

# FINANCE ACT 2012

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## EXPLANATORY NOTES

### INTRODUCTION

#### *Section 207 Schedules 30 to 32: Climate Change Levy*

#### Details of the Schedules

##### *Schedule 30 – Climate change levy*

9. Paragraph 1 amends the figure set out in paragraph 45A(2)(b) of Schedule 6 (which deals with circumstances in which a supply has been treated as a reduced rate supply but which it is later determined should not have been) from “80” to “65” with retrospective effect from 1 April 2011. The effect is that the amount payable by way of levy on such supplies is, from that date, 65 per cent of the amount that would be payable if the supply were not a reduced rate supply.
10. Paragraph 2 provides for the amendment of Schedule 6.
11. Paragraphs 3, 4, 5, 8 and 9 make consequential amendments to paragraphs 4, 5, 6, 34 and 39 of Schedule 6 respectively as a result of the omission of paragraph 45A from, and the addition of new paragraph 43B to, Schedule 6.
12. Paragraph 6 amends paragraph 14(3A)(a) of Schedule 6 to remove the reference to the exemption for supplies used in recycling processes.
13. Paragraph 7 removes paragraph 18A of Schedule 6 to repeal the exemption for supplies used in recycling processes.
14. Paragraph 10 amends paragraph 42 of Schedule 6 to provide that the full rates of levy will not apply to supplies for use in scrap metal recycling and, instead, a rate of 20 per cent of the full rates will apply. It also inserts new sub-paragraph (1ZA) into the same paragraph to provide that where supplies are both reduced-rated supplies and eligible for the new lower rate by virtue of being for use in scrap metal recycling, the amount of levy payable is the lower of the two rates.
15. Paragraph 11 inserts new paragraphs 43A and 43B into Schedule 6.
  - New paragraph 43A specifies the conditions for determining whether a supply is for use in scrap metal recycling, including the requirement for a competing process that is eligible for exemption under paragraph 18 of Schedule 6; the limitation that “metal” means only aluminium and steel; and the limitation that recycling includes only the shredding or fragmentation, pre-heating and first melting of the metal, or its heating in the course of recycling, before solidification.
  - New paragraph 43B provides that where an excess of relief has been received the recipient is deemed to have made a taxable supply to itself and must account for the levy due on that supply.

*These notes refer to the Finance Act 2012 (c.14)  
which received Royal Assent on 17 July 2012*

16. [Paragraph 12](#) omits paragraph 45A of Schedule 6 (reduced-rate supplies: deemed supply) because the deemed supply provisions in new paragraph 43B apply to both reduced-rated supplies and supplies used in scrap metal recycling.
17. [Paragraph 13](#) inserts new sub-paragraphs (ca) and (cb) into paragraph 62(1)(c) of Schedule 6 to provide that a relief recipient may claim a tax credit where too little levy relief was received.
18. [Paragraph 14](#) removes the reference to paragraph “18A” in paragraph 101(2)(a) of Schedule 6 as a consequence of the repeal of the exemption, and adds new sub-paragraph (iiia) to that paragraph to provide that the recipient of the supply will be liable to a penalty where the certificate given to their supplier claiming the lower rate was, or becomes, incorrect.
19. [Paragraph 15](#) removes the reference to paragraph “18A” in paragraph 146(3) of Schedule 6, which deals with the making of regulations, as a consequence of the repeal of the exemption for supplies for use in recycling processes.
20. [Paragraph 16](#) removes the reference to paragraph “18A” in paragraph 147 of Schedule 6, which deals with interpretation, and defines “a supply for use in scrap metal recycling” by reference to new paragraph 43A(1).
21. [Paragraph 17](#) repeals section 188 of FA 2003, which introduced the exemption for supplies for use in recycling processes.
22. [Paragraph 18](#) inserts a reference to metal recycling in section 79(2) of FA 2011 to provide that, where the supply takes place in Northern Ireland, the lower rate for supplies for use in recycling processes takes precedence over the lower rate for supplies of gas. It also repeals section 80 of FA 2011, which suspended the exemption.
23. [Paragraph 19](#) provides for the amendments made by paragraphs 2 to 18 of this Schedule to come into effect for supplies of taxable commodities actually made on or after 1 April 2012.
24. [Paragraph 20](#) inserts a new sub-paragraph (ba) into paragraph 42(1) of Schedule 6 to provide for the level of CCL payable on reduced-rate supplies of electricity only to be 10 per cent. It also replaces the table of rates and makes consequential amendments.
25. [Paragraph 21](#) amends the deemed supply provisions in paragraph 43B of Schedule 6 in consequence of the introduction of the new reduced rate for supplies of electricity.
26. [Paragraph 22](#) amends section 79(3)(a) of FA 2011 to revise the rate of CCL applying to gas supplies in Northern Ireland before 1 November 2013.
27. [Paragraph 23](#) provides for the changes in paragraphs 20 to 22 of this Schedule to have effect for supplies treated as taking place on or after 1 April 2013.