# Foreword

This Notice cancels and replaces Notice CCL 1 (May 2012).

# Other notices and forms on this or related subjects

**Notices**

CCL1/1 Registering for climate change levy

CCL1/2 Climate change levy: combined heat and power schemes

CCL1/3 Climate change levy: reliefs and special treatments for taxable commodities

CCL1/4 Climate change levy: electricity from renewable sources

CCL1/5 Climate change levy: penalties and interest

CCL1/6 A Guide to carbon price floor

920 The single currency

431 Visiting forces

**Forms**

CCL 100 Climate change levy return

PP10 CCL supporting analysis

PP11 CCL supplier certificate

C88 single administrative document

CCL200X Climate change levy tax credit claim

Copies of these documents can be obtained from our website www.hmrc.gov.uk or by phoning our Helpline on 0300 200 3700.

# 1. Introduction

# 1.1 What is this notice about?

This notice contains general information about the main rates of climate change levy (CCL) (defined in paragraph 2.1). It is relevant to all producers, suppliers and consumers of taxable commodities (defined in paragraph 2.2) and provides information about where to find more detailed guidance on subjects of a specialist interest.

This notice does not cover information about the carbon price support (CPS) rates of CCL which apply to taxable commodities (other than electricity) used in the generation of electricity, following the introduction of the carbon price floor on 1 April 2013. Details about the carbon price floor and the carbon price support rates of CCL are set out in Notice CCL1/6 A guide to the carbon price floor.

All references to CCL in this notice refer to the main rates of CCL only, unless otherwise indicated.

# 1.2 What has changed?

This notice, dated October 2013, replaces the edition of May 2012. The main changes to the content are in the following parts of the notice:

| **Paragraph/Section** | **Content** |
|---|---|
| Paragraph 1.1 | What is this notice about? |
| Paragraph 2.3 | What are the rates? |
| Paragraph 3.1 | What do you mean by relief from CCL? |
| Paragraph 3.3 | Which supplies are exempt from CCL? |
| Paragraph 3.5 | Which supplies are subject to the lower rates of CCL? |
| Paragraph 5.2 | Commodities other than gas and electricity |
| Paragraph 5.3 | How do I apply for a special utility scheme? |
| Paragraph 6.6 | How long must I keep my records? |
| Paragraph 7.3 | Can annual returns be made? |
| Paragraph 7.9 | Can CCL payments be offset against other taxes? |
| Paragraph 8.8 | I am a business consumer and have not claimed the correct amount of relief. What must I do? |

Unless otherwise specified, references in this notice to 'sections' or 'paragraphs' are to the named section or paragraph in this notice.

# 1.3 Who should read this notice?

This notice is for producers, suppliers and business consumers of energy products that are taxable commodities for the purposes of the main rates of CCL.

Unless indicated to the contrary, where we say ‘you’ or ‘your’ in this notice we mean the producer, supplier or consumer as appropriate and where we say ‘we’ ‘our’ or ‘us’ we mean HM Revenue & Customs (HMRC).

# 1.4 What legislation covers the issues in the CCL notices?

The extant CCL legislation covering issues in this and the other CCL notices is as follows:

- Finance Act 1996 section 197
- Finance Act 1997 sections 51 - 52
- Finance Act 2000 part II section 30 and schedules 6 -7
- Finance Act 2002 sections 123 -125 and 127 - 128
- Finance Act 2003 sections 188 - 193
- Finance Act 2004 section 289
- Companies Act 2006 section 1159
- Finance Act 2007 section 23 and schedule 24 (as amended)
- Finance Act 2008 sections 113 and 123 and schedules 36 and 41
- Finance Act 2009 sections 98, 99,101 - 104 and 108 and schedules 50, 51, 53, 54 and 59.
- Finance Act 2010 sections 17, 18 and 67
- Finance (No 3) Act 2010 sections 26, 27 and schedules 10 and 11
- Finance Act 2011 sections 23, 79 and 80
- Finance Act 2012 section 207 and schedules 30, 31 and 32
- Finance Act 2013 sections 199 and 200 and schedule 42

- Distress for Customs and Excise Duties and Other Indirect Taxes Regulations 1997
- Air Passenger Duty and Other Indirect Taxes (Interest Rate) Regulations 1998
- Climate Change Levy (Registration and Miscellaneous Provisions) Regulations 2001
- Climate Change Levy (Combined Heat and Power Stations) Exemption Certificate Regulations 2001
- Climate Change Agreements (Eligible Facilities) Regulations 2001
- Climate Change Levy (General) Regulations 2001
- Climate Change Levy (Electricity and Gas) Regulations 2001
- Climate Change Levy (Combined Heat and Power Stations) Prescribed Conditions and Efficiency Percentages Regulations 2001
- Climate Change Levy (Combined Heat and Power Stations) Prescribed Conditions and Efficiency Percentages (Amendment) Regulations 2003
- Climate Change Levy (Combined Heat and Power Stations) Regulations 2005
- Climate Change Levy (Fuel Use and Recycling Processes) Regulations 2005
- Climate Change Agreements (Energy Intensive Installations) Regulations 2006
- Climate Change Agreements (Eligible Facilities) Regulations 2006
- Climate Change Levy (General) (Amendment) Regulations 2007
- Climate Change Levy (General) (Amendment) Regulations 2010
- Climate Change Levy (General) (Amendment) Regulations 2011
- Climate Change Levy (Fuel Use and Recycling Processes) (Amendment) Regulations 2011
- Climate Change Levy (Suspension of Recycling Exemption) Order 2011
- The Climate Change Levy (General) (Amendment) Regulations 2012
- Climate Change Levy (General) (Amendment) Regulations 2013

- The Climate Change Levy (General) (Amendment No. 2) Regulations 2013
- The Climate Change Levy (Combined Heat and Power Stations) (Amendment) Regulations 2013.

# 2. General overview

## 2.1 What are the main rates of CCL?

The main rates of CCL apply to the taxable supply of specified energy products ('taxable commodities') for use as fuels (that is for lighting, heating and power) by business consumers including consumers in:

- industry
- commerce
- agriculture
- public administration, and
- other services.

The main rates of CCL do not apply to taxable commodities supplied for use by domestic consumers or to charities for non-business use.

## 2.2 What are the taxable commodities?

There are four groups of taxable commodities, as follows:

- electricity
- natural gas when supplied by a gas utility or any gas supplied in a gaseous state that is of a kind supplied by a gas utility for burning
- liquefied petroleum gas (LPG) and other gaseous hydrocarbons in a liquid state
- other taxable commodities: coal and lignite; coke, and semi-coke of coal or lignite; and petroleum coke.

# 2.3 What are the rates?

The main rates of CCL are charged at a specific rate per unit of energy. There is a separate rate for each of the four groups of taxable commodity. The rates are based on the energy content of each commodity and are expressed in kilowatt-hours (kWh) for gas and electricity, and in kilograms for all other taxable commodities. The main rates are levied at a reduced rate (which varies for each taxable commodity) for participants of the climate change agreement (CCA) scheme (see paragraph 3.4). A lower rate applies to gas in Northern Ireland (see paragraph 3.5.1) and also for energy used in metal recycling (see paragraph 3.5.2). All these rates are set out in the following table:

| **Taxable commodity supplied** | **Unit** | **Rate from 1 April 2013** | | |
|---|---|---|---|---|
| | | Rate | Reduction on main commodity rate for holders of a CCA | Lower rate when used in approved metal recycling process |
| Electricity | per kWh | £0.00524 | 10% | 20% of main electricity rate |
| Gas (defined in paragraph 2.2) in Great Britain | per kWh | £0.00182 | 35% | 20% of main gas rate |
| Gas (defined in paragraph 2.2) in Northern Ireland | per kWh | £0.00064 until 31 October 2013 (then Great Britain rate applies) | n/a up to 31 October 2013.<br><br>Then 35% | n/a up to 31 October 2013 then 20% of main gas rate for Great Britain |
| Liquefied petroleum gas and other gaseous hydrocarbons in a liquid state | per kilogram* | £0.01172 | 35% | 20% of main LPG etc rate |
| Any other taxable commodity (defined in paragraph 2.2) | per kilogram | £0.01429 | 35% | 20% of main rate for other taxable commodities |

| **Taxable commodity supplied** | **Unit** | **Rate from 1 April 2014** | | |
|---|---|---|---|---|
| | | Rate | Reduction on main commodity rate for holders of a CCA | Lower rate when used in approved metal recycling process |
| Electricity | per kWh | £0.00541 | 10% | 20% of full electricity rate |
| Gas (defined in paragraph 2.2) in Great Britain | per kWh | £0.00188 | 35% | 20% of main gas rate |
| Gas (defined in paragraph 2.2) in Northern Ireland | per kWh | £0.00188 | 35% | 20% of main gas rate |
| Liquefied petroleum gas and other gaseous hydrocarbons in a liquid state | per kilogram* | £0.01210 | 35% | 20% of main LPG etc rate |
| Any other taxable commodity (defined in paragraph 2.2) | per kilogram | £0.01476 | 35% | 20% of main rate for other taxable commodities |

**Notes:**

*For the purposes of the main rates of CCL the conversion rate of 2,000 litres per tonne is to be used when converting litres of butane and propane to kilograms.

Carbon price support (CPS) rates of CCL were introduced on 1 April 2013 for taxable commodities (excluding electricity) used in the generation of electricity. Details can be found in Notice CCL1/6 A guide to the carbon price floor.

# 2.4 What is a taxable supply?

A taxable supply is the supply of a taxable commodity by an energy supplier to a business consumer that is not excluded or exempt from the main rates of CCL (see paragraphs 3.2 and 3.3). Taxable supplies include self-supplies.

## 2.4.1 What is a self-supply?

If you are a gas or electricity utility or a producer of LPG or other taxable commodities and consume for your own business purposes taxable commodities that you would otherwise supply on (for example, to heat and light administration buildings unconnected with your production activities) these are deemed to be self-supplies. You must account for the main rates of CCL on your self-supplies in addition to any CCL due on your supplies of taxable commodities to third party consumers.

## 2.4.2 Does all own use constitute a self-supply?

Generally, yes, but not in all circumstances. Further information on relief from the main rates of CCL is within Notice CCL1/3: reliefs and special treatments for taxable commodities.

# 2.5 Do I need to register for the main rates of CCL?

Unlike VAT, there is no registration threshold for the main rates of CCL. If you make taxable supplies of taxable commodities (including taxable self-supplies) you must notify us and register for CCL. You may be liable to a penalty if you fail to do so (see Notice CCL 1/5 Climate change levy: penalties and interest).

Notice CCL 1/1 Registering for climate change levy tells you about whether you are liable to register for CCL, how to register and how to cancel a registration.

# 2.6 CCL and Value Added Tax (VAT)

For VAT purposes, the main rates of CCL form part of the value of the supply on which VAT is due. However, VAT is not chargeable on self-supplies (see paragraph 2.4).

# 3. Reliefs

## 3.1 What do you mean by relief from the main rates of CCL?

Where a supply is eligible for one of the reliefs outlined in this section, CCL is either not payable at all or payable at a rate below the main rates set out at paragraph 2.3. The term ‘reliefs’ covers exclusions, exemptions, the reduced rate for CCA participants and the two lower rates.

These reliefs are briefly outlined at paragraphs 3.2 to 3.5. For detailed guidance on the reliefs available see Notices:

- CCL 1/2 Climate change levy: combined heat and power
- CCL1/3 Climate change levy: reliefs and special treatments for taxable commodities, and
- CCL1/4 Climate change levy: electricity from renewable sources.

## 3.2 Which supplies are excluded from the main rates of CCL?

Supplies excluded from the main rates of CCL are those that are:

- for domestic use, or
- for non-business use by charities.

Small (de minimis) quantities of fuel and power are automatically treated as supplies for domestic use, even where they are supplied to a business. The small quantity limits applicable to each fuel are shown in Notice CCL1/3 Climate change levy: reliefs and special treatments for taxable commodities.

If you are a UK VAT registered business and registered for CCL, you can supply fuel and power to US and NATO visiting forces, and to the American Military Cemetery and Memorial at Madingley, Cambridge or Brookwood, Surrey (provided they are solely used for the maintenance of those cemeteries) without having to account for the main rates of levy. You must fulfil the conditions described in Notice 431 - Visiting forces.

## 3.3 Which supplies are exempt from the main rates of CCL?

The following are exempt supplies. For detailed guidance please refer to the public notice indicated.

| Supplies… | Notice |
|---|---|
| not for burning or consumption in the UK (exports) | CCL 1/3, section 3 |
| of taxable commodities other than gas or electricity intended for re-sale | CCL 1/3, section 3 |
| for use in certain forms of transport | CCL 1/3, section 3 |
| for use in the production of taxable commodities other than electricity | CCL 1/3, section 3 |
| to electricity producers (other than combined heat and power (CHP) stations, small generating stations and stand-by generating stations) | CCL 1/3, section 3 |
| to CHP stations | CCL 1/3, section 3; and CCL 1/2 |
| by small generating stations (other than CHPs) used to generate any electricity not self-supplied | CCL 1/3, section 3 |
| not used as fuel | CCL 1/3 section 3 |
| of electricity generated from renewable sources | CCL 1/3, section 3; and CCL 1/4 |
| of electricity from Good Quality CHP stations in some circumstances | CCL 1/3, section 3; and CCL 1/2 |

# 3.4 What are reduced-rated supplies?

Energy intensive businesses that have entered into a climate change agreement with the Environment Agency (EA) are entitled to pay a reduced rate of the main rates of CCL in return for meeting challenging emissions reduction or energy efficiency targets. Details of the level of the reduced rate for each taxable commodity are set out in paragraph 2.3.

See Notice CCL1/3 Climate change levy: reliefs and special treatments for taxable commodities for more information on reduced rate supplies.

# 3.5 Which supplies are subject to the lower rates of CCL?

## 3.5.1 Supplies of natural gas in Northern Ireland until 31 October 2013

Between 1 April 2001 and 31 March 2011 natural gas supplied to business consumers in Northern Ireland was exempt from the main rates of CCL. However, this exemption was replaced by a lower rate from 1 April 2011 which applies to supplies that are made, or treated as being made, during the period 1 April 2011 to 31 October 2013. The amount of the lower rate can be found in the table at paragraph 2.3. For more information about the lower rate see Notice CCL1/3 Climate change levy: reliefs and special treatments for taxable commodities.

**From 1 November 2013, the main rate of CCL for gas applies to taxable supplies of gas in Northern Ireland.**

## 3.5.2 Supplies for use in metal recycling processes

Between 1 April 2001 and 31 March 2011 taxable commodities supplied for use in certain metal recycling processes were exempt from the main rates of CCL. The exemption was suspended with effect from 1 April 2011 and (so far as it related to the recycling of steel and aluminium) was replaced by a lower rate set at 20 per cent of the main rates from 1 April 2012.

More information about the recycling lower rate is provided in Notice CCL1/3 Climate change levy: Reliefs and special treatments for taxable commodities.

# 3.6 I am a business consumer and am entitled to one or more of the reliefs from the main rates of CCL. What must I do?

If you are a business consumer who is entitled to one of the CCL reliefs outlined in section 3, you may need to give your energy supplier a certificate declaring that you are entitled to the relief. Notice CCL 1/3 Climate change levy: reliefs and special treatments for taxable commodities explains the circumstances in which you must give your supplier a certificate and how to do so. Supplies of electricity from renewable sources and good quality CHPs are not to be included in this certificate.

# 4. Importers

## 4.1 What is the CCL treatment of imported taxable commodities?

UK residents who import taxable commodities and make taxable supplies to end-users, or who are themselves end-users of taxable commodities, are liable to register for the levy. (See Notice CCL1/1 Registration for climate change levy.)

In the case of taxable supplies made by persons who are not resident in the UK, and are not a utility, liability to register and account for the main rates of CCL due rests with the person to whom the supply is made, based on their own taxable use or taxable supplies to business customers.

Importers who do not themselves use taxable commodities, but who sell them on to wholesalers or retailers (as opposed to end-users), are not liable to register or account for CCL provided they obtain the necessary notifications from customers, which state the customer's intention to sell on the commodities.

Taxable commodities are liable to the main rates of CCL if they are to be supplied for business consumption whether by the importer or by way of onward supply to other business consumers.

For taxable commodities imported from European Union (EU) Member States, the main rates of CCL are payable at the time of supply to business consumers in keeping with the principles of the single market.

For taxable commodities imported from countries outside the EU, the main rates of CCL are payable at the time of importation and will need to be included in the importer's customs declaration. Payment of the main rates of CCL can be deferred if the taxable commodities are placed in a duty suspension regime (where this is possible - for example, solid fuels stored in a customs warehouse).

## 4.2 What if I am not based in the UK?

Energy suppliers not based in the UK who are making taxable supplies must appoint a UK based tax representative. The tax representative will be responsible for making any necessary tax declarations to us, keeping tax records and making these available for inspection.

There are no rules about who may or may not act as a tax representative. Tax representatives are jointly and severally liable with the principal for the main rates of CCL.

Further information about the role of the tax representatives is set out in Notice CCL1/1 Registering for climate change levy.

# 5. Time of supply

## 5.1 What is the time of supply?

The time of supply determines when the main rates of CCL must be accounted for by the supplier. It is also referred to as the tax point. You must account for the main rates of CCL on the CCL return form **CCL 100 Climate change levy return** for the period in which the tax point occurs. (Section 7 tells you about CCL returns.)

If you supply taxable commodities other than gas and electricity, please follow the guidance in paragraph 5.2. If you supply gas and/or electricity you should follow the guidance in paragraph 5.3. Paragraph 5.4 covers supplies of taxable commodities spanning a period in which there is a change of rate.

## 5.2 Commodities other than gas and electricity

### 5.2.1 Basic tax point

If the commodity is physically moved from a place of storage the supply takes place at the time of the removal.

If the commodity is not to be removed, the supply takes place at the time when the commodity is made available to your customer.

If the commodity is being sent or taken on sale or return, or similar terms, it has not been sold and you still own it until such time as it is adopted by your customer. (Adoption means that the customer pays for it or otherwise indicates a desire to keep it.) If you have a fixed time limit for adoption of less than 12 months from the date the goods are sent, the basic tax point is the date when the time limit expires. If not, the basic tax point is 12 months from the date the goods were sent or removed. In either case, if your customer adopts the goods before the time limit expires this becomes the tax point.

These provisions create a tax point for the main rates of CCL that is equivalent to the basic tax point for VAT.

### 5.2.2 What if an invoice is issued and/or a payment is received before the basic tax point?

The issue of an invoice or the receipt of a payment can create an actual tax point for the purposes of the main rates of CCL.

Therefore if, before a commodity is removed or made available, you:

- issue a VAT invoice in respect of the supply, or
- receive a payment in respect of it,

to the extent to which it is covered by the invoice or payment, the supply is treated as taking place when the invoice is issued or the payment is received, whichever is the earlier.

## 5.2.3 Later invoice: 14-day rule

If you issue an invoice within 14 days of the basic tax point the supply is treated as taking place at the time the invoice is issued.

However, this rule does not apply if you:

- have already issued an invoice or received payment for all or part of the supply (to the extent that the supply was covered by the earlier invoice or payment), or
- have written to HMRC advising that you have opted not to follow the 14-day rule.

## 5.2.4 Extension of the 14-day rule

You do not have to follow the 14 day rule, but if you decide not to do so you must write and tell our Environmental Taxes Information Centre giving your reasons.

The address is:

Environmental Taxes Information Centre
Chillingham House
BP4002
Benton Park View
Newcastle Upon Tyne
NE98 1ZZ

You may need to do this if you normally issue invoices monthly, because an extension would allow you to issue invoices shortly after the end of the month in which you make the supplies.

In your application you must say whether you want to take the last day of the month or the date of issue of the invoice as the tax point. Whichever you decide, you must be consistent if the extension is approved.

If you issue an invoice more than 14 days after the basic tax point without approval to extend the 14 day rule, tax will be due at the basic tax point.

If you have already issued an invoice (for a part payment) or received a payment before the basic tax point, this will have created an actual tax point under paragraph 5.2.2 for the amount invoiced or received.

If you want to apply the 14 day rule to certain types of supplies only, you must write to our Environmental Taxes Information Centre for your area giving your reasons.

## 5.2.5 Supply by non-UK residents

If you are not resident in the UK the supply is treated as taking place either:

- when the commodity is delivered to your customer, or
- when it is made available in the UK to that person, if earlier.

Importers who do not themselves use taxable commodities but simply sell them on to wholesalers or retailers (as opposed to end-users) are not liable to register or account for the main rates of CCL. However, such importers must obtain the necessary notifications on form PP11 CCL Supplier Certificate or equivalent from their customers that state an intention to sell on the commodities.

If you are outside the UK, the person to whom the commodity is consigned is responsible for declaring it for Customs purposes. This declaration will normally be made on form C88 single administrative document for supplies from outside the EU.

The main rates of CCL due may be accounted for at the time of importation but an alternative procedure is available where:

- the importer is registered for the purposes of the main rates of CCL, and
- within 14 days of the delivery of the supply or it being made available to the person to whom it is consigned, the consignee writes to the Environmental Taxes Information Centre (at the address set out at paragraph 5.2.4) opting to treat the supply as taking place on the date of their letter.

This achieves parity with the 14-day rule explained at paragraph 5.2.3.

## 5.2.6 Self-supplies

If you are a producer of taxable commodities and consume for your own business purposes taxable commodities that you would otherwise supply on, the self-supply is treated as taking place when the commodity is used.

If you are a consumer of taxable commodities that were supplied to you free of the main rates of CCL but your circumstances have changed since the supply was originally made causing CCL to become due, the self-supply is treated as taking place at the time of the change in your circumstances.

# 5.3 What are the time of supply rules for electricity and gas?

## 5.3.1 The climate change levy accounting document

For supplies by electricity and gas utilities the time of supply is based on the date of issue of a climate change levy accounting document (CCLAD). A CCLAD will normally be issued for all taxable supplies of gas and electricity unless supplies are covered by special utility schemes (see paragraph 5.3.4).

If your gas or electricity supplies are to be covered by a CCLAD you must issue the document no later than 15 weeks (for small scale users) or 6 weeks (for other users) after the day on which the actual supply was made. When issued, a CCLAD must cover any supplies made to a consumer that have not been covered by a previous CCLAD. This provision applies to both metered and estimated consumption.

## 5.3.2 What information must be shown on the CCLAD?

A CCLAD must show the:

- quantity of gas/electricity supplied
- period of supply
- supplier’s name and address
- customer’s name and address
- supplier’s reference number for the customer, and
- date of issue.

While there is no general legal requirement for a CCLAD to identify the amount of levy charged, it must do so if you claim bad debt relief (see section 9).

## 5.3.3 What if I fail to issue a CCLAD when required?

If you do not issue a CCLAD when you should, then for the purposes of the main rates of CCL the supply is treated as taking place at the end of the appropriate 15 week or 6 week period in which it should have been issued.

## 5.3.4 Special utility schemes

A utility should use CCLADs to account for the main rates of CCL due on the majority of its supplies. Any special utility scheme is intended only to take account of supplies that cannot be readily accommodated in the normal billing/CCLAD cycle**. It is not a substitute for the normal rules.**

Some supplies made by gas and electricity companies do not fit into the normal cycles of billing. These may include:

- supplies to new customers
- supplies to customers on various annual accounting and budget schemes
- self-supplies
- supplies to other group members, and
- journals and other adjustments.

The special utility scheme is designed to take account of such anomalies.

### 5.3.5 How do I apply for a special utility scheme?

You should write to our Environmental Taxes Information Centre at the address set out in paragraph 5.2.4 setting out the scheme you wish to operate.

You must wait for us to approve the scheme before you begin to operate it. Unless a special utility scheme has been agreed, you must issue CCLADs for all taxable supplies of gas or electricity that you make.

The terms of our approval will specify both the scheme's conditions and duration and you must agree to abide by these terms. A scheme will be reviewed periodically to make sure that it is producing a fair and accurate result.

Special utility schemes are intended to ease actual administrative and commercial difficulties, not to relax the normal tax point rules. When considering applications for schemes we will aim for consistency of treatment across the gas and electricity industries.

## 5.4 What if supplies span a change of rate, etc?

### 5.4.1 What causes rate changes?

A rate change could occur as a result of a change in:

- the description of supplies that are liable to the main rates of CCL, or
- any of the main CCL rates in force, including the reduced or lower rates.

## 5.4.2 How do I calculate the main rates of CCL due on such supplies of gas or electricity?

You should identify the fractions of the supply made before and after the change (the ‘pre-change fraction' and the 'post-change fraction') and apply the rates applicable.

For example:

An electricity consumer is invoiced on 10 April 2013 for 100,000 kWh supplied between 12 March 2013 and that date. Consumption is monitored constantly by meter readings and it is known that consumption in the period prior to the change of the main CCL rate for electricity on 1 April 2013 was 75,000 kWh and the balance of 25,000 kWh was consumed between 1 and 10 April 2013.

Therefore, the levy chargeable is:

- 75,000 kWh multiplied by the CCL rate for electricity that applied between 12 and 31 March 2013 (£0.00509)
  plus
- 25,000 kWh multiplied by the CCL rate for electricity that applied between 1 and 10 April 2013 (£0.00524)
- Total supply: 100,000 kWh
- CCL due on pre-change fraction: £381.75
- CCL due on post-change fraction: £131.

## 5.4.3 What if I do not know the pre-change and post-change quantities of gas or electricity?

You should calculate the pre-change and post-change fractions by dividing the number of days in the period over which the supply is actually made that fall before and after the change, by the total number of days in the period.

In the example at paragraph 5.4.2 there were 30 days in the period, and 10 days after the change, so the post-change fraction would be 10 divided by 30 (1/3) and the CCL due for the period after the change of rate would be calculated as follows:

Total supply: 100,000 kWh

Post-change fraction: 1/3

Post-change units: 33,333 kWh

Rate: £0.00524

CCL due on post rate change electricity: £174.66.

### 5.4.4 Can I make seasonal adjustments to the calculations for gas and electricity?

If the use of the daily apportionment would produce an inequitable result (for example, a quarterly bill issued at the end of April would contain supplies made in February and March which, because of seasonal changes, might be far colder than April) then a reasonable estimate of the pre and post-change fractions can be made.

Established company algorithms may be used to determine the climatic weighting.

### 5.4.5 What about supplies of other commodities spanning a change of rate?

The basic tax point rules for supplies of taxable commodities other than gas and electricity are explained in paragraph 5.2.1: that is, removal, availability and adoption.

There are also other provisions to cater for earlier and later invoices, imports and directions as to when supplies take place (see paragraphs 5.2.2 to 5.2.5). However, the operation of these provisions may impact upon the extent to which a supply is affected by a change of rate. If this is so, then the person making the supply can elect that, for the purposes of calculating the effect of the change on a supply, these provisions will not apply and the basic tax point rules will be adopted.

# 6. Records

# 6.1 General

Every person involved (in whatever capacity) in making or receiving supplies of taxable commodities must retain records. This is no different to the normal commercial accounting, as well as for the other taxes under the care and management of HMRC.

# 6.2 I am registered for CCL. Which records must I keep?

While the table below is not exhaustive, the most common records you must keep (where appropriate) are:

| Records to be kept | Who should keep | Further information |
|---|---|---|
| Climate change levy accounting documents (CCLADs) | Gas and electricity suppliers | See paragraph 5.3.1 |
| Special utility scheme | Utilities operating special utility | See paragraphs 5.3.4 and |

| | | |
|---|---|---|
| records | schemes | 5.3.5 |
| Climate change levy account | All those registered for CCL | See paragraph 6.4 |
| Commercial invoices | Suppliers of taxable commodities other than electricity and gas and those involved (in whatever capacity) in making or receiving supplies of CPS rate commodities. | See paragraph 6.5 |
| Credit and debit notes and similar documents issued or received in respect of CCL | All suppliers of taxable commodities | See paragraph 8.2 |
| Bad debt accounting records | Any supplier claiming bad debt relief | See paragraph 9.2 |
| PP11 CCL Supplier Certificates | Any supplier whose customers claim a relief from the main rates of CCL | See Notice CCL1/3 |

# 6.3 I am a customer receiving taxable commodities. Which records must I keep?

You may be required to show that the main rates of CCL have been charged to you. Your business and commercial records will usually be all that it is required.

However, if you are claiming a relief from the main rates of CCL in relation to:

- an exemption; or
- a reduced rate,

you must keep copies of the relevant VAT certificates, CCL declarations and the relevant CCL certificates (PP11 CCL supplier certificate and PP10 CCL supporting analysis or equivalent) given to your energy supplier. (See Notice CCL1/3 Climate change levy: reliefs and special treatments for taxable commodities.)

You must also keep the necessary records to support the statements you made on these certificates as they may need to be verified at a later date.

## 6.4 What is the climate change levy account?

For each accounting period covered by a CCL return you must keep a summary of the total CCL due in that period, detailing the build up of the CCL return (see paragraph 7.1). If you are registered for CCL you must keep a CCL account.

## 6.5 Must I keep commercial invoices?

Where these relate to taxable supplies, other than electricity and gas, you must treat them as part of your records.

## 6.6 How long must I keep my records?

All records relating to CCL must normally be kept for six years. However, if this causes storage problems, involves excessive expense or causes other difficulties, you can write to the Environmental Taxes Information Centre at the address set out in paragraph 5.2.4 for approval to keep some of your records for a shorter period.

You must get our agreement before you destroy any of your business records before the normal six-year retention period has expired.

## 6.7 In what form may I keep my records?

The following kinds of data storage are acceptable:

- paper records
- paper records copied to microfiche or microfilm, and
- computer records, including removable storage devices such as CDs and memory sticks.

Computer records must be accessible to us and must be capable of being converted into paper records on request.

You are responsible for your records relating to CCL, whether or not a third party is contracted to maintain or store them.

## 6.8 When must I make my records available?

You must make your records available upon any reasonable request by our officers.

# 7. CCL returns and payment of tax

# 7.1 What is form CCL 100?

The CCL 100 Climate change levy return form must be submitted periodically by registered persons as a declaration to us of the tax due from them. Accounting periods are normally of 3 months' duration.

Once a quarter (if you are on a quarterly cycle), we will send you the CCL 100 Climate change levy return form. When you receive it, the form will show the date by which it must be returned to us and payment made (the due date). Unless you are on non-standard accounting periods, the due date is the last day of the month following the end of the relevant accounting period.

The CCL 100 Climate change levy return must be signed by a responsible person. In the case of a limited company this should be the director or company secretary, one of the partners in the case of partnerships, the proprietor in the case of sole proprietorships, an authorised official in the case of an unincorporated body and a trustee or the beneficiary(ies) in the case of trust.

# 7.2 Where do I send my returns and payments?

You should send your CCL 100 Climate change levy return form to:

HM Revenue & Customs
The Controller
Central Collection Unit (Climate Change Levy)
Alexander House
21 Victoria Avenue
Southend-on-Sea
SS99 1AY

The Unit also is responsible sending out CCL returns to all registered businesses (and for processing applications for registration and for exemption from registration).

# 7.3 Can annual CCL returns be made?

## 7.3.1 What is an annual return?

In order to reduce the administrative burdens on small businesses, the option of submitting a single CCL 100 Climate change levy return form and one payment of CCL every 12 months is available to businesses with an annual CCL liability not exceeding £2,000.

You may apply for authorisation to submit annual returns if:

- you have been registered for CCL for at least 12 months at the time of making your application and have submitted at least 4 quarterly CCL returns
- you have reasonable grounds for believing that the total amount* of CCL on taxable supplies made, or to be made by you, in the 12 months from the date of your authorisation will not exceed £2,000
- your registration is not a group or divisional registration, and
- you have not, in the 12 months preceding the date of your application, ceased to make annual returns.

* Including, where applicable, any CPS rates of CCL due - please refer to notice CCL1/6 A Guide to Carbon Price Floor

## 7.3.2 How do I apply for annual returns?

If you wish to make annual returns please write to the Central Collection Unit (CCL) at the address given in paragraph 7.2, providing details of:

- the date of your CCL registration
- your CCL registration number
- your total* CCL liability for the past 4 quarters (aggregated)
- your expected total* CCL liability for the next year, and
- the date on which you want your accounting year to start (unless there are exceptional circumstances, this should be the first day of a month).

If your CCL liability for the past year exceeded £2,000, please explain why you expect it to decrease in the next year.

If we authorise you to use annual accounting, you may be required to submit a return and payment for a transitional period, which will run from the start of the current accounting period in which you make your application to the first day of your first annual accounting period.

* Including, where applicable, any CPS rates of CCL due - please refer to notice CCL1/6 A Guide to Carbon Price Floor.

## 7.3.3 What if my CCL liability increases?

If you have been authorised to use annual accounting but become aware that your total* liability is likely to exceed the £2,000 threshold, you must notify the CCL Central Collection Unit (CCL) at the address in paragraph 7.2 within 30 days of this coming to your attention.

* Including, where applicable, any CPS rates of CCL due - please refer to notice CCL1/6 A Guide to Carbon Price Floor.

# 7.4 Can I use non-standard accounting periods?

It is possible to have accounting periods that do not cover whole months, if that is more convenient for your accounting system. You can apply for this at the time you register for CCL, or subsequently, by writing to the Central Collection Unit (CCL) at the address in paragraph 7.2.

# 7.5 How should I pay the CCL due?

We accept all normal payment methods including:

- Banker's Automated Clearing System (Bacs)
- credit transfer by Clearing House Automated Payment System (CHAPS)
- credit transfer by Bank Giro
- cheque, and
- direct debit.

If you wish to pay by Bacs or CHAPS please contact our Central Collection Unit (CCL) at the address in paragraph 7.2.

# 7.6 Direct debit scheme

We offer a 7 day delayed payment concession if payment is made by direct debit. If you would like to join the scheme you can complete and return a direct debit mandate form available from the Central Collection Unit (CCL) at the address in paragraph 7.2.

| **The terms of the direct debit scheme are as follows:** | |
|---|---|
| 1 | We must receive your CCL return by the due date shown on it. |
| 2 | We will then debit your account on the seventh day after the due date or the earliest banking day after this if the seventh day is not a banking day. The debit may be later if there are delays in receiving the return. |
| 3 | If your CCL ledger account shows a credit balance when the Central Collection Unit processes a return your bank account will normally be debited only for the balance owing on the CCL ledger account - not the full amount declared on the return. We will advise you if this is the case. |

| | |
|---|---|
| 4 | Payment of the CCL liability declared on your return should not be made by any means other than direct debit unless you have withdrawn from the direct debit scheme and advised the Central Collection Unit in good time before the change is due to take effect. |
| 5 | Payment by direct debit can only be made in respect of the tax liability declared on your CCL return. Any other CCL debts (for example, assessments of CCL made by HMRC, interest and penalties) must be paid by other means. |
| 6 | If the direct debit fails, except where this is due to an error by us, you may be liable to a financial penalty and penalty interest from the first day after the due date until the day before payment is made. |
| 7 | If we receive your return after the due date your account will be debited on the date stated in 2 above if this can be arranged or as soon as possible afterwards. If we receive a return after the due date you may be liable to a financial penalty and penalty interest from the day after the due date until the day before the return is received. |
| 8 | We may remove registered persons from this scheme if we receive any return or payment after the due date. |
| 9 | You must notify the Central Collection Unit (CCL) of any changes that affect your payment of CCL by direct debit (for example, a change of address or bank account details). |

# 7.7 Can I pay in Euros?

Notice 920 The single currency explains how to make payments in Euros.

# 7.8 Can I send my returns to you electronically?

This facility is not available at the moment.

# 7.9 Can CCL payments be off-set against other taxes?

CCL payments can be offset against other HMRC taxes only in exceptional circumstances. You will need to contact our Central Collection Unit on Telephone 01702 366558 for details, or you can write to them at the address set out in paragraph 7.2.

## 7.10 Are there any sanctions if I fail to submit a return or payment?

If you fail to submit returns when they are due, or fail to pay the CCL due, we can require you to submit monthly returns. We can also require payment of a financial security.

You may also be liable to penalties and interest - see Notice CCL 1/5 Climate change levy: penalties and interest.

# 8. Correcting errors

## 8.1 What should I do if I discover I have made an error?

Errors in the amount of tax declared as payable, resulting in either an under-declaration or over-declaration of the amount due can occur for a variety reasons. Whatever the reason may be, you need to correct an error once you have discovered it.

If the aggregated amount of errors discovered does not exceed £50,000 (if you are a VAT registered business) or £10,000 (if you are not VAT registered) you can correct them by making an adjustment on your next CCL return. You should record in your CCL account any adjustments made on your return and the reasons for them.

If the aggregated amount of errors discovered exceeds the limit that applies to you, you must make a voluntary disclosure. Paragraph 8.4 tells you how to make a disclosure.

When calculating the total CCL under- or over-declared from previous periods, under-declarations and over-declarations must not be offset against each other.

If you do not correct your errors or follow the correct procedure for correcting errors you may be liable to a penalty (see Notice CCL1/5 Climate change levy: penalties and interest).

## 8.2 I am a supplier of taxable commodities. What if I issue a credit note to a customer?

The credit note should be accounted for in the accounting period during which the correction is made in your business accounts. If the error is corrected in the accounting period in which it was made it should be treated as a current period adjustment. If it is corrected in a later accounting period it should be dealt with under the error correction procedures as a disclosure.

If you are insolvent, the credit note should be accounted for in the accounting period when the supply was made. If the supply was made in the current accounting period it should be accounted for as a current period adjustment. If the supply was made in an earlier accounting period it should be treated under the error correction procedures as a disclosure - see paragraph 8.4.

A credit note should credit the customer to the extent of the main rates of CCL overcharged.

If you do not correct your errors or follow the correct procedure for correcting errors you may be liable to a penalty (see Notice CCL 1/5 Climate change levy: penalties and interest).

# 8.3 What are tax credits?

You can claim a tax credit if:

- you have charged the main rates of CCL on a supply, and
- you have declared it in a previous return which has been paid, and
- it is subsequently determined that the main rates of CCL should have been charged at the reduced rate, lower rate or not charged at all, and
- your customer is not entitled to claim a tax credit to adjust the CCL relief claimed on their relief certificate (see Notice CCL 1/3 Climate change levy: reliefs and special treatments for taxable commodities).

The tax credit is an over-declaration of CCL. You should account for it on your CCL return if the total cumulative over-declarations from previous periods are within the limits outlined in paragraph 8.1. For the main rates of CCL you should reimburse your customer for the overcharge.

If you recover the over-declaration by making a voluntary disclosure you may need to give an undertaking to reimburse your customers - see paragraph 8.5.

# 8.4 How do I make a voluntary disclosure?

If the total of under-declarations or over-declarations of CCL from previous accounting periods exceeds the limits outlined in paragraph 8.1 or a credit note relates to a supply made in an earlier accounting period outlined in paragraph 8.2, you must write to our Central Collection Unit (CCL) at the address in paragraph 7.2 setting out:

- the amount of the error(s)
- the accounting period(s) to which it/they relate

- which box(es) of the return was/were under/over stated
- how the error(s) occurred, and
- details of both cumulative under-declarations and cumulative over-declarations, where these have occurred.

Under-declarations and over-declarations should be shown separately in the letter.

# 8.5 What is unjust enrichment?

If you find you have over-declared the main rates of CCL that has already been passed on and paid by your customers in the bills you issue to them, we can refuse to make a refund of tax to you on the grounds that it would unjustly enrich you.

We will only refund you if you satisfy us that:

- you will reimburse your customers no later than 90 days after the repayment of tax has been made by us
- no deduction will be made from the reimbursement by way of fee or charge
- reimbursement will only be made by cash or cheque
- any amount which has not been reimbursed to customers within the 90-day period will be repaid immediately to us
- any interest paid by us in relation to the overcharge will also be paid to the customer, subject to the conditions above, and
- you will keep records of the following and produce them when required:
  - the names and addresses of the customers reimbursed or who will be reimbursed
  - the total amount reimbursed to each person, and
  - the amount of interest reimbursed to each person, and the date that each reimbursement is made.

You must give us a written undertaking that you will meet all of these conditions no later than the date on which you submit your voluntary disclosure to recover the over-declaration. You may wish to use the format for a letter of undertaking that we have suggested below.

**Undertaking in connection with the main rates of climate change levy reimbursement arrangements - regulations made under Regulations 19-25 of the Climate Change Levy (General) Regulations 2001**

I, the undersigned, have identified the names and addresses of consumers whom I have reimbursed or intend to reimburse.

I have repaid or will repay to these persons, in cash or by cheque, all the money I receive from HMRC (including associated interest) without any deduction, within 90 days of receiving the money. I understand that I cannot use the money for any other purpose.

Any money I have not repaid to customers will, without reminder, be repaid to HMRC within 14 days of the expiry of the period of 90 days of receiving the repayment from HMRC.

I will keep all the necessary records as set out in the Regulations and I will comply with any notice given to me by HMRC about producing the records I am required to keep.

# 8.6 What if I have deregistered before I discover an error has been made?

You should make a disclosure to us as outlined in paragraph 8.4.

# 8.7 Is there a time limit for making adjustments and voluntary disclosures?

You may only correct an error by making an adjustment on your CCL return if the adjustment is made within four years of the accounting period in which the error was made or the adjustment was required. Similarly, voluntary disclosures and tax credit claims (including bad debt relief claims) can only be made if the original payment to us was made within four years of the date of the disclosure/claim.

# 8.8 I am a business consumer and have not claimed the correct amount of relief. What must I do?

If you have under claimed the amount of relief you are entitled to, you can claim a tax credit for the amount by completing form CCL 200 X Climate change levy tax credit claim and sending it to the Central Collection Unit (CCL) at the address set out in paragraph 7.2.

If you have over claimed the amount of relief you are entitled to, this is treated as a taxable self supply (see section 2) and you will become liable to register with HMRC for CCL. However in such circumstances we may exempt you from registering under certain conditions, although you will be required to pay back the correct amount of the main rates of CCL.

You can find more information about under-claiming and over-claiming relief from the main rates of CCL in notices CCL1/3 Climate change levy: reliefs and special treatments for taxable commodities and CCL1/1 Registering for climate change levy.

# 9. Bad debt relief on the main rates of CCL

## 9.1 What is bad debt relief?

If you have made taxable supplies to customers on which the main rates of CCL have been accounted for and your customers have not paid you for those supplies, either fully or in part, you can claim bad debt relief from the main rates of CCL providing that **all** the following conditions are met:

- the amount of the main rates of CCL charged on the supplies is identified on an invoice or CCLAD (see paragraph 5.3.1) and has been accounted for and paid to us

- the debt has been written off in your day-to-day accounts and transferred to a separate CCL bad debt relief account

- the supply remains unpaid, and at least six months have elapsed from:
  -the time of supply, and
  -issue of the invoice or CCLAD showing the amount of the main rates of CCL on the supply, and
  -payment for the supply (or part of the supply on which bad debt relief is intended to be claimed) became due, and

- your customer has made no other payments to you within the period of six months (where you and your customer are associated companies).

Before claiming bad debt relief you should be satisfied that an invoice will never be paid. You should not claim the relief if you are taking recovery action. If you have claimed bad relief and an invoice is subsequently paid, you must credit the tax back in your CCL account.

Approval to operate a special utility scheme does not override these requirements.

## 9.2 What records must be kept if I claim bad debt relief?

If you are an electricity or gas utility you must keep a copy of the CCLAD that was issued.

If you supply other taxable commodities you must keep a copy of the sales invoice issued, and a separate bad debt account showing:

- the amount of levy charged
  -the date and identifying number of the invoice issued, showing the amount of levy due, and
  -the return period in which the levy was accounted for and when it was paid

- for any payment or other consideration received, whether before or after the claim is made, the:
  -outstanding amount, and
  -amount of the claim.

You do not need to advise your customers that you are claiming bad debt relief.

# 9.3 How much can I claim?

Normally, the amount of bad debt relief that you can claim is the amount of the main rates of CCL charged on the supply or supplies relating to the bad debt. Usually this can be calculated from the bad debt account.

If a part payment for the debt has been received, a claim for a refund of the main rates of CCL may be made only in respect of the amount that is still unpaid.

# 9.4 How do I claim bad debt relief?

To claim a bad debt refund you must have the required information detailed in paragraphs 9.1 and 9.2. Once you have written off the debt, you may reduce the amount of levy to be paid in the appropriate box (boxes 1 - 4) of your return by the amount to be reclaimed.

# 9.5 What if I receive payments after I have claimed bad debt relief?

If you subsequently receive any payment from a customer in respect of a bad debt, you must repay to us some or all of the credit you claimed. The amount to be repaid is calculated as the credit claimed, multiplied by the amount received or attributed, then divided by the outstanding debt for the supply.

# Further help and advice

If you need general advice please phone the VAT and Excise helpline on 0300 200 3700. You can call between 8.00 am and 6.00 pm, Monday to Friday.

If you have hearing difficulties, please phone the Textphone service on 0300 200 3719.

If you would like to speak to someone in Welsh, please phone 0300 200 3705, between 8.00 am and 6.00 pm, Monday to Friday.

All calls are charged at the local rate within the UK. Charges may differ for mobile phones.

If you would like to contact us by email, you can do so at the following link:

Emailing HM Revenue & Customs (HMRC) with your excise enquiry

If you would like copies of any of our material in Welsh, please write to the address given in Section 11 of this notice.

# Your rights and obligations

Your Charter explains what you can expect from us and what we expect from you.

# Do you have any comments or suggestions?

If you have any comments or suggestions to make about this notice, please write to:

HM Revenue & Customs
Environmental Taxes Team
3rd Floor West, Ralli Quays
3 Stanley Street
Salford
M60 9LA

Please note this address is not for general enquiries.

For your general enquiries please phone our Helpline on 0300 200 3700.

# Putting things right

If you are unhappy with our service, please contact the person or office you have been dealing with. They will try to put things right. If you are still unhappy, they will tell you how to complain.

If you want to know more about making a complaint go to www.hmrc.gov.uk and under quick links, select Complaints and appeals.

# How we use your information

HMRC is a Data Controller under the Data Protection Act 1998. We hold information for the purposes specified in our notification to the Information Commissioner, including the assessment and collection of tax and duties, the payment of benefits and the prevention and detection of crime, and may use this information for any of them.

We may get information about you from others, or we may give information to them. If we do, it will only be as the law permits to:

- check the accuracy of information
- prevent or detect crime
- protect public funds.

We may check information we receive about you with what is already in our records. This can include information provided by you, as well as by others, such as other government departments or agencies and overseas tax and customs authorities. We will not give information to anyone outside HMRC unless the law permits us to do so.

For more information, go to **www.hmrc.gov.uk** and look for Data Protection Act within the Search facility.