

The Energy Technology List and Enhanced Capital Allowances

What is the Energy Technology List?

The Energy Technology List details over 9,000 products meeting Government prescribed energy efficiency criteria, and is designed for companies and organisations wishing to procure energy efficient equipment. The Enhanced Capital Allowance (ECA) Scheme provides up-front tax relief for businesses paying corporation tax or income tax that invest in energy-saving equipment. To qualify for ECA the equipment must be listed on the Energy Technology List

What are the benefits?

- Products listed on the Energy Technology List are energy efficient, resulting in significant long-term financial benefits.
- In addition, investment in products listed on the Energy Technology List may also qualify for Enhanced Capital Allowance, a tax relief that permits businesses to deduct 100% of capital expenditure against taxable profits, delivering a significant cash flow boost and shortening the payback period on the investment.
- Investing in energy-efficient technologies reduces energy costs, Climate Change Levy payments and climate change impact

Which energy efficient technologies qualify?

The technologies currently supported are:

- Air to Air Energy Recovery
- Automatic monitoring and targeting equipment
- Boilers
- Compact Heat Exchangers
- Combined heat and power
- Compressed air equipment
- Heat pumps for space heating
- HVAC Zone Controls
- Lighting
- Motors
- Pipe insulation
- Refrigeration equipment
- Solar thermal systems
- Thermal screens
- Variable speed drives

- Warm air and radiant heaters

This Energy Technology Product List is being expanded continually, so it's well worth checking regularly. The web site www.eca.gov.uk gives contact details for the manufacturers of the qualifying equipment.

Manufacturers are being encouraged to use the **Energy Technology List** symbol to help companies procuring energy efficient products identify qualifying products and technologies. The **Energy Technology List** symbol signals that a product is independently assessed against Government prescribed energy efficiency criteria and may offer end users the environmental and fiscal advantages associated with the ECA scheme.



Who can use the Energy Technology List?

Any business or organization interested in procuring energy efficient equipment can use the Energy Technology List as a source of independently assessed and approved equipment.

Who can claim an ECA?

Businesses in the charge to income tax or corporation tax, apart from those who are leasing the assets i.e. the end-user, not the supplier or contractor. However, investments from 17 April 2002 in qualifying energy-saving equipment for leasing, letting or hire can qualify for an ECA.

To claim an ECA:

- First check the *Energy Technology List* before investing in any new equipment.
- You can claim the allowance on the cost of the product, along with any costs directly associated with the provision of the product, such as installation costs.
- Claim your ECA, as part of your normal income/corporation tax return calculations.

How can I fund energy saving equipment?

In order to ensure companies benefit from the savings potential of energy efficient equipment, it is important to make sure equipment is installed and used properly. Carbon Trust can provide expert advice and assistance to help you get optimal energy performance out of equipment as well as providing support in implementing other no cost or low cost energy efficiency measures.

In addition, the Carbon Trust offer Loans between £5,000 and £100,000 to small and medium sized companies to help fund energy efficient products as finding the capital to fund energy efficiency measures is often a barrier and prevents them from enjoying the full potential savings.

Energy-Efficiency Loans are interest-free and have a repayment period of 12, 24, 36 and 48 months. Once an investment is made, the savings will often exceed the amount of the loan repayments, potentially saving the company thousands of pounds each year.

Energy-Efficiency Loans coupled with the potential returns of using energy saving equipment listed on the Energy Technology List and making an ECA claim, offer small to medium sized companies a very practical and profitable solution.

Further support from the Carbon Trust

- Carbon Trust Energy-Efficiency Loans are available for small and medium sized enterprises wanting to upgrade or replace equipment with more energy efficient model(s) as part of an energy saving project. The loans of between £5,000 and £100,000 are unsecured and interest-free. They are repaid over 12, 24, 36 or 48 months dependent upon the value of energy savings associated with the project. Terms and conditions apply.
- You can find out more about ECA, including the **Energy Technology List** at www.eca.gov.uk
- For enquiries about the tax system and claiming ECA, the HM Revenue and Customs <http://www.hmrc.gov.uk>
- Further information and advice is available free from the Carbon Trust Energy Helpline - 0800 085 2005 or visit the website at www.thecarbontrust.co.uk/energy

The scheme is being developed by the HM Revenue and Customs and The Department for Environment, Food and Rural Affairs (DEFRA) and managed by Carbon Trust.

Capital expenditure incurred on equipment (a) that is on the Energy Technology List and (b) which comprises plant and machinery for the purposes of Capital Allowances (Tax), can qualify for 100 per cent Enhanced Capital Allowances (ECAs). If you are in any doubt about whether expenditure can qualify, you should consult your tax adviser.

To qualify for the Energy Technology List and be allowed to use the Energy Technology List symbol, products and technologies must comply with energy efficiency criteria set by Government. The Carbon Trust and the Government make no warranties or representations of any kind in relation to any products or technologies and, to the maximum extent permitted by law, accept no liability whatsoever for the same including, without limit, for direct, indirect or consequential loss, business interruption, loss of profits, production, contracts, goodwill or anticipated savings. Any person makes use of the products or technologies on the Energy Technology Product List at their own risk and they should seek professional advice from their own adviser whenever appropriate.

Whilst reasonable steps have been taken to ensure that the information contained within this document is correct, neither the Carbon Trust nor the Government give any warranty or make any representation as to its accuracy or accept any liability for any errors or omissions.

The Carbon Trust works with business and the public sector to cut carbon emissions and capture the commercial potential of low carbon technologies. An independent company set up the Government to help the UK meet its climate change obligations through business-focused solutions to carbon emission reduction, the Carbon Trust is grant funded by Defra, the Scottish Executive, the National Assembly for Wales and Invest Northern Ireland.