Green taxes: overall strategy still lacking

Briefings Environmental



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ATT and CIOT have welcomed the commitment by the government to use the tax system to encourage investment in green technologies but called on ministers to commit to a long-term tax strategy for green investment.

The Spring Statement confirmed that the VAT rate on energy-saving materials – such as solar panels, wind and water turbines – installed in domestic properties will be reduced from 5% to zero between 1 April 2022 and 31 March 2027. It was also confirmed that the implementation date for green reliefs from non-domestic (business) rates would be brought forward a year to April 2022.

Jason Collins, chair of the CIOT/ATT Climate Change Working Group, said: ‘These measures are welcome but what is still missing from the government is an overall strategy for using the tax system to encourage green investment.

‘A longer-term approach to taxation and climate change would send a signal to businesses and taxpayers that they can plan ahead with confidence and certainty. Otherwise, government interventions will seem piecemeal, rather than strategic.’

In October last year, the working group published a Climate Change Tax Policy Roadmap, in which it called on the government to set out how it plans to use the UK tax system to help the country meet its ambitious net zero goals.

The Coalition government’s 2010 Corporate Tax Roadmap was cited by the group as a good example how government can provide businesses with a clear direction of travel to help them plan for the future. It suggested that a similar approach could be adopted when thinking about the role of taxation in tackling climate change.