

2001 No. 2541

INCOME TAX

The Capital Allowances (Energy-saving Plant and Machinery) Order 2001

Made - - - - *16th July 2001*

Laid before the House of Commons *16th July 2001*

Coming into force - *7th August 2001*

The Treasury, in exercise of the powers conferred upon them by sections 45A(3) and (4), 45B(1), 45C(2)(b) and (3)(b) and 180A(2) of the Capital Allowances Act 2001(a), hereby make the following Order:

Citation and commencement

1. This Order may be cited as the Capital Allowances (Energy-saving Plant and Machinery) Order 2001 and shall come into force on 7th August 2001.

Interpretation

2. In this Order—

“Capital Allowances Act” means the Capital Allowances Act 2001;

“Energy Technology Criteria List” means the list dated 26th March 2001 and published by the Department of the Environment, Transport and the Regions on 1st April 2001;

“Energy Technology Product List” means the list dated 30th March 2001 and published by the Department of the Environment, Transport and the Regions on 1st April 2001.

Description of energy-saving plant and machinery

3.—(1) Plant or machinery is energy-saving plant or machinery for the purposes of section 45A of the Capital Allowances Act (expenditure on energy-saving plant or machinery) if—

- (a) it falls within a technology class specified in the Energy Technology Criteria List,
- (b) it meets the energy-saving criteria set out in that List, and
- (c) in the case of plant or machinery falling within any of the technology classes specified in paragraph (2), it is of a type that—
 - (i) is specified in, and has not been removed from, the Energy Technology Product List, or
 - (ii) has been accepted for inclusion in the Energy Technology Product List.

(2) The technology classes specified for the purposes of paragraph (1)(c) are—

- (a) boilers,
- (b) motors and drives,
- (c) refrigeration,
- (d) thermal screens.

(a) 2001 c. 2. Sections 45A to 45C were inserted by paragraph 2 of Schedule 17 to the Finance Act 2001 (c. 9). Section 180A was inserted by paragraph 4 of Schedule 18 to the Finance Act 2001.

Certification of energy-saving plant and machinery

4.—(1) In the case of plant or machinery falling within the technology class “Combined Heat and Power” specified in the Energy Technology Criteria List, no section 45A allowance may be made unless a relevant certificate of energy efficiency is in force with respect to that plant or machinery.

(2) In paragraph (1) “section 45A allowance” and “relevant certificate of energy efficiency” have the meanings given by section 45B of the Capital Allowances Act.

Energy-saving components of plant or machinery

5. Where one or more components of certain plant or machinery (but not all of that plant or machinery)—

(a) meets the conditions set out in article 3(1)(a) to (c), and

(b) falls within any of the technology classes specified in article 3(2)(a) to (c),

the amount specified in respect of each such component for the purposes of section 45C of the Capital Allowances Act is the amount specified in the Energy Technology Product List in relation to that component.

Energy services providers

6. The class of plant or machinery specified for the purposes of section 180A(2) of the Capital Allowances Act is the technology class “Combined Heat and Power” specified in the Energy Technology Criteria List.

Tony McNulty

John Heppell

16th July 2001

Two of the Lords Commissioners of Her Majesty’s Treasury

EXPLANATORY NOTE

(This note is not part of the Order)

Section 65 of, and Schedule 17 to, the Finance Act 2001 (c.9) amend the Capital Allowances Act 2001 (c.2) so as to introduce a scheme for 100% first-year allowances to encourage businesses to invest in energy-saving plant and machinery. The Schedule inserts new sections (45A to 45C) in the Capital Allowances Act which have effect for chargeable periods ending on or after 6th April 2001 for income tax purposes and for chargeable periods ending on or after 1st April 2001 for corporation tax purposes. Section 45A defines energy-saving plant or machinery and provides for the plant and machinery to be specified in an order made by the Treasury which can refer to any technology list, or product list, issued by the Secretary of State. Section 45B provides that a Treasury order may provide for cases where no first-year allowance may be made in respect of plant or machinery unless a certificate of energy efficiency is in force in relation to that plant or machinery. Section 45C provides that, where one or more components of certain plant or machinery (but not all of that plant or machinery) falls within section 45A as specified energy-saving plant or machinery, the part of expenditure on that plant or machinery that is referable to energy-saving plant or machinery must not exceed the amount specified in an order made by the Treasury.

Article 3 of this Order specifies for the purposes of section 45A plant or machinery falling within the Energy Technology Criteria and Product Lists published by the Department of the Environment, Transport and the Regions on 1st April 2001 and meeting the energy-saving criteria set out in those Lists.

Article 4 of this Order provides that no first-year allowance may be made in the case of plant or machinery falling within the technology class “Combined Heat and Power” set out in the Energy Technology Criteria List unless a certificate of energy efficiency is in force with respect to that plant or machinery.

Article 5 of this Order provides that where one or more components of certain plant or machinery (but not all of that plant or machinery) falls within Article 3, the amount specified in respect of each such component for the purposes of section 45C is the amount specified in the Energy Technology Product List in relation to that component.

Section 66 of, and Schedule 18 to, the Finance Act 2001 amend the Capital Allowances Act 2001 so as to enable energy services providers to claim plant and machinery allowances on their expenditure on energy-saving plant or machinery fixtures that they are required to provide and operate for a client business to achieve energy efficiencies or savings in cases in which the energy services provider does not have an interest in the land to which the plant or machinery is fixed. Schedule 18 has effect for chargeable periods ending on or after 6th April 2001 for income tax purposes and chargeable periods ending on or after 1st April 2001 for corporation tax purposes. Paragraph 4 of Schedule 18 inserts section 180A in the Capital Allowances Act which sets out conditions that must be met by the energy services provider in order to qualify for the first-year allowance. Section 180A(2), however, provides that the energy services provider will not qualify for plant and machinery allowances, including 100% first-year allowances, if the client would not have been entitled to claim the allowance had he incurred the expenditure himself, unless the expenditure is on energy-saving plant or machinery of a class specified by a Treasury order. Article 6 of this Order specifies “Combined Heat and Power” as a class set out in the Energy Technology Criteria List for the purposes of section 180A(2).

The Energy Technology Criteria and Product Lists are available on the internet at www.eca.gov.uk. Copies may be obtained from the Department of Environment, Food and Rural Affairs’ Energy Efficiency Best Practice Programme helpline (0800-585794).

S T A T U T O R Y I N S T R U M E N T S

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