



Understanding the Climate Change Levy (CCL)

What is the 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 20% on 1990 levels by the year 2020. 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 is being charged for electricity and 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 supplies 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 (CCA) are eligible for an 90% reduction and are required to deliver energy efficiency or carbon saving reduction targets. The reduction for gas remains at 65%.

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

Where can I find further information?

HMRC - Environmental Tax Team - Excise and Stamp taxes can be contacted on:

Tel: 0845 010 9000

Email: intenquiries@hmrc.gsi.gov.uk