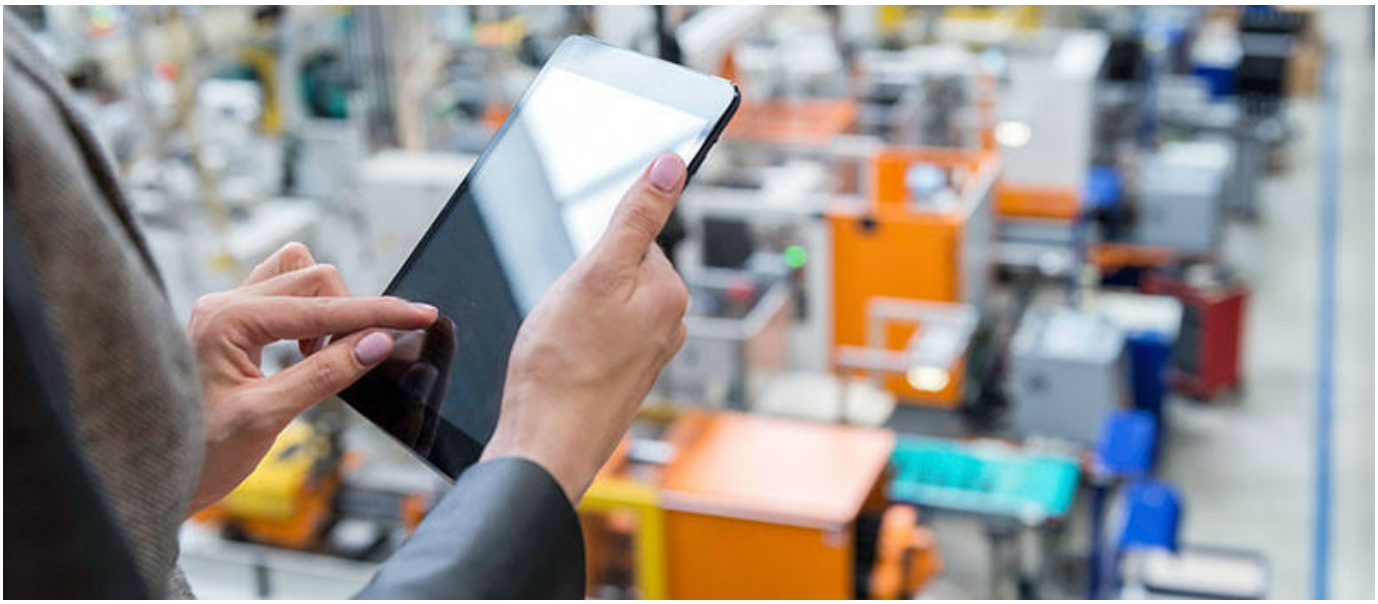
Extension of the Climate Change Agreement scheme

Indirect Tax | General Features | Environmental



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Climate change agreements are voluntary agreements made between industry in the UK and the Environment Agency, the administrator of the UK scheme, to reduce energy use and carbon dioxide emissions. Businesses within the scheme receive a discount on Climate Change Levy, a tax added to electricity and fuel bills.

The CIOT submitted a response (see www.tax.org.uk/ref1109) to the Department for Energy Security and Net Zero's consultation: 'Climate Change Agreements: consultation on extension to 31 March 2027 and further proposals on any potential future scheme'. We welcomed the extension to the current scheme and that there would be an opportunity for new businesses to join the scheme.

While welcoming the extension, we also said that we would prefer to see longer term certainty for businesses so that they can plan accordingly, rather than a series of short-term extensions that would have to be considered again in a few years' time.

That being said, if there is to be more significant reform to replace the current Climate Change Agreement scheme, businesses would need sufficient time to prepare for change, in which case a suitable extension to the exiting scheme would be welcome, in order to allow sufficient time for businesses to change to any replacement scheme.

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