

# It doesn't take much energy to get a tax break



Understanding the benefits of the  
Enhanced Capital Allowance

Scheme for Energy-Saving Investments

# Working together to save your business energy and money

## The Enhanced Capital Allowance (ECA) Scheme and the Energy Technology List

### What is the ECA Scheme?

The Government set up the ECA Scheme for energy-saving investments to encourage UK businesses to reduce carbon emissions which contribute to climate change. The aim is to encourage businesses to purchase energy-saving equipment specified on the Energy Technology List. The incentive for businesses include the tax break and reduced energy costs year on year.

### What is the ETL?

The Energy Technology List (ETL) specifies the energy-saving technologies and products that qualify for the Government's ECA Scheme and which can save money on operating costs from day one.

### Two major benefits for business

- **Energy savings**

Products listed on the ETL are highly energy efficient, and should produce significant long-term financial benefits by reducing your energy bills and Climate Change Levy payments.

- **Tax breaks**

An ECA provides upfront tax relief, enabling businesses to claim 100% first-year capital allowances against their taxable profits. This can deliver a cash flow boost and shorten the payback period on investment.

### Did you know?

With the benefit of the ECA Scheme a company spending £100m on designated energy-saving equipment could increase its cash flow by up to £30m in the period of investment.

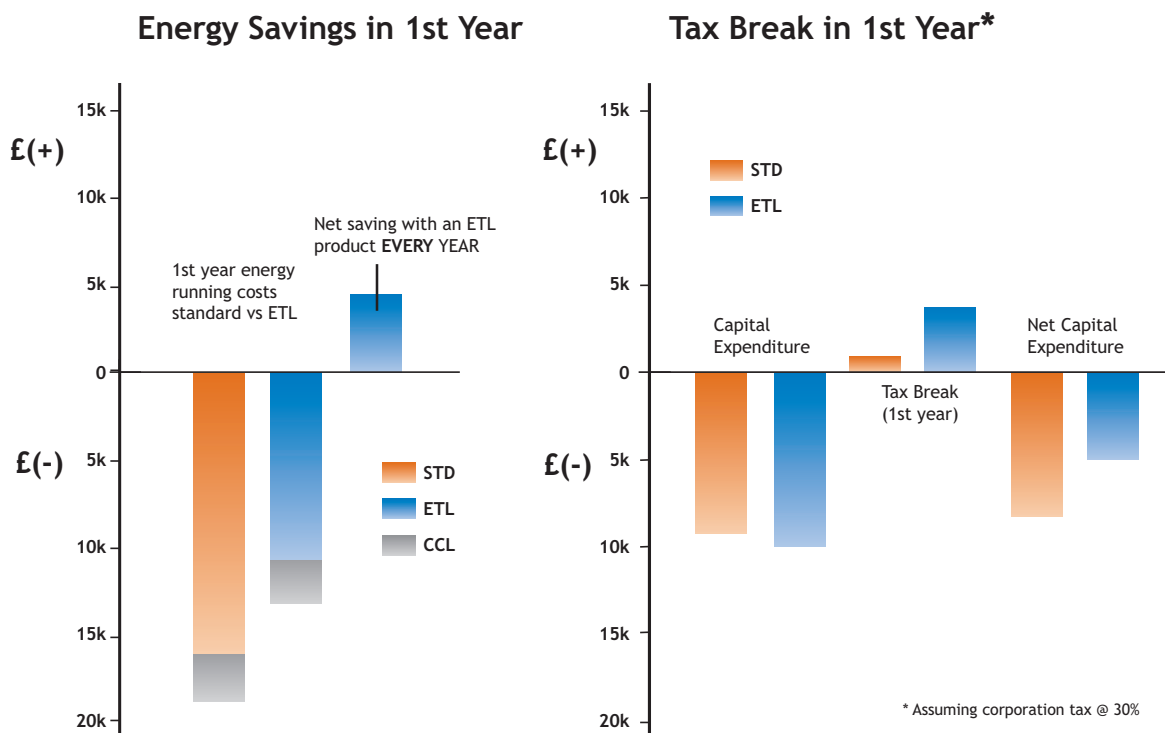
# Why Claim?

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## Invest in energy-saving

- If your business spends £10,000 on products specified on the ETL and you pay tax at 30%, you could reduce your tax bill by £3,000 in the year of investment
- The more you invest, the more you can save
- An ECA claim is made against the purchase and installation costs of the energy-saving equipment included on the ETL
- You can make a claim against any qualifying purchase made within the tax year
- Leasing equipment may also qualify, for more information go to the Inland Revenue website at [www.inlandrevenue.gov.uk/capital\\_allowances/eca\\_guidance.htm](http://www.inlandrevenue.gov.uk/capital_allowances/eca_guidance.htm)

## How much buying from the ETL could save you



CCL - Climate Change Levy

STD - Current available product with standard energy efficiency performance

ETL - Product listed on ETL with best in class energy efficiency performance

\* Assuming corporation tax @ 30%

# 2

## Check it's on the Energy Technology List (ETL)

- To qualify for an ECA first check your new equipment is on the ETL. For full listings visit [www.eca.gov.uk/etl](http://www.eca.gov.uk/etl)
- We also list the manufacturers of ETL products
- Manufacturers and products are constantly being added to the website every month
- The ETL details products which have been assessed as meeting published energy-saving criteria, and is used by businesses wishing to procure energy-saving equipment



Authorised User No. xxxxx

### Look out for the ETL Symbol

The Carbon Trust also offers this symbol as a tool to show that a product has been independently assessed against published energy saving criteria and is on the ETL.

### Qualifying technologies on the ETL

- |                                    |                              |
|------------------------------------|------------------------------|
| • Air to Air Energy Recovery       | • Lighting                   |
| • Automatic Monitoring & Targeting | • Motors & Drives            |
| • Boilers                          | • Pipework Insulation        |
| • Combined Heat & Power            | • Refrigeration              |
| • Compressed Air                   | • Solar Thermal              |
| • Compact Heat Exchangers          | • Thermal Screens            |
| • Heat Pumps                       | • Warm Air & Radiant Heaters |
| • HVAC Zone Controls               |                              |

For a full list of thousands of products visit [www.eca.gov.uk/etl](http://www.eca.gov.uk/etl)

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## Claim Tax Relief

- You can claim an ECA on the cost of qualifying equipment and its installation
- Claim your ECA in your normal corporation or income tax return in the section for capital allowances
- It is as simple as placing the total amount of expenditure in Box 118 and 'X' in Box 119
- Remember to keep the relevant records for tax purposes e.g. take a dated screen-print direct from the ECA website

- For more information visit

[www.inlandrevenue.gov.uk/capital\\_allowances/eca\\_guidance.htm](http://www.inlandrevenue.gov.uk/capital_allowances/eca_guidance.htm)

### Claiming ECA - Corporate Tax Return

Information about enhanced expenditure	
<b>Research and development (R&amp;D) enhanced expenditure</b>	
99 Put an 'X' in box 99 if the claim is made by a small or medium-sized enterprise (SME), including a SME subcontractor to a large company	<input type="checkbox"/>
100 Put an 'X' in box 100 if the claim is made by a large company	<input type="checkbox"/>
101 R&D enhanced expenditure	<input type="text" value=""/>
102 R&D enhanced expenditure of a SME on work sub-contracted to it by a large company	<input type="text" value=""/>
103 Vaccine research expenditure	<input type="text" value=""/>
<b>Land remediation enhanced expenditure</b>	
104 Enter amount equal to 150% of actual expenditure	<input type="text" value=""/>
118 Expenditure on machinery and plant on which first year allowance is claimed	<input type="text" value=""/>
119 Put an 'X' in box 119 if claim includes enhanced capital allowances for energy-saving investments	<input checked="" type="checkbox"/>
120 Qualifying expenditure on machinery and plant on long-life assets	<input type="text" value=""/>
121 Qualifying expenditure on machinery and plant on other assets	<input type="text" value=""/>



It is this EASY!!

For more information call the Carbon Trust Helpline on 0800 58 57 94 or visit [www.eca.gov.uk/etf](http://www.eca.gov.uk/etf)  
For tax specific information call the Inland Revenue on 020 7147 2541

# More opportunities to save

## Energy-Efficiency Loans

Interest-free unsecured loans of between £5,000 and £100,000 are available for small and medium sized businesses who are investing in an energy-saving project\*. Coupled with the ECA scheme this offers business really significant savings.

## Free energy surveys

If your energy bill is higher than £50,000 per year, then you may qualify for a FREE energy survey\*. The Carbon Trust will visit you onsite and provide you with a practical action plan of energy saving measures tailored to your business.

## Carbon Management

As an impartial business advisor, the Carbon Trust can help you anticipate what's ahead. Our Carbon Management Programme helps larger companies address the strategic issues associated with climate change. The results are cost savings, clarity around responses to legislation and corporate reputation and brand enhancement.

## The Carbon Trust - here to help you

The Carbon Trust is an independent, Government-backed organisation that helps businesses and public sector organisations cut energy costs to combat climate change. Impartial advice and assistance is generally free to UK businesses.

For further information on any of the above please visit [www.thecarbontrust.co.uk](http://www.thecarbontrust.co.uk)

\* Terms and conditions apply

The Carbon Trust works with business and the public sector to cut carbon emissions and capture the commercial potential of low carbon technologies.

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