Tax-advantaged venture capital schemes: a consultation

Submission by The Association of Investment Companies

The Association of Investment Companies (AIC) is pleased to comment on HM Treasury proposals for venture capital schemes. Venture capital plays an important role in stimulating UK economic growth and job creation but it needs effective support from the Government to have the greatest impact.

The AIC represents closed-ended investment companies whose shares are traded on public markets. Each of these companies is run by a board of directors on behalf of their shareholders. They offer retail and institutional investors access to a diversified portfolio of assets. Our members include 94 Venture Capital Trusts (VCTs), which hold just over 90% of the sector's total assets.

VCTs and their investors benefit from a number of important tax incentives. These are essential to attract capital from retail shareholders and allow VCTs to offer access to funds which would otherwise not be available to SMEs which struggle to secure funding. It helps stimulate UK economic growth and job creation.

Within the constraints of effectively targeting the finance gap, further policy development for VCT schemes should seek to achieve:

- **maximum commercial flexibility**, to reduce the risk that SMEs needing finance are not prevented from accessing it and to allow venture capital providers to invest on a commercial basis. This will allow market forces to operate and reduce the risk that investment is allocated to 'lame duck' propositions.

- **diversity of sources of capital**, including business angels and retail investors. Venture investment is always likely to be a limited part of an investor's overall portfolio, so diversifying the range of potential sources will help maximise capital available for allocation to SMEs.

- **simplicity**, to reduce compliance burdens for commercial operators while creating an environment which allows tax authorities to effectively oversee the scheme.

- **minimal distortions** between venture schemes (EIS and VCTs), to deliver Government policy objectives whichever investment route is used and to curtail opportunities for abusive behaviour through any scheme.

The AIC's detailed recommendations seek to deliver these objectives.

Also, the AIC reiterates its support for the Government's decision to gain approval from the European Commission to change the current EIS and VCT rules to increase the size of companies eligible for investment. If successful this will also help deliver the goals set out above.

Support the seed for investment

The AIC represents VCTs, which tend to invest to provide development and expansion capital rather than seed funding. We are nevertheless keenly aware of the need to support fledgling businesses as this provides an essential first stage in the development of a pipeline of businesses for future VCT investment. Government support for seed investment should recognise the following points:

- Businesses receiving seed funding are likely to need follow-on funding to take advantage of any early stimulus to their growth. VCTs are an important source of this capital. The lowest amount for viable VCT investment is around £250,000 per tranche. VCTs would usually expect to provide follow-on funding as part of a commercially attractive investment proposition. With this in mind, the seed scheme should help fledgling companies grow towards the size where funding of this amount is required. This will make the new scheme an effective part of the investment pipeline.

  Clearly, EIS investment is also a mechanism which can help grow fledgling businesses. However, VCTs' fund structure makes them more able than EIS to provide sustained follow-on funding. Also, unlike EIS, VCTs raise funds before they identify specific investment propositions. This means that they are more likely than EIS investors to have a 'reserve' pool of capital available for SMEs in times of greater economic uncertainty.

- Any seed scheme should focus on the nature of the investee company rather than the type of investor. It is inherently problematic to define suitable investors. A diverse range of investor attributes may be valuable for a start-up company depending on the nature of the business seeking finance. Also, while the provision of skills alongside finance is valuable, these skills need not necessarily be provided by the investor. For example, one outcome of seed funding might be to allow a fledgling company to purchase relevant skills (in finance, marketing, patent law etc.). Defining a skills, or other, requirement for eligible investors risks restricting the flow of seed capital. The identification of suitable investors should be a matter for the market to determine. The AIC **recommends** that the scheme does not include a definition of eligible investors.

- The key criteria for the scheme should be the definition of the investee company. Qualifying criteria should be simple and clear. This will maximise access to, and provision of, investment funds. The rules should seek to closely target this investment. Two specific criteria should be used to target any seed capital incentive:

  - **Revenue position:** The AIC **recommends** that eligible companies should be either pre-revenue or be limited to a very low level of revenue. Allowing some revenue is reasonable as small companies may, understandably, seek to generate some return to provide working finance and to prove their business concept. The AIC **recommends** that allowable revenue from any source should be capped at £150,000.

- **Asset level:** An asset test is a simple assessment of the stage of development of a fledgling company. The AIC **recommends** that a company seeking access to a seed scheme should have gross assets capped at £250,000 at the time of investment.

  Eligible companies would have to meet both of these criteria to qualify for the seed scheme. Once a company of this size has received, and deployed, the seed capital it should be in a better position to prove its business concept and become a more viable proposition for the next stage in the funding pipeline (i.e. conventional EIS or VCT finance).

  Aside from these specific criteria, investment should also be governed by the conditions which deliver appropriate targeting of VCT and EIS investment. In particular, the AIC **recommends** that the scheme should be subject to rules preventing investment in companies established for the purposes of accessing the relief and rules which prevent avoidance of the size criteria. (See comments below for further discussion of these issues).

▪ It would be appropriate to require capital invested under a 'seed stage' scheme to be deployed within a set time period. This will maximise the scheme's ability to deliver accelerated commercial development. Once capital has been received by the investee company the AIC **recommends** that it should be deployed no later than 24 months after the investment date.

▪ The need to comply with the EU's State Aid conditions will mean that the proposed seed scheme will have to require that 70% of investment is in the form of equity or quasi-equity. This is unfortunate. Lending can be a legitimate form of venture capital. Loans provide additional options for financing where entrepreneurs do not want to give up equity. Debt financing does represent risk capital as the venture scheme's debt will sit behind other creditors, such as banks. The EU's rules in this area are inappropriate and the AIC **recommends** that the UK should seek a review of the current State Aid rules with a view to revising these requirements. (This issue is discussed further below).

Simplification

The accretion of rules affecting different pools of VCT capital has increased the complexity of the scheme. As a matter of principle, the AIC supports examining ways to simplify the VCT scheme. One caveat is that simplification should not be pursued at the expense of restricting existing investment flexibility of VCTs. Nor should it be allowed to increase the risk profile of existing pools of capital. With this in mind, the AIC **recommends** that the default position should be to apply any reforms to the scheme only to new funds raised. This has been the practice with other rule changes – notably those required as part of the recent State Aid approval. This approach will maintain investor confidence in the scheme.

As an exception to this position, the AIC **recommends** that, where a measure is unequivocally a liberalisation of the rules, it should be applied to the entire VCT estate. This will allow targeted simplification (by aligning rules affecting different pools of capital) but will mean the risk profile of existing VCTs is not inappropriately increased. Investor confidence will be supported as an increase in investment options cannot damage their interests. This approach also delivers the Government's policy objectives as it will maximise the amount of capital available to tackle the prevailing funding gap.

An example of where a new rule could be applied to previously raised pools of VCT capital would be an increase in the gross assets test. This should be applied to previously raised funds where it would extend investment opportunities. A change to an investment condition which might restrict investment flexibility might involve the employee limit. Such a limit should not be applied to VCT funds where no limit has previously existed. However, if the current cap were to be increased (as is the intention under the on-going State Aid negotiation) it should be applied to funds where a lower limit is currently applied.

As a matter of best practice, the AIC **recommends** that the intention to introduce new investment conditions (or liberalisations) should be highlighted as soon as possible once a policy decision has been taken. This will allow market participants to plan how they will deal with the implications of these changes and reduce uncertainty.

Other simplification proposals are set out below.

- The AIC **recommends** that the definition for eligible shares used in the VCT scheme should be applied also to EIS investment. This will simplify the environment within which investee companies seek investment capital. It would also reduce possible distortions between the EIS and VCT scheme.

- As a priority, the AIC **recommends** that the annual investment limit of £1million by a VCT in any one investee company should be abolished. This should be done as part of the 2012 Finance Bill process as the commercial case for its removal is compelling and there are no public policy reasons for its retention.

  Individual VCTs are more cost effective where they are able to attain economies of scale. The £1million limit creates a ceiling on achieving scale and makes it more difficult for individual VCTs to meet the funding needs of SMEs. It increases administrative burdens and the cost drag of due-diligence on investment performance. To invest £2million a VCT has to identify and carry out due diligence on two investment propositions rather than one. Removing the limit would allow more efficient investment and, potentially, mergers of VCTs to secure further benefits of scale.

  Removing the £1million investment limit also has commercial attractions for investee companies. Greater investment capacity from individual VCTs will simplify the process of securing investment. It would reduce the number of parties who need to be brought into funding arrangements and make it easier to negotiate suitable terms (suiting the needs of the entrepreneur and VCT). Action on this issue has been identified as a high priority by AIC stakeholders.

There are no public policy disadvantages of removing the rule. Its original intention was to ensure diversity of investments. However, other rules already secure diversity of VCT portfolios. VCTs must not invest more than 15% of their assets in any one company. Also, all VCTs must be listed and the UK Listing Rules require VCTs to offer a spread of risk. The £1million restriction therefore has no unique role. Importantly, removing it will not create any issues for State Aid approval. EU requirements set an overall cap on the amount of funding which can be received by an individual investee company. Currently this is set at £2 million (though it may increase as a result of current State Aid negotiations). This rule limits the total amount received by State Aided businesses. There is no concern about the source of that assistance.

Removing this restriction would create significant commercial advantages for VCT funds and SMEs seeking finance. If this reform is introduced the AIC **recommends** that it should be applied to all VCT funds as it represents a liberalisation of the current regime. Applying the rule in this way will enhance the impact of this simplification measure.

- The AIC **recommends** that the excluded activities list be reviewed with a view to reducing the number of prohibited activities. The current rules have evolved over time without a definitive rationale. The list of excluded activities includes businesses such as hotels and nursing homes. As discussed in the consultation paper, it is not immediately evident that the original reasons for excluding these activities are still relevant.

  For example, a recent failure of a major provider has demonstrated the inherent risks of the nursing home sector. At the same time, nursing home provision has the capacity to create employment. There is a rising need for these services and we anticipate the Government would want to encourage market entry. At the same time, increasing regulatory standards and public expectations have made operating in this sector more demanding. The case for preventing venture capital investment in nursing home provision is, at the very least, worth reconsidering.

  Similarly, the hotel trade is not without significant risk and commercial challenges. Like many other sectors, hotel operators can struggle to raise finance from traditional sources. These businesses have the potential to create significant numbers of jobs in the UK. Tourism has been identified as a means to attract demand into the UK and hotels are a key part in providing the capacity for catering for more visitors. Again, there is a case for reviewing the exclusion of this sector.

The rules also exclude any business whose revenue (other than a proportion, typically 20%) is derived wholly or mainly from the exploitation of acquired intellectual property rights, save to the extent that the further development by the business of acquired intellectual property rights represents the greater part of the value of those rights. This could be problematic for investment in the entertainment and media industries, where the exploitation of intellectual property rights and the acquisition, development, sale, and/or licensing of those rights is central to these sectors. The current rules may preclude an investment in, for example, a small music publishing, book publishing, television or record company which has bought an existing catalogue, even if the investment would be used for developing new IPR and is legitimate risk capital.

Given these examples, the AIC **recommends** that a formal review of the excluded activities should be undertaken. The AIC **recommends** that particular attention be given to removing hotels and nursing homes from the list. We recognise that there may be residual concerns about allowing investment in activities where property assets are a significant element of the business (as this may reduce the effective funding gap for these operators). As well as deleting specific exclusions it would be reasonable to consider whether or not a new principle to address residual concerns about businesses which own property would be appropriate. However, designing such a rule would not be straightforward and would require proper consultation. It would create a serious risk of unintended consequences. An additional rule should only be introduced if there is a clear public policy justification.

The AIC also **recommends** that the position of businesses with revenues arising from acquired intellectual property rights should also be reviewed.

- The current requirement to invest 70% in equity and quasi equity is a significant concern. Private equity and venture capital funding has traditionally favoured a much higher proportion of debt financing. This reflects the needs of the entrepreneur, who is often very reluctant to give up equity. It may also suit the needs of the earlier external equity finance providers who do not want to see their ownership stake diluted (after they have taken the greatest risk). Also, in the context of venture capital, providing debt financing is far from low risk. It still depends on the company's success and is very different in character from bank lending.

  The Commission's insistence on a higher level of equity financing than would be conventionally required in normal commercial arrangements is a substantial issue for venture capital schemes. The AIC **recommends** that this issue be raised with the Commission as a priority with a view to changing its current guidance on allowable State Aid for risk capital investments.

Improving the focus of the schemes

The consultation is seeking to limit investment by EIS and VCT schemes to SMEs which represent proper risk capital and which sit within the identified finance gap. The AIC supports these objectives. Successful targeting is essential to sustain political commitment to the schemes and to deliver their public policy objectives. The comments below, which apply to both EIS and VCTs, are designed to secure this outcome in a proportionate manner.

Companies established for the purposes of accessing relief

Preventing investment in companies established for the purposes of accessing the relief should be achieved by the approach set out below.

- The AIC **recommends** including an overarching rule for the EIS and VCT schemes specifying that a qualifying investment must not fund an enterprise or project with contractual arrangements that, when viewed realistically, preclude the possibility of it making a commercial loss.

  This consideration has been identified as an indicator of whether an investment has been established for the purposes of accessing the VCT/EIS relief. However, it is fundamental to identifying whether an investment proposition has any claim to be supported by the EIS or VCT schemes. If the EIS or VCT funds are not supporting risk based enterprises then there is no public policy benefit in the Government providing assistance to these transactions. Such investments should not be eligible as qualifying investments.

  Assessing this condition does imply an element of subjective judgement by HMRC. However, in the vast majority of cases there will be no issues in this area. SMEs receiving finance will clearly be exposed to the risk of making a loss. In the very few cases where a concern does arise (that is, HMRC does not believe the investment meets the condition but the EIS or VCT investor believes it is legitimate) then discussion would be required. Such instances would be few and far between so this would not be a substantive barrier to timely investment in the vast majority of cases. Any investment delays which did arise would be unfortunate but an acceptable cost in the context of protecting the integrity of the EIS and VCT schemes as a whole.

- The AIC also **recommends** introducing a rule for the EIS and VCT schemes which would state that no qualifying investments can fund companies or projects created to gain access to the relevant relief. This rule would be supported by a list of characteristics which would be indicative of whether investments were likely to be considered designed for the purposes of accessing the relief (see discussion below on the list of relevant characteristics).

  Each investment would be considered on its own merits. However, we envisage that, where the investment proposition did not incorporate three or more of the characteristics set out, the presumption would be that it was a qualifying investment.

The final conclusion drawn would be on a case-by-case basis. The investor would have the opportunity to explain to HMRC why an investment proposition matching three or more criteria should nevertheless be deemed a qualifying investment. This situation might arise, for example, in specific industries (such as anaerobic digestion or film production) where the practices of the sector lend themselves to arrangements which might be uncharacteristic of commercial arrangements in other industries.

Indeed, we would **recommend** that guidance be provided to explore the type of investment scenarios which could be acceptable despite potentially incorporating a number of characteristics identified by the rules. Anaerobic digestion provides an example where this might be the case. Particularly in their early stages these projects may only have one supplier (perhaps a local authority providing waste for the digestion process) and only one customer (the national grid). They may also share a number of other characteristics identified in the rules. Nevertheless, small anaerobic digestion projects are clearly risk based enterprises engaged in truly commercial activity. The renewables market is immature (which is reflected in the existence of feed in tariffs) and getting projects up and running requires significant capital as well as the negotiation of significant regulatory obstacles, including securing planning consent. As the market matures it also has the potential to provide a significant contribution to the Government's renewables targets. Projects of this nature should be eligible investments under the EIS and VCT scheme and suitable guidance on this type of scenario would be invaluable.

This framework will ensure EIS and VCT investment is properly focussed on Government priorities. It does involve some uncertainty for those seeking investment but this would be relevant in only a small number of investments. Most transactions would clearly fall within (or outside) the requirements. On the other hand, the proposed approach will provide most comfort to HM Treasury and HMRC that these schemes are not being abused. This will protect the EIS and VCT schemes for the future and their future capacity for investment. Also, the framework does not preclude transactions which may require a greater level of scrutiny. Investors will be allowed to take deals forward where they are able to explain and justify the nature of the commercial arrangements they have adopted.

That said, the risks of uncertainty should not be underestimated. For this reason the AIC **recommends** that HMRC must ensure that it devotes sufficient resources to providing guidance and is prepared to offer specific advice on transactions before they are completed. The goal should be to provide maximum certainty in the context of these new rules to facilitate maximum investment in eligible SMEs.

Characteristics of qualifying investments

The list of characteristics indicative of whether or not a business has been designed to access the relief would largely reflect those proposed in the consultation paper. However, the AIC **recommends** that some adjustments should be made.

- **50% or more of the activities required to fulfil obligations to customers will be carried out by persons not employed by the company.** We recognise that, in combination with other factors, outsourcing may be a concern to HMRC. However, outsourcing of activity is not of itself problematic and it is a common commercial practice. It can support job creation and the development of efficient business models. It would therefore not be helpful to be overly restrictive in this area. With this in mind, we **recommend** that the limit should be increased to 75%. Also, the basis for this assessment should be clearly established to reduce uncertainty.

- **50% or more of a company's costs during the relevant period will be subcontract payments.** Subcontracting is not an inherently problematic activity and is a common commercial practice. Again, the rules should not be overly restrictive. With this in mind, the AIC **recommends** that the limit should be increased to 75%.

- **50% or more of the monies raised by the relevant share issue will be used to acquire intangible assets intended for resale.** The AIC has no comments on this criterion.

- **the company employs less than one full time unit of staff or part time equivalent, including directors, during the relevant period:** The AIC has no comments on this criterion.

- **50% or less of the ordinary share capital is held by directors throughout the relevant period.** It is relatively common for the directors of potential investee companies not to own 50% of the share capital of the company. This may arise where an entrepreneur has relied on a business angel or family members to raise capital for the early development of the company or where they have used shares to incentivise key employees. It is not unusual for investee companies to have relatively dispersed shareholdings. The AIC does not believe that this characteristic is relevant to preventing activity which may be of concern to HMRC. The AIC therefore **recommends** not including this characteristic.

- **the company employs at any time during the relevant period staff or directors who are also employees or directors of a party with whom it has contractual trading arrangements (or who have been seconded from that party).** The AIC **recommends** that the rule should also seek to limit employment by the investee company of staff that are also employees or otherwise connected with the VCT and the VCT or EIS manager. This should not be an absolute prohibition as such an approach would undermine the ability of VCTs and EIS to provide business expertise alongside development capital. With this in mind the rule should allow:

- the appointment of at least one Non-Executive Director to the board of the investee company; and,

- up to 25% of the employees of the investee company to be employees or secondees from the investor/investment manager.

▪ **the company has only one customer.** This characteristic may be vulnerable to manipulation, where an 'additional' customer is created to get around this restriction. The AIC **recommends** considering an adjustment to require that no more than a certain percentage (perhaps 90%) of the company's turnover can be received from only one customer.

▪ **the company has only one supplier.** This characteristic may be vulnerable to manipulation, where an 'additional' supplier is created to get around this restriction. The AIC **recommends** considering an adjustment to require that no more than a certain percentage (perhaps 90%) of the company's relevant expenses can be paid to only one supplier.

▪ **the contractual arrangements entered into by the company, viewed realistically, preclude the possibility of the company making a commercial loss.** The AIC **recommends** this should be an overarching requirement and not included in the indicative list of characteristics (see earlier recommendations).

These characteristics create a sensible basis for determining whether or not an investment is suitable. However, as stated above, an investment proposition which incorporated three or more of these characteristics should not be automatically ineligible as a qualifying investment. The investor should have the ability to discuss such examples with HMRC to explain specific situations and receive a view on whether these arrangements are qualifying or not. For example, a technology business might be able to point to its ability to receive R&D relief for corporation tax as evidence that it is a legitimate investment proposition. This flexibility will maximise the capacity of the EIS and VCT schemes to provide capital for SMEs.

Also, the determination should recognise the stage of development which the investee company has reached. It is not uncommon for early stage businesses to exhibit some of the characteristics set out above, such as only having one customer. This consideration should be recognised in the construction of the rules and the way in which they are assessed.

To minimise uncertainty about how these characteristics should be interpreted, the AIC **recommends** that guidance should be published exploring in more detail how they will be viewed by HMRC. For example, how would the concept of 'one customer' be considered in the context of the investee company providing services to the NHS (where it might in fact supply a number of different bodies within the service or, alternatively, via a central purchasing process). Similar clarification might be provided in the context of providing a group of companies.

The AIC also **recommends** that these characteristics, and the framework within which they apply, should also be incorporated into any ‘seed’ capital scheme which is to be established.

Safe harbour provision

The priority should be to get the characteristics of eligible investments right. This will ensure the EIS and VCT scheme rules prevent investment activity which does not meet the Government’s public policy objectives. That said, the AIC is supportive of introducing a ‘safe-harbour’ mechanism to reduce the compliance costs associated with a detailed assessment of investments against the characteristics set out above.

The AIC **recommends** that a safe harbour be incorporated into the rule preventing investment being made in companies established for the purposes of accessing the relief. Where the conditions of the safe harbour are met, no further assessment would be made against the characteristics set out in the legislation. This will help deliver a proportionate regime. Note, all investments, whether falling within the safe harbour or not, would be subject to the requirement that the transaction does not preclude the possibility of a commercial loss.

The safe harbour should only allow transactions which would otherwise be able to pass a characteristics-based assessment if it were not available. The consultation suggests that an employee threshold could offer the basis for designing a safe harbour. While this test does not exactly replicate the list of characteristics discussed above, it does provide a reasonable proxy for an entrepreneurial business. Where companies are employing a number of individuals, and have the legal responsibilities which go along with this, it is unlikely that the investee company has been created for the purposes of accessing the reliefs available. Employment is a strong indicator that EIS or VCT investment is supporting a genuine investment proposition.

To maximise the integrity of a safe harbour based on employment we **recommend** that the threshold should be defined so that any employee associated with the EIS or VCT or any party connected with them (e.g. the VCT manager) or any entity which contracts with the investee business cannot be included in any assessment against the threshold.

The safe harbour should also identify a suitable threshold for employment, that is, the number of employees an investee company must have to be deemed to meet the requirement. The number should be set at a level sufficient to discourage ‘synthetic’ employment. HM Treasury must be confident that the expense required to meet the safe harbour creates a sufficient disincentive to stop arrangements being developed simply to take advantage of the safe harbour.

The consultation proposes that an investee company must employ 4 individuals to take advantage of the safe harbour. The AIC **recommends** that this threshold be adopted subject to HM Treasury being confident that this is sufficient to guard against inappropriate exploitation of the safe harbour.

While managing the compliance burdens imposed on venture capital is an important issue, the AIC's overriding concern is to sustain long term support for the EIS and VCT schemes by ensuring they deliver the Government's policy objectives. With this in mind, the AIC **recommends** that HMRC should monitor investments being made via the safe harbour. The monitoring process should consider, for example, the nature of the transactions and on-going levels of employment. For example, an employment pattern showing reductions in jobs after an investment might offer a useful insight into the effectiveness of the safe harbour.

Falls in employee numbers might be explained by market forces and the risky nature of these businesses and would be excellent evidence to justify the continued availability of the safe harbour. Alternatively, if investee companies shed staff but are not facing a deteriorating trading position this may justify examining the investments against the characteristics included in the rules to establish if the safe harbour is fulfilling its function of only allowing transactions which would otherwise meet the relevant requirements.

This process would identify if the safe harbour is allowing investments which continue to raise public policy concerns. If this is the case the AIC **recommends** that HM Treasury should either:

- adjust the safe harbour (perhaps by changing the threshold) to make the construction of artificial arrangements commercially unattractive; or,

- remove the safe harbour so that all deals have to be assessed against the rule. N.B. The removal of the safe harbour could be targeted so that it responds to specific problems which arise. For example, if concerns arise in the EIS market alone then there would be a case for only removing the safe harbour for this scheme and allowing it to continue for VCTs and the 'seed' scheme.

This process of review will be important to ensure the Government's objectives for venture capital are being delivered. An early commitment to revise the safe harbour if problems arise would guard against any risk that a minority of inappropriate investment practices could compromise the delivery of the wider benefits of these schemes.

Acquisition companies

The legitimacy of the VCT and EIS scheme depends on preventing State Aided funds being used as part of a process to acquire a trade or company which, when the fund raising was considered in aggregate, would exceed the size restrictions. The consultation proposes that a company preparing to trade, which receives VCT or EIS funds and then purchases a trade or company, should (on a group basis) meet the size conditions of the VCT scheme. The AIC supports the introduction of rules in this area.

However, any new requirements should not impede normal commercial activity. For example, if an investee company subsequently accrues capital via its trading activity, it should face no restrictions on how this can be invested. With this in mind, the AIC **recommends** that HMRC establish a rule such that:

- where a non-trading company has raised capital via a non-qualifying issue of shares or debt,
- and it has previously received a qualifying investment,
- then funds raised via the qualifying investment must be employed in the business, or invested, while the group as a whole still meets the size thresholds.

Exclusion of some feed-in tariffs businesses

The AIC accepts the policy position on feed-in tariffs business. In particular, it welcomes the inclusion of hydropower and anaerobic digestion as qualifying trades. The AIC has no comments on the draft legislation.

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