



**Aberdeen &
Grampian
Chamber of
Commerce**

The Rt Hon Nadhim Zahawi MP
Chancellor of the Exchequer
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Dear Chancellor,

We wish to raise concern with you regarding your reported consideration of a second windfall tax on North Sea operators.

Firstly, can I state that we are fully supportive of measures to support consumers and businesses through this unprecedented crisis, and welcome the fact you are looking to act.

However, we are alarmed at the suggestion that the energy sector – one of enormous importance to our regional economy – is again being singled out, despite already contributing £22million per day in taxes.

The cost-of-living crisis and high energy prices have both driven significant additional revenue to the exchequer. In fact, it is fair to say that the Treasury has been one of the biggest beneficiaries.

Analysis of your tax receipt data suggests that between VAT, fuel duties and North Sea tax receipts, your government has already received £18.2billion **more** this year than it did last year – and that is before the additional £5billion your original windfall tax will generate is taken into account.

It would be helpful to know how much of the additional monies raised this year has been used to tackle the current crisis?

With VAT receipts up 19% year-on-year, fuel duty up 10% and North Sea revenues up 662%, there is clearly already sufficient incremental tax revenues to fund support to consumers and businesses.

The definition of insanity is doing the same thing over and over again and expecting different results. The windfall tax has not stopped energy bills rising. A double whammy windfall won't either.

Instead, we need to invest in the energy transition to secure a net zero future with abundant domestic green energy supplies.

That's why failing to include renewables in the Investment Allowance was a missed opportunity and we want to see it expanded to include investment in technologies such as offshore wind, hydrogen, carbon capture and storage and direct air capture – all of which are currently being developed here in the North-east of Scotland.

We need to deliver the reindustrialisation of Scotland to make sure we capitalise on our green energy potential. We can only do that with a fiscal environment that gives confidence to investors.

Yours sincerely



Russell Borthwick
Chief Executive
Aberdeen & Grampian Chamber of Commerce