



HOUSE OF COMMONS

LONDON SW1A 0AA

11<sup>th</sup> July 2012

*Dear Mr White,*

I have now received – the very delayed – response from Her Majesty's Treasury to the question I raised with the Department of Energy & Climate Change. As you can see it is a Treasury matter.

You will not be particularly pleased with the response, but it is self-explanatory. I fear that the message is that in these incredibly difficult times, it would be very difficult to make any other cuts in taxation such as this. At the same time, I note that home energy efficiency improvements may be paid for by savings from energy bills.

I am sorry this is a disappointing reply, but I hope nevertheless it is explanatory.

With best wishes,

*Yours sincerely,*

*Andrew Robathan*

Enc.

David White Esq  
Managing Director  
White Extrusion Machinery Ltd  
1 Claybrooke Court  
Claybrooke Parva, Lutterworth  
Leics LE17 5AP



HM Treasury, 1 Horse Guards Road, London, SW1A 2HQ

The Rt Hon Andrew Robathan MP  
House of Commons  
London  
SW1A 0AA

- 6 JUL 2012

Dear Andrew

As you know, your letter of 2 May to Greg Barker enclosing correspondence from your constituent, Mr David White of White Extrusion Machinery Ltd, 1 Claybrooke Court, Claybrooke Parva, Lutterworth, Leicestershire, about VAT on energy efficient products, has been passed to the Treasury. I am replying as Minister responsible for this policy area and I am sorry for the delay.

As you are aware, the Coalition Government inherited an exceptional fiscal challenge. The Government's economic priority is to achieve strong, sustainable and balanced growth. In this context, and that of a recovering economy, fiscal consolidation is important not only to ensure stability but also to provide the conditions for private sector growth, investment and hiring. Any suggestions that are made need to be considered in the context of the nation's finances.

The existing reduced rate of 5 per cent VAT applies to the installation of some energy-saving materials (including the insulation materials), in residential properties and in some charity buildings. There are many other instances where people incur expenditure in a way that helps to reduce energy use, or to reduce carbon dioxide emissions, but given the fiscal pressures it is not possible to relieve all such expenditure from tax. Any expansion to the list of reduced rated energy-saving materials would have a cost to the Exchequer which would have to be made good from other forms of taxation or cuts in spending.

However, the Government does recognise that energy efficiency has a major role to play in meeting carbon reduction objectives while reducing energy costs for consumers, and it is committed to supporting that through the Green Deal. Through our Green Deal, we will encourage home energy efficiency improvements paid for by savings from energy bills. The Energy Company Obligation (ECO) will work alongside the Green Deal focusing on hard-to-treat homes and low-income households.

Please pass on my thanks to Mr White for taking the trouble to make us aware of these concerns.

Yours ever  
David

DAVID GAUKE