



## Climate Change Levy

### CCL rate effective from 1 April 2010

For the tax year 2010/11 The electricity CCL rate is set at £0.00470/kWh, and the rate for gas remains at £0.00164/kWh.

On the 24<sup>th</sup> of March 2010 HMRC announced, as part of the Budget 2010 communication, the CCL rates were remaining at the same level for the 2010/2011 tax year compared to the previous year. The rate is set to increase again for 2011/2012 but this is subject to political development after the 2010 general election.

### What is the Climate Change Levy (CCL)?

The CCL is an environmental tax, imposed at the time of supply, on non-domestic consumers. It is meant to be financially neutral to the Exchequer, mainly through an offsetting cut in employers' National Insurance Contributions. It was introduced in April 2001.

### Why do we have CCL?

In 1997, at the Kyoto Summit on Climate Change, the EU signed an agreement to reduce Greenhouse Gas Emissions by 8% on 1990 levels by the year 2012. The UK government agreed to reduce emissions by 12.5% on 1990 levels by 2012. CCL aims to promote energy efficiency within businesses.

### How will it affect my business?

If you pay standard VAT on your energy bills, you are liable to pay CCL. An additional £0.00470/kWh is being charged for electricity and £0.00164/kWh for gas.

### What happens to the money paid for CCL?

The levy plays a major role in helping the UK to meet its targets for reducing greenhouse gas emissions. It entails no increase in the tax burden on industry as a whole and no net gain for the public finances. The reforms are intended to promote energy efficiency, encourage employment opportunities and stimulate investment in new technologies.

### How is the Levy applied to my bill?

The CCL is calculated based on the number of energy units you consume. The Levy does not apply to your standing charge and is added to your bill before VAT. The CCL charge will appear as a separate line on your bill.

## Which suppliers are not subject to the Levy?

Some supplies are excluded or exempt (subject to certification), these include:

### Excluded

- All supplies for domestic use
- Non-business use by charities
- Oils, these are already subject to excise duty

### Exempt

- Fuels used by some forms of transport
- Electricity generated from a Renewable source (e.g., solar and wind power), or Good Quality CHP
- Supplies to Electricity producers

## Are there any discounts available?

Energy intensive industries that have entered into a negotiated energy efficiency Climate Change Levy Agreement (CCLA) are eligible for an 80% reduction and are required to deliver energy efficiency or carbon saving reduction targets.

There are ten major energy intensive sectors (aluminium, cement, ceramics, chemicals, food & drink, foundries, glass, non-ferrous metals, paper, and steel) and over thirty smaller sectors.

### Further information:

HMRC - Environmental Tax Team - Excise and Stamp taxes

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