

## THE CUMULATIVE IMPACT OF TAXATION ON THE UK MINERAL PRODUCTS INDUSTRY

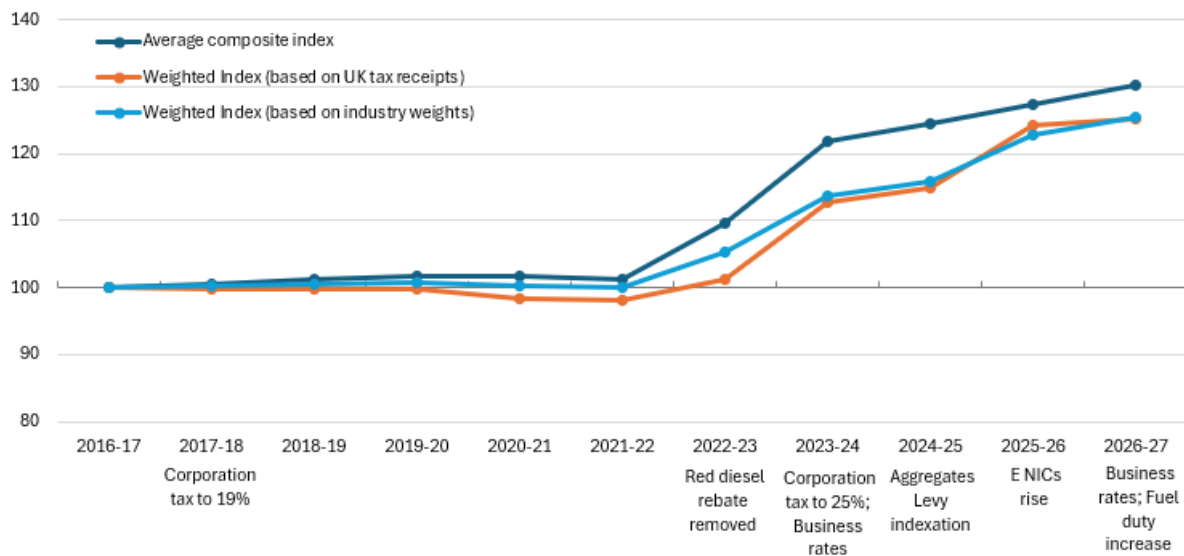
*This paper analyses how recent changes in business taxation have increased the cost burden facing the UK mineral products industry<sup>1</sup>.*

### KEY TAKEAWAYS

- While the impact of taxation affecting the industry was broadly stable until 2021-22, a series of policy changes since 2022 has resulted in significant cost increases.
- By 2026-27, the combined tax burden on the industry is estimated to be 26-29% higher than in 2021-22.
- This increase has occurred at a time of prolonged downturn in construction activity and, therefore, demand for mineral products.

**Across the taxes considered, the Industry's cost burden in 2026-27 is 26-29% higher than in 2021-22.**

Composite tax burden index, 2016-17=100



The mineral products industry operates across a wide range of activities and is exposed to multiple layers of taxation and regulatory costs. Against a backdrop of sustained market weakness, the cumulative cost burden facing businesses has increased materially in recent years, driven by:

- **Higher operating costs**, including for raw materials, energy and labour.
- **Changes in taxes and levies**, including corporation tax, business rates, fuel duty, and the Aggregates Levy.
- **Growing regulatory costs**, for example Biodiversity Net Gain requirements, planning and permitting costs, product conformity requirements, HSE fees.
- **Rising carbon and energy-related policy costs**, from the UK Emissions Trading Scheme to the Climate Change Levy and expanding sustainability and carbon reporting requirements.

This analysis focuses on key areas of business taxation to illustrate how the cumulative cost pressures have evolved over time. It does not seek to capture all cost pressures affecting

<sup>1</sup> This analysis is based on data and policy information available as of February 2026.

the mineral products industry, nor to comment on the merits of individual policies. It excludes energy and carbon policies affecting energy-intensive activities, such as cement manufacturing.

Using an index-based framework, the results show that the combined tax cost burden was broadly stable until 2021-22, before rising materially from 2022 onwards. This reflects a sequence of rapid and significant policy changes across employer National Insurance (2025), the corporation tax rate (2023), business rates (2023, 2026), fuel duty (2022, 2026) and a return to Aggregates Levy indexation (2024).

**By 2026-27, the combined tax burden on the industry is estimated to be 26-29% higher than in 2021-22.**

This increase has occurred at a time when demand for mineral products remains weak, construction activity subdued, and operating costs elevated. Sales of aggregates, ready-mixed concrete, asphalt and cement are all at historic lows<sup>2</sup>. This is forcing mineral products producers to defer investment, mothball plants and reduce overall productive capacity.

Against this backdrop, rising tax and regulatory costs are becoming a growing concern for the competitiveness of UK-based mineral products producers.

## KEY DRIVERS OF THE RISING TAXATION COST BURDEN SINCE 2022

Several policy changes have contributed to the increase in the industry’s tax burden:

### Change in tax burden:

2026-27...	vs 2021-22	Baseline
Business rates	● 58%	Total industry liability, England & Wales
Fuel duty	● 53%	Effective duty rate per litre
Corporation Tax (CT)	● 32%	per £m in taxable profits
Employer National Insurance (E NICs)	● 17%	Assuming 25 FTEs at industry average pay, net of allowances
Aggregates Levy	● 9%	£ per tonne
<b>Total (unweighted index)</b>	<b>29%</b>	
<b>Total (industry weights index)</b>	<b>26%</b>	

**Business Rates (2023, 2026).** Business rates are a significant fixed cost for industrial sites. Recent revaluations and changes to the multiplier structure have led to steep increases in liabilities for mineral products sites in England and Wales.

- Industry liabilities increased to £146.8 million in 2026-27, which is £54 million **(58% higher than in 2021-22)**.
- Cement works in England face the largest cash increase in 2026-27, at £38,000 per site.

**Fuel Duty (2022, 2026).** The combined effect of the removal of rebated fuel (red diesel) for non-road mobile machinery and the planned phasing out of the 5ppl (pence per litre) cut is causing a large increase in the industry’s fuel duty costs.

- The industry’s effective duty rate increased from 35.44ppl in 2021-22 to 54.37ppl in 2026-27, a **53% increase**.

<sup>2</sup> <https://www.mineralproducts.org/News/2026/release02.aspx>

- Policy changes since 2022, including the expected increase from September 2026, will cost the industry £48 million in extra duty on average per year.

**Corporation Tax (2023).** The main corporation tax rate increased from 19% to 25% in April 2023, representing a **32% increase** in tax liability per £1 million of taxable profit.

- Based on an estimate of £600-800 million in industry taxable profits, the tax rate increase means industry costs increased by £36-48 million per year.

**Employer National Insurance Contributions (2025).** The increase in employer NIC rates from 13.8% to 15%, combined with a lower earnings threshold, has significantly increased labour costs.

- At industry level, employer NIC costs have increased by £88 million before allowances in 2025-26, the largest single-year cash increase in taxation costs.
- An SME employing 25 full-time staff at average industry pay faces over £17,000 per year in additional employer NIC costs, **17% higher than in 2021-22.**

**Aggregates Levy (from 2024).** From April 2026, the rate will be **8.7% higher** than two years earlier following the resumption of uprating, despite the prolonged market downturn.

- This has added to the industry's cumulative costs by £50 million since April 2024, and by an estimated £16 million in 2026-27 alone.

## CONCLUSION

The mineral products industry plays an essential role in delivering housing, infrastructure and industrial developments. Sustained investment in domestic mineral products supply chains is therefore critical for economic growth, resilience and the transition to net zero.

While taxation policy reflects wider fiscal priorities, the cumulative impact of recent changes, introduced in quick succession and during a prolonged market downturn, is putting significant pressure on jobs, investment and long-term competitiveness.

Investment in sites, capacity and skills is critical to delivering the Government's housing and infrastructure ambitions and to boosting productivity.

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## ABOUT MPA & THE MINERAL PRODUCTS INDUSTRY

Mineral products - from aggregates, concrete and asphalt to cement, lime and a range of other industrial minerals - form the foundation and fabric of the UK's built environment, manufacturing base and transition to sustainable growth. These materials are essential for the delivery of homes, buildings and infrastructure, and critical inputs to other industries including steel, glass, ceramics, paper, chemicals, pharmaceuticals and food production.

The industry generated £6.7 billion in gross value added (GVA) in 2023 and supported a further £253 billion of UK economic activity through its downstream supply chain. The industry also generated 89,000 jobs directly and helped to sustain a further 3.4 million jobs in other industries.