DFE-382871

Department of Enterprise, Trade and Investment

ASSEMBLY QUESTIONS WRITTEN (AQW)

Due for answer on: **Friday 11th April 2014**

AQW No: **32475/11-15**

Put Down By: **Steven Agnew**
Political Party: **Green Party**
Constituency: **North Down**

Question:

To ask the Minister of Enterprise, Trade and Investment what assessment he has made of the impact of the UK Budget announcement that companies benefiting from Renewable Obligation Certificates or the Renewable Heat Incentive will be excluded from the Enterprise Investment Scheme on community energy projects; and whether any representation has been made regarding Northern Ireland's specific circumstances.

Answer:

As a tax relief, the operation of the Enterprise Investment Scheme (EIS) is a matter for HM Treasury. My officials have engaged with colleagues in DFP to discuss with HM Treasury any potential Northern Ireland-specific issues arising from the Budget announcement on EIS.

Arlene Foster MLA
Minister of Enterprise, Trade and Investment **Date:** _____________

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Background

1. The Enterprise Investment Scheme (EIS) was launched in 1994 to help smaller high-risk trading companies raise finance by offering tax reliefs to investors. As a tax relief, it is a matter for HM Treasury. Stephen Agnew has asked the DFP Minister the same question.

2. The recent 2014 Budget announcement included plans to make changes to the EIS , including the exclusion of companies benefiting from ROCs and/or the RHI with effect from the Royal Assent of the Finance Bill 2014 – likely to be in July 2014.

3. The change is due to Treasury concerns about the growing use of structures to allow investment in low-risk activities that benefit from income guarantees via government support. The Report also notes that it is expected that the scheme changes will form part of a wider consultation and evidence gathering exercise over summer 2014.

4. This exclusion does not appear to include GB renewables projects benefitting from the Feed in Tariff (FIT) for projects up to 5MW but would affect NI small scale projects, as we do not currently have a small scale FIT. There was no discussion with DETI in advance of the Budget announcement

5. We have no information on how widely or otherwise the EIS has been used in either private sector or community renewable energy projects here, but it may become of greater interest given the current UK wide focus on community energy. Drumlin Wind Energy Co-operative, whose second share offer closes at the end of April 2014, notes on its website that potential investors could still be eligible for the 30% tax relief, as EIS certificates could be issued in May 2014 before the Royal Assent of the Finance Bill. The website also notes that the company is lobbying for community schemes, particularly those in Northern Ireland given the absence of a Feed-in Tariff, to be excluded from the new rules. There has been no approach yet by Drumlin to DETI.

6. We have spoken with DFP and, in the first instance, they will raise this issue on our behalf at official level within Treasury. Their reply to Stephen Agnew will be similar to the draft DETI response.

Reply prepared by: John Mills Head of Energy Tel no 29215
Further information available from: Michael Harris Renewable Electricity Tel no 29269

SPECIAL ADVISER CLEARANCE:
Signed: ____________________ **Date:** ____________