

# Note 13: HMRC CCL Relief Reporting (previously State Aid reporting)

October 2022

## **1. Introduction**

Climate Change Agreements (CCAs) entitle companies to pay a reduced rate of Climate Change Levy (CCL) on electricity, gas and other fuels (see Note 01 for the list of fuels and rates applicable). The difference between the amount of CCL paid and the full rate is the 'relief' that a company benefits from; i.e. the value of the CCL discount to the company.

The relief is considered as a 'State Aid' (now known as a 'Subsidy'); i.e. a financial benefit that the Government is allowing certain companies to receive. HMRC is required to collect data from CCA scheme participants whose annual total CCL relief they received due to the CCAs is above a defined threshold.

The purpose of this guidance note is to explain how to calculate the relief, which companies are affected by this, and how to comply with the HMRC requirement.

If an organisation (defined by VAT registration) received more than £451,535 of CCL discount during the period 1st January to 31st December 2021, then it must submit a postal declaration to HMRC by 15th November 2022.

Failure to comply could result in the entitlement to the CCL discount being removed.

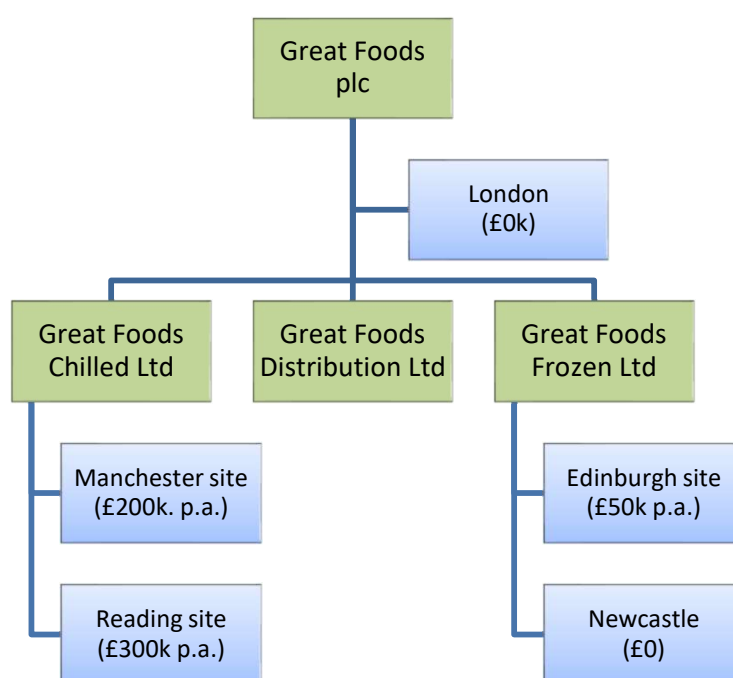
## **2. How to identify if a company needs to comply with this requirement**

- a) Identify all the sites with a CCA belonging to the same VAT registered number or VAT divisional registration
- b) Calculate how much CCL 'relief' (i.e. CCL discount) those sites received during the reporting period and if they are over the threshold.
- c) Report directly to HMRC before the 15<sup>th</sup> November 2022 after the end of the reporting period

Further information on each step is provided within this guidance note.

**a) Identify all the sites in your organisation that have a CCA and identify the VAT structure for each**

A VAT registered organisation could consist of one legal entity or more than one legal entity (a legal entity is a company with a unique Companies House Number).



The diagram above shows the 'Great Foods' organisation, where each **green** box represents a legal entity and each **blue** box represents a site. The value in brackets after each site shows the CCL relief/direct discount received by each site.

If all legal entities are under the **same** VAT registration (Group VAT registration) then the entire organisation will need to assess whether it is required to declare the State Aid received during the specified period and if so, the representative member should aggregate the relief and complete one questionnaire for the group

If all legal entities are **separate** VAT registrations, then each separate legal entity will need to assess whether it is required to declare the State Aid received during the specified period and if so, each business should complete the questionnaire separately

If all legal entities are classed as divisions or businesses with **multiple** VAT registrations in the group (e.g. Divisional Registration) then the entire organisation will need to assess whether it is required to declare the State Aid received during the specified period and if so, the body corporate should aggregate the relief and complete one questionnaire for the entire business

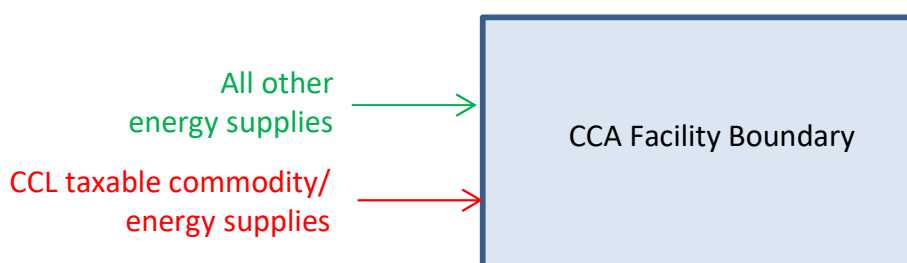
**b) Calculate how much CCL 'relief' (i.e. CCL discount) those sites received during the reporting period and if its over the threshold**

Reporting Period

For 2021 you need to determine if you exceeded the threshold in the 2021 calendar year i.e. 1<sup>st</sup> January 2021 – 31<sup>st</sup> December 2021.

Calculating the CCL relief

*The CCL relief includes all the CCL discount received on energy sources supplied to the **CCA Facilities** and excludes any CCL relief claimed via other schemes (e.g. CHPQA).*



The 'CCA Facility':

- When a site passes the 70/30 rule, the 'CCA Facility' is often the entire site and the CCL relief/discount is claimed on all the energy supplied. When a site fails the 70/30 rule, the CCA Facility will only be that part of the site covered by the CCA.
- The value of CCL relief/discount received can be calculating using supplier invoices. The relief is the difference between how much CCL the site has actually paid at the reduced/discounted rate and what it would have paid at the full rate. Please refer to Guidance Note 01 : What is a CCA for a list of which energy supplies are classed as CCL taxable commodities and the full rates of CCL.
- Our annual data collection spreadsheets give an indication of how much the CCL discount is worth to each site annually. This can be used as a guide only to identify approximately how much discount a site may have received.

UK Emissions Trading Scheme (UK ETS):

- A CCA facility may also include activities covered by the UK ETS; this does not change how the relief should be calculated.
- If energy is used within an UK ETS installation and that installation is within the CCA Facility boundary, then all relief/discount claimed on the energy provided to the UK ETS installation will be included in the calculation the total CCL relief received.

### **Thresholds**

When a company adds all the CCL relief received during the reporting period (i.e. for all sites in the reporting entity) if it is over the threshold then it must report to HMRC.

The threshold is **£451,535 for 2021** and is published via the Gov.uk website.

Using the example of Great Foods illustrated on page 2 of this Note, if the values in brackets are for the period 1<sup>st</sup> January 2021 to 31<sup>st</sup> December 2021, then:

- If the entire organisation is under one Group VAT registration then the total CCL discount received by all the companies within the Great Foods organisation will be required to declare their State Aid.
- If each legal entity within the organisation has its own VAT registration then only 'Great Foods Chilled Ltd' would have an obligation to declare the State Aid received.
- If the entire organisation is under Divisional VAT registration then the total CCL discount received by all the companies within the Great Foods organisation will be required to declare their State Aid.

### **c) Report directly to HMRC before 15th November**

If your company exceeded the threshold for 2021, a report must be submitted to HMRC by post before the 15th of November 2022.

The report is a simple form that should normally be completed by the Finance Director and collects the following information:

- Name of business receiving aid and VAT registration number.
- Number of employees (fewer or more than 250), head office location, sector.
- Reporting period end date (31<sup>st</sup> December 2021).
- Amount of State aid the business received in GBP during the reporting period.
- A declaration that the information is accurate

A copy of this form can be obtained by contacting HMRC directly: [energy.taxes@hmrc.gov.uk](mailto:energy.taxes@hmrc.gov.uk)

***For further information please contact SLR's techUK CCA helpdesk:***

+44 (0)844 800 1880

[techUK@slrconsulting.com](mailto:techUK@slrconsulting.com)

or visit [www.techuk.org/developing-markets/data-centres.html](http://www.techuk.org/developing-markets/data-centres.html)

The full suite of techUK CCA Guidance Notes are listed below and can be accessed via contacting the helpdesk or visiting the website.

Guidance Note	Title
1	What is a CCA
2	Transferring Ownership of a CCA
3	techUK CCA Administration Charges
4	Completing HMRC PP10 and PP11 Forms
5	Timetable of techUK CCA Activities
6	Obligations under your CCA including audits
7	Reporting data at each Target Period
8	How CCAs interact with other schemes
9	Glossary and Abbreviations
10	What happens if...
11	Submetering and base year
12	Measuring Generator Fuel
13	HMRC CCL Relief Reporting
14	Penalties for non compliance
15	Application Documentation
16	Data centre CCA eligibility