

**Christopher Osborne**

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**From:** sue.pennicott@hmrc.gsi.gov.uk  
**Sent:** 26 August 2011 14:07  
**To:** Christopher Osborne  
**Cc:** hasmukh.haria@hmrc.gsi.gov.uk; joy.guthrie@hmrc.gsi.gov.uk  
**Subject:** Capital allowances consultation - FITs & RHI [Scanned]

Dear Chris

Thank you for your e-mail of 25 August - my colleague Hasmukh has asked me to reply.

Firstly, I must stress that the proposals in the consultation document published on 31 May are exactly that - proposals. The Government will consider all the responses to the consultation to develop the detailed design of the policy and the proposals may, of course, evolve as a result.

The current proposals are that 100% first-year allowances will not be available in respect of expenditure on plant or machinery that generates electricity or heat that attracts FITs or RHI. As you say, these tariffs are not currently available in Northern Ireland so this particular change may not have an immediate impact on businesses installing FITs or RHI generating equipment in Northern Ireland.

The second consultation proposal is to designate expenditure on technologies of a type that could attract FITs or RHI payments as special rate expenditure. The precise definition of the expenditure that will be designated special rate is not

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yet final (as the Government is still consulting, as I explained above) and so I cannot say with certainty that installations in Northern Ireland will not come within the final definition. With that in mind the Government would very much welcome your views on the consultation proposals; this stage of the consultation ends on 31 August.

I am sorry that I cannot give you a more definite answer to your questions.

Regards  
Sue Pennicott  
Capital allowances policy advisor.

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