

## What is an ECA?

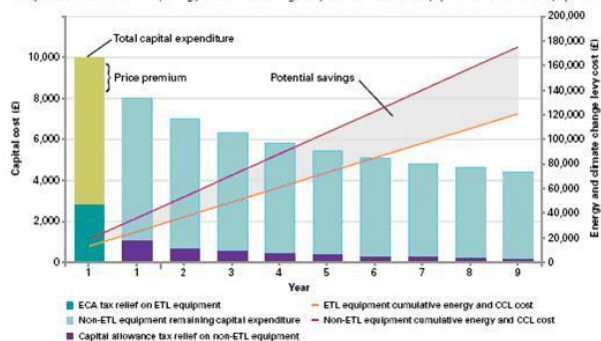
The ECA is an abbreviation for Enhanced Capital Allowance. It was introduced in 2001 by the government to encourage businesses to invest in low-carbon, energy-saving equipment. If you invest in a new piece of eligible equipment, your investment, including purchase and transportation costs along with other arisen costs of the product count against your taxable profit.

For detailed description, please refer to <http://www.eca.gov.uk/etl/about/>

## What are the Benefits?

According to the ECA website, "The Enhanced Capital Allowance (ECA) scheme can bring significant financial savings, in the short and long-term, as well as improving a company's energy-efficiency and its impact on the environment." You can apply for 100% tax relief based on the equipment, which brings an instant cash flow. In addition, the energy efficient device will lower your energy bills and Climate Change Levy, as long-term benefit.

Comparison of the tax benefit, energy and climate change levy cost between ETL equipment and non-ETL equipment



## What is the Structure of the ECA scheme?

The ECA scheme consists of two parts:

**The Energy Technology Criteria List (ETCL)** is a list of the criteria, reviewed annually, that devices need to meet to qualify for an ECA.

**The Energy Technology Product List (ETPL)**, updated each month on the website, lists the products and technologies that are eligible for an ECA.

## What are the Limitations?

1. There are limits on the claim value of most equipment.
2. The equipment you plan to claim must be new and unused, so second-hand equipment is not eligible.
3. The equipment must meet the energy-saving criteria, published in Energy Technology Criteria List, or ETCL.
4. Direct costs arising from the investment, including transportation, installment, professional fees, can be included in the claim. However, indirect cost, such as time staff spent to search for eligible equipment, does not qualify.

## How to claim an ECA?

According to the ECA website, "ECA claims should be submitted as part of your normal corporate or income tax return. It's important to retain all documents relating to your ECA claim, including invoices, dated screen prints from the ECA website and anything from the company that installs the equipment. HMRC may investigate any aspect of a tax return and you should have all necessary evidence to hand to support your claim."

## How to determine if the purchase is eligible?

There are three ways to determine if your equipment meets the criteria.

Some of the equipment that is eligible has a symbol, shown below, on them. The symbol can be on the equipment itself or on marketing material. If you are not sure if the equipment has the symbol, you can also contact the manufacturer / supplier to ask them if it is eligible. This is the easiest and fastest way to check if the equipment is eligible.



If you do not want to contact the manufacturer / supplier, you can lookup online to see if your equipment is already in the database. However, there are four non-listed technologies. This is because some technologies have a variety of products the on market. The website does not list these products under these categories. Typically, the equipment needs to be compliant with ETL criteria to be eligible for ECA. Under these situations, business owners can consult product manufacturer or suppliers who will be able to give professional advice on the ECA eligibility of their products. The confirmation issued by a manufacturer or supplier can be used to support ECA claim. The four non-listed technologies are:

- Component based automatic monitoring and targeting equipment (AMT)
- Combined heat and power (CHP)
- Lighting
- Pipework insulation

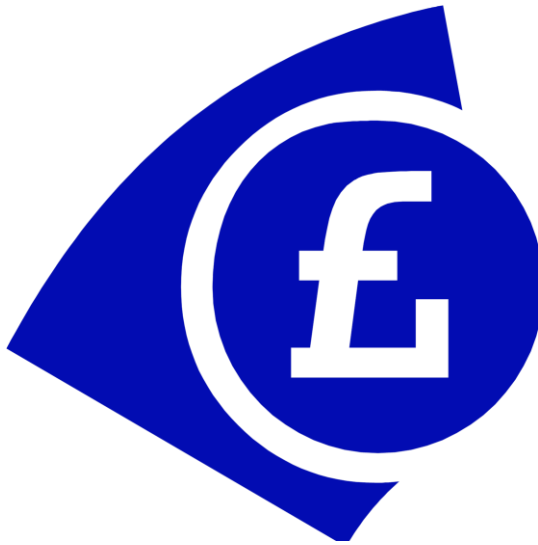
For the full list of categories, you can check: <http://www.eca.gov.uk/etl/find/> you can also use the list to look up technologies and equipment that you may want to purchase if you do not have any specific idea of what equipment you should be looking for.

## FAQ

If you have other questions, you can refer to: <http://www.eca.gov.uk/etl/faqs.htm>

## Brief List of ECA Equipment Categories

- Boiler Equipment
- Combined Heat and Power
- Compact Heat Exchangers
- Compressed Air Equipment
- Heat Pumps
- Heating, Ventilation and Air Conditioning (HVAC) Equipment
- Lighting
- Motors & Drives
- Radiant & Warm Air Heaters
- Refrigeration Equipment
- Thermal Screens
- Uninterruptible Power



# Enhanced Capital Allowance

How Going Green will  
save you money!

\*Most materials were adapted from the official ECA website



## Alternative formats

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