

Financial Help with Low Carbon Alternatives

Why install a low carbon product?

When replacing equipment, businesses are often tempted to opt for that with the lowest capital cost, however, such immediate cost savings can prove to be a false economy. Considering the life cycle cost before investing in equipment, can help reduce costs and improve cash flow in the longer term.

The proportion of electricity used by commercial and retail refrigeration equipment is significant for end users.

For example

- ◆ Around 30% of the electricity consumption of pubs and clubs
- ◆ Around 50% of the electricity consumption of supermarkets
- ◆ Around 70% of the electricity consumption of smaller shops
- ◆ Around 90% of the electricity consumption of cold store operators

There is often a large variation in the energy consumption of refrigeration equipment. The government introduced several schemes, to encourage people to purchase and install low energy products.

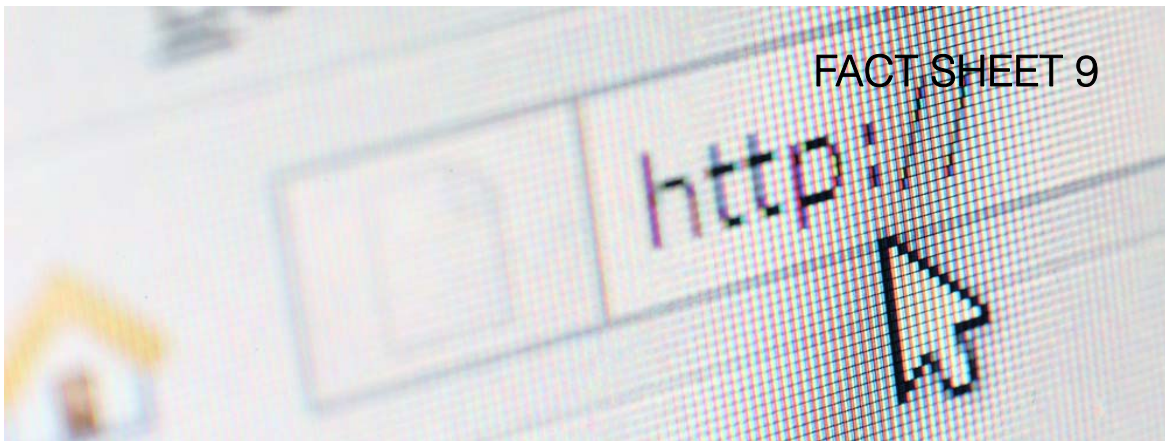
Energy efficient systems are often more reliable, as they tend to not work as hard and therefore break down less frequently.

Enhanced Capital Allowances

The Energy Technology List (ETL) is a register of products that may be eligible for 100% tax relief under the Enhanced Capital Allowances (ECA) scheme for energy saving technologies.

ECA's are straightforward way for a business to improve its cash flow through accelerated tax relief. The scheme encourages businesses to invest in energy saving plant or machinery specified in the ETI to help reduced carbon emissions, which contribute to climate change.

For many of the ECA categories, most of the energy efficient products listed, use half as much electricity as the least efficient unlisted products.



The ECA scheme provides businesses with 100% first year tax relief on their qualifying capital expenditure. This means that businesses can write off the whole cost of the equipment against taxable profits in the year of the purchase. This can help provide a cash flow boost and an incentive to invest in energy saving equipment, which could carry a price premium when compared to less efficient alternatives.

How it works

So if your business pays corporation tax at 28%, every £1,000 spent on qualifying equipment would reduce its tax bill in the year of purchase by £280. In contrast for every £1,000 spent the available capital allowance for spending on plant and machinery would reduce your business tax bill in the year of purchase by £56. In other words an ECA can provide cash flow boost of £224 for every £1,000 it spends in the year of purchase.

For more information on the scheme or visit the ETL visit the Carbon Trust website or www.eca.co.uk

0% loan from The Carbon Trust

0% business loans of £3,000—£100,000 are available from The Carbon Trust to help organisations finance and invest in energy saving projects.

- ◆ You can borrow between £3,000 and £100,000 interest free.
- ◆ Anticipated energy saving offset the loan repayments. So new equipment should pay for itself and you should continue to make savings year on year.
- ◆ The loans are government funded and unsecured.
- ◆ A straightforward and fast application process with no arrangement fees.
- ◆ You'll receive a conditional offer within 24 hours of your application being processed.
- ◆ Loans can be repaid over a period of upto 4 years.
- ◆ You can track the progress of your application online.

To apply or to find out more information www.carbontrust.co.uk/loans