

Scottish Aggregates Tax Bill Advisory Group – Meeting 1
Thursday 2 March 2023, 1500-1630 hrs
Meeting Record

Attendees

- Tom Arthur MSP - Minister for Public Finance. Planning and Community Wealth
- Eric Brown - Chartered Institute of Taxation
- Lauren Darby - British Ceramic Confederation
- Alex Doig - Scottish Government (Chair)
- Jocelyne Fleming - Chartered Institute of Building
- Angus Hamilton - Scottish Environmental Services Association
- Alan MacKenzie - Mineral Products Association Scotland
- Joseph Mankelow - British Geological Survey
- Drew Murdoch - Resource Management Association Scotland
- Paul Percy - British Glass
- Mike Phillips, British Aggregates Association
- Kat Quane - Transport Scotland
- Justine Riccomini - Institute of Chartered Accountants of Scotland
- Lucas Scally - Zero Waste Scotland
- Ed Turner - Scottish Environment Protection Agency
- Kathy Wormald - Scottish Environment Link
- Derek Yule - Convention of Scottish Local Authorities

Apologies

- Grahame Barn - Civil Engineering Contractors Association Scotland

Also Attending

Tom Arthur, Minister for Public Finance. Planning and Community Wealth

Secretariat and Official Support

- Ewan Cameron-Nielsen – Scottish Government
- John Fotheringham – Scottish Government
- Robert Souter – Scottish Government
- James Lindsay – Revenue Scotland
- John McVey – Revenue Scotland
- Mike Paterson – Revenue Scotland

Summary: The Scottish Government hosted the first meeting of the Scottish Aggregates Tax Bill Advisory Group. This meeting provided background regarding aggregate production in Scotland and the context for developing a Scottish Aggregates Tax. The meeting also provided an opportunity for members to discuss initial views on some key issues.

1 Introduction and Welcome

- 1.1 Alex Doig (Deputy Director, Tax Division, Scottish Government - Chair) welcomed the group and thanked everyone for attending. A list of the attendees was put in the meeting chat.
- 1.2 Tom Arthur MSP, Minister for Public Finance, Planning and Community Wealth, thanked attendees for their commitment to support development of the Scottish Aggregates Tax Bill, and set out the important role of the group in considering and discussing key issues relating to this.

2 Supply and demand of aggregates in Scotland

- 2.1 Dr Jo Mankelow, Head of Minerals, British Geological Survey (BGS), gave a presentation on the geological and geographical distribution of aggregates in Scotland, and key statistics and trends relating to the sector.

3 Aggregates sector in Scotland

- 3.1 Mike Phillips, CEO, British Aggregates Association (BAA), gave a presentation on the aggregates sector in Scotland, including key figures, operations and outputs.

4 Objectives for the devolved tax

- 4.1 John Fotheringham, Aggregates Tax Bill Team Leader, Scottish Government, gave a presentation outlining the background to and development of the Bill, progress to date, and the proposed objectives for the tax. Tax.
- 4.2 John McVey, Aggregates Tax Programme Lead, Revenue Scotland outlined the future role of Revenue Scotland in the collection and administration of the devolved tax.

5 Discussion

- 5.1 The Chair invited members of the group to share view on the presentations, progress to date in developing the tax and any initial thoughts and views on key issues.
- 5.2 The Chair also asked if members saw any specific openings that could be worthy of exploration as development of the tax progresses.
- 5.3 Issues raised included the following:
 - Members discussed the important role of aggregates in the Scottish economy, and their importance for several key Scottish Government goals.

- Members discussed the rationale for the tax and how it might best be harnessed to support wider circular economy ambitions.
- Members discussed the supply and demand of primary and recycled aggregate aggregates in Scotland.
- Members discussed the differences between the aggregates industry in Scotland and England and the limitations of the available data.
- Members discussed the data available regarding aggregates production in Scotland and its limitations
- Members discussed Scotland's position as a net exporter of aggregate and the potential impact this might have on the tax base for a Scottish Aggregates Tax
- Members discussed the challenges of using recycled and secondary aggregates, and other novel materials, as an alternative to primary aggregate
- Some members highlighted the risks of unregistered illegitimate aggregate producers undermining taxpaying producers and the potential abuse of borrow pits.
- Members asked if the implications of the UK Internal Markets Act had been considered and highlighted concerns of potential unintended consequences should some of the exemptions and reliefs or other aspects of the devolved tax vary from those of the existing UK Levy
- Some members raised concerns over possible variation in tax rates between Scotland and elsewhere in the UK and the scope for unintended implications to arise.
- Members discussed the potential benefits of transitional provisions which at least initially followed the arrangements for the UK Aggregates Levy.
- Members reflected on the range of legislative, policy and sector-driven initiatives aimed at fostering the circular economy and discussed the UK levy's place in this wider landscape.

6 Closing Remarks

- 6.1 The Chair noted the range of issues raised and the opportunities for discussing these in more detail at subsequent meetings.
- 6.2 The Chair set out the plan for the subsequent meetings of the advisory group, which is that the meetings will focus on:
- The Scope of the Tax - this will consider definitions of aggregate, taxable aggregate and commercial exploitation for the purposes of the devolved tax, and potential exemptions and reliefs from the tax.
 - Cross-Border Movements of Aggregates & Tax Rates - this will consider the cross-border movement of aggregates and the tax treatment of such, and potential approaches to setting tax rates.
 - Administration and Compliance & Sustainability Fund - This will consider Revenue Scotland's general approach to compliance, issues identified in the

context of the UK levy, the proposed Scottish aggregates tax register, and the possibility of providing for a sustainability fund from the tax.

- 6.3 The Chair agreed that dates for the next meeting will be provided as early as practical. (afternote: the next meeting will be 1000-1230 hrs on 24 March, with the option to attend in person at Victoria Quay, Edinburgh or via MS Teams).
- 6.4 The Chair extended an invitation to all members to stay online for a discussion with Revenue Scotland regarding a potential Scottish Aggregates Tax Register.