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## EXPLANATORY NOTE

*(This note is not part of the Regulations)*

1. These Regulations make further provision for climate change levy (CCL) following the Climate Change Levy (Registration and Miscellaneous Provisions) Regulations 2001<sup>(1)</sup>. These Regulations have effect from the introduction of CCL on 1st April 2001.

2. The provision made for things like payment and record-keeping echo those in force for other taxes and duties administered by Customs and Excise. Accordingly regulations 3 to 6 require relevant traders to make returns and pay the CCL due from them in accordance with their allocated accounting periods (usually quarterly). Regulations 7 to 9 require the traders to keep proper records for up to six years. Regulations 10 to 33 provide mechanisms for adjusting, correcting or properly establishing the amount of CCL paid or due.

3. Regulations 34 to 39, 43 and the Schedule provide for the administration of CCL exclusions, exemptions and lower rates. Customers must certify entitlement as necessary and calculate the proportional reduction in the CCL due. Suppliers can then act on this information to calculate the appropriate reduction in the CCL they must pay to Customs. Both customers and suppliers must provide Customs with relevant data. The customer is responsible for periodically reviewing the reduction claimed and making the necessary adjustments or corrections. The customer must therefore keep proper records.

4. Supplies for the production of a range of commodities is exempt from CCL<sup>(2)</sup>. Regulation 40 provides a non-exhaustive list of those activities that are too remote from the production process to qualify for the exemption.

5. Regulations 41, 42 and 45 avoid a double charge to CCL and facilitate the enjoyment of the half-rate<sup>(3)</sup> and reduced-rate<sup>(4)</sup> of CCL. In each case a mischief would otherwise arise because of a supply made by or to an electricity supplier whose purchases of taxable commodities are not generally exempt from CCL.

6. Regulation 44 enables solid fuel and LPG to be delivered for storage away from a facility covered by a climate change agreement without loss of the reduced-rate of CCL.

7. Regulations 47 and 48 prescribe the initial generation and certification requirements on which the exemption for renewable source electricity<sup>(5)</sup> depends. Regulations 49 to 51 prescribe the continuing and other administrative requirements for that exemption. The Gas and Electricity Markets Authority and the Director General of Electricity Supply for Northern Ireland have a significant regulatory role to play starting from before the electricity is generated and only ending well after it has been consumed.

8. Regulation 52 ensures that producers of electricity in large scale hydro generating stations or nuclear power stations do not escape CCL if they consume any of that electricity themselves.

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(1) S.I.2001/7.

(2) Paragraphs 13 and 14(1) of Schedule 6 to the Finance Act 2000 (c. 17).

(3) Paragraph 43 of Schedule 6 to the Finance Act 2000.

(4) Paragraph 44 of Schedule 6 to the Finance Act 2000.

(5) Paragraphs 19 and 20 of Schedule 6 to the Finance Act 2000.

**Status:** This is the original version (as it was originally made). This item of legislation is currently only available in its original format.

**9.** Regulation 53 prescribes limits above which a person is not a small-scale user of electricity or gas. This affects the frequency with which a supplier must issue a climate change levy accounting document to that person**(6)**.

**10.** Regulation 54 makes provision for the early termination of a special utility scheme (a scheme for determining when supplies of electricity or gas take place)**(7)**.

**11.** Regulations 55 to 59 again echo older provisions in force for other taxes and duties. They relate to representation in the case of death, incapacity or insolvency and the transfer of a business as a going concern.

**12.** A breach of these Regulations may lead to a penalty under regulation 60 or, in certain cases, under Schedule 6 to the Finance Act 2000.

**13.** Regulation 61 is included to allow the levying of distress for the recovery of CCL**(8)**.

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**(6)** Paragraph 27 of Schedule 6 to the Finance Act 2000.

**(7)** Paragraph 29 of Schedule 6 to the Finance Act 2000.

**(8)** CCL is made a “relevant tax” for the purposes of S.I. 1997/1431. For enforcement by diligence in Scotland, see section 52 of the Finance Act 1997 (c. 16) as amended by paragraph 7 of Schedule 7 to the Finance Act 2000.