

The Rt Hon George Osborne MP  
Chancellor of the Exchequer & First Secretary of State  
HM Treasury  
1 Horse Guards Road  
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3 July 2015

Dear Chancellor

The recent European Court of Justice ruling on the UK's reduced rates of VAT for Energy Saving Materials is clearly an unhelpful outcome for those industries involved in the supply and installation of the measures potentially affected. We are aware that the Government is still considering the implications of the judgment, and recent answers to Parliamentary Questions have made clear that no decisions have yet been taken on what, if any, actions will ensue. Naturally, we would like you to find all legal means possible to preserve as many of the reduced rates as you can so that policy delivery is not compromised - particularly in respect of reducing household fuel bills, improving energy security, relieving fuel poverty, and reducing CO2 emissions. We also recognise that a proper decision on the way forward needs to be well-informed by evidence, with the likely industry, legal, and tax revenue impacts well understood. This process is likely to take some time.

However, uncertainty as to the timing of any changes is particularly unsettling for market and investor confidence. This is especially the case if the industry cannot obtain clear reassurance that nothing will change in the short-term whilst Government deliberates on what to do next. It would therefore greatly boost industry confidence if Ministers were to confirm that nothing (if anything) will change until the March 2016 budget at the earliest, and possibly considerably after. We would welcome a clear statement by a Minister to this effect as part of the package of announcements in next week's mini-budget.

A clear statement by a Minister next week would be a helpful confidence boost to the markets for the energy saving materials and technologies that currently qualify for the reduced rates. It would also help stem the uninformed and

commercially harmful press speculation that has been circulating since the Court judgment.

Yours sincerely



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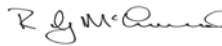


  
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