



Enhanced Capital Allowance

A brief overview

This Guide has been produced to provide a quick overview into the Enhanced Capital allowance (ECA) and how easy it is to claim a percentage of your capital project spend on luminaires back.

What is the Enhanced Capital Allowance?

This is part of the Governments programme to manage climate change to and try and achieve the commitment of the Kyoto agreement to reduce the carbon emissions.

How does it achieve this?

The scheme encourages businesses to invest in energy saving technology and therefore reduce their carbon emissions. It is seen as a straight forward way for a business to improve its cash flow through accelerated tax relief.

Who Can claim?

Companies that pay corporation tax and are profit making can claim back the percentage paid of the corporation tax off the project total. For example if the company pays 23% corporation tax and spend £10,000 on compliant products they can claim back 23% of the total spend - £2,300.

For further information please contact

sales@mico.co.uk ~ 0113 2567117

My Company is currently loss making - can I claim?

If the company is loss making they can realise the tax benefit of the investment by surrendering losses attributed to the ECA compliant products in return for a cash payment from the Government.

The amount payable to any company claiming payable ECAs will be expressed as 19% of the loss surrendered.

For example if £10,000 loss is surrendered the company will receive £1,900 back from the Government.

Payable ECA's are however capped in this circumstance, the maximum credit that can be claimed is limited to the total of the companies PAYE and National insurance contributions for the year the claim is made of if greater £250,000.

The Eligibility Criteria for Lighting Products.

Category	Minimum Luminaire Efficacy (in Lumens per circuit watt)	
	Without control	With Control
Amenity, accent and display lighting	≥ 60	≥ 60
General lighting using Down lighting	≥ 65	≥ 60
General lighting using up lighting	≥ 80	≥ 75
General lighting using up/down lighting	$80 - (15 \times \text{DLOR/LOR})$	$75 - (15 \times \text{DLOR/LOR})$
Exterior Area Lighting Units	≥ 65	≥ 65
Exterior Floodlighting Units	≥ 65	≥ 65

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ECA - Eligibility Criteria

All products must have:

- ◆ The Luminaire must be CE marked.
- ◆ A luminaire efficacy that is greater than or equal to the thresholds detailed in the previous table when tested after 100 hours of continuous operation
- ◆ A power factor that is great than or equal to 0.7 at all light levels of product light output

In addition:

- ◇ General lighting units installed must comply with the glare and angular exclusion zone recommendations in paragraph 94 of HSG 38 (1997)
- ◇ Fluorescent and compact fluorescent lamps in all categories and all lamps used in amenity, accent and display lighting units must have a colour rendering index of at least Ra80.

All other lamps must have a colour rendering index of at least Ra20.

- ◇ Where products include compact fluorescent they must not incorporate the control gear in the base of the lamp
- ◇ Where products incorporate high intensity discharge lamps rated below 200w, they must use electronic control gear.
- ◇ All lamps and control gear must comply with relevant performance standards - BS EN 60901:1996; BS EN 60081: 1998; BS EN 60929:2011 or by ENEC marked
- ◇ Where products include light emitting diodes (LED) they must comply with the relevant parts of the white light emitting diode criteria.

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White Light Emitting Diode Criteria Continued;

The Whole unit must have a minimum luminous efficacy which is the total amount of light (emitted from the whole unit including any optical components NOT just from the LED chip itself) divided by the electrical power used by the whole unit including the control unit (driver).

Inefficient LED units that provide less light than required for their wattage are not eligible

There are also criteria relating to colour quality, electrical quality (power factor) of the control unit (driver) and standby power consumption.

In addition the fittings and control units (drivers) must be CE marked for safety.

This is a small number of the criteria required for the product to be eligible for ECAs.

Mico Lighting can advise if the products are ECA compliant and provide the document required for making the claim.

We strongly advise to confirm the product is eligible for a ECA prior to making your purchase.

Can I claim for installation?

Claims can include other direct costs - transport of equipment to site and direct costs of installation. All costs must be substantiated by a invoice at the time of the ECA claim.

This Guide is a overview of the ECA requirements please visit the following web sites for more detailed information;

decc.gov.uk

HMRC.gov.uk

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