Budget 2016: Business Energy Taxes & Reporting

George Osborne has now delivered his **2016 Budget** which involves a number of reforms to business energy taxes & reporting. The budget states that "the government is committed to UK's ambitious environmental targets in a cost-effective way" and that this budget "announces the biggest business energy tax reforms since the taxes were introduced".

2016 | Key Reforms

Energy Taxes

- Abolish the Carbon Reduction Commitment (CRC) Scheme on completion of the 2018-19 compliance period. Going forwards businesses will only be subject to one energy tax which is administered by the Energy Supplier.

- As a result, the Climate Change Levy (CCL) will increase from 2019 in order to recover revenue previously generated from the CRC scheme in a fiscally neutral way. CCL exemption was removed from green energy in last year's budget.

- The CCL rate will be rebalanced to more accurately reflect the electricity generation fuel mix, with the aim of incentivising a reduction in gas usage to achieve the UK's climate change targets.

- For Energy Intensive businesses, eligibility for the Climate Change Agreement (CCA) scheme will remain until 2023, with an increase in CCL discount for participants from April 2019.

Reporting

- Following the abolishment of the CRC scheme the government is set to consult later this year on a new, simplified carbon and energy reporting framework to be introduced by April 2019.

Smart & Low Carbon Energy

- The government has committed to allocate at least £50 million to energy storage, smart technologies and demand-side response.

- £730 million has been dedicated to the next phase of Contract for Difference (CfD) auctions – this will be targeted at offshore wind and "other less established renewables". Details on the cost implications to consumers will be released in the Autumn.

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Further Questions?
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