 This is one of the three instruments required to support the extension of the scope of Landfill Tax to unauthorised sites. The other two are the Landfill Tax (Disposals of

Material) Order 2018 and the Landfill Tax (Miscellaneous Provisions) Regulations 2018.

## **5. Extent and Territorial Application**

- 5.1 The extent of this instrument is the United Kingdom.
- 5.2 The territorial application of this instrument is the United Kingdom.

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

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

## **7. Policy background**

### *What is being done and why*

- 7.1 Aggregates Levy was introduced from 1 April 2002 as an environmental tax on commercially produced rock, sand and gravel used as bulk-fill in construction. Its environmental purpose is to reduce the extraction of fresh aggregate and encourage recycling and use of by-products from other industrial processes.
- 7.2 A credit is available within Aggregates Levy legislation for aggregate disposed of to landfill. This prevents the same material being subject to both Aggregates Levy and Landfill Tax.
- 7.3 Recent changes to Landfill Tax legislation have made it necessary to amend the definition of “disposed of to landfill” within the General Regulations. This instrument, first, clarifies that the credit will continue to apply in respect of landfill disposals in Scotland and Wales following devolution of Landfill Tax to Scotland from 1 April 2015, and to Wales from 1 April 2018.
- 7.4 Further, following the extension of the scope of Landfill Tax to illegal waste sites from 1 April 2018, it has become necessary to exclude the possibility of a credit against Aggregates Levy being allowed for aggregate disposed of at a place other than an authorised landfill site. It would be inconsistent with the policy intentions behind the extension of Landfill Tax to allow such a credit to be available.

### *Consolidation*

- 7.5 There is no current intention to consolidate the amendments that have been made to the General Regulations.

## **8. Consultation outcome**

- 8.1 A draft of this Instrument was exposed for public consultation on 22 January 2018. Full consideration has been given to comments received.

## **9. Guidance**

- 9.1 Guidance to the Aggregates Levy is published in Notice AGL1 on [www.gov.uk](http://www.gov.uk). No changes to the guidance are necessary as a result of this instrument as there is effectively no change to the current position.

## **10. Impact**

- 10.1 There is no impact on business, charities or voluntary bodies.
- 10.2 There is no impact on the public sector.
- 10.3 A Tax Information and Impact Note has not been prepared for this instrument as it contains no substantive changes to tax policy.

## **11. Regulating small business**

- 11.1 The legislation applies to activities that are undertaken by small businesses.
- 11.2 No specific action is proposed to minimise regulatory burdens on small businesses.
- 11.3 The basis for the final decision on what action to take to assist small businesses was that the measure merely ensures the continuation of current arrangements for credits to Aggregates Levy, and the claiming process for those credits is already simple.

## **12. Monitoring & review**

- 12.1 The impact of this measure will be monitored and evaluated as part of the normal tax compliance process.

## **13. Contact**

- 13.1 Claire Hardy at HM Revenue & Customs, Telephone: 03000 585958 or email: [claire.hardy2@hmrc.gsi.gov.uk](mailto:claire.hardy2@hmrc.gsi.gov.uk) can answer any queries regarding the instrument.