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Press Release

**SEAI Invites product submissions on new technologies for
Accelerated Capital Allowance (ACA) Scheme
- 20 new technologies announced as part of Scheme -**

The Sustainable Energy Authority of Ireland (SEAI) has today announced that it is currently inviting submissions from manufacturers and suppliers to the new Accelerated Capital Allowances (ACA) equipment categories announced by the Government as part of the Finance Act. The ACA is a tax incentive for businesses to encourage investment in energy efficient equipment. Introduced in 2008, it offers an attractive incentive whereby companies are allowed to write off 100% of the purchase value of qualifying equipment in the year of purchase.

The 20 new technologies which fall under three different equipment categories included in the Scheme are:

- Refrigeration and cooling systems
- Electro-mechanical systems
- Catering and hospitality equipment

Equipment manufacturers and suppliers are now invited to submit their eligible products to the new categories through the scheme's online process. Full details of the submission process are available through www.seai.ie/aca. Submissions are accepted on an ongoing basis with the list updated periodically throughout the year.

This expansion of the categories will enable the scheme to provide a wider range of incentives and cost saving opportunities to companies across the majority of energy using equipment in virtually all business sectors. All companies liable for corporation tax will benefit from the ACA as it will reduce tax liabilities, increase cash flow and reduce energy costs in a sustained and ongoing manner.

Brian Motherway, Chief Operations Officer, SEAI said; *"The Accelerated Capital Allowance Scheme acts as an important incentive to companies to invest in energy*

efficient equipment and we welcome the extension of the Scheme. We have seen an upturn in interest around energy efficient equipment since the ACA's introduction in 2008. The growing awareness of companies looking at the lists of energy efficient equipment is both an acknowledgement of the success of the ACA to date and the genuine shift in business moving towards more energy efficient practices and investment."

The ACA tax incentive highlights the savings available by buying best-in-class equipment. For example, a company investing in data servers can reduce annual running costs by 20% by choosing the most efficient model, compared to the average model. The investment pays for itself fully in two years and delivers substantial savings over its lifetime.

In order to be included on the ACA eligible list, products must meet stringent efficiency criteria. This provides a strong assurance to users of the Scheme that, as well as purchasing equipment in a tax efficient and cost effective manner, the equipment being purchased is amongst the most energy efficient equipment available. Thus the ACA scheme, as well as being an attractive tax incentive, provides an innovative energy efficiency benchmark to the industry at large.

With the ACA eligible lists already containing more than 5,600 products, and growing, it is clear that the scheme is successful in providing business this unique and comprehensive register of benchmark products. Through the ACA, companies now have an assurance led method of procuring the best energy efficient equipment for their purposes.

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Editors Notes:

The Sustainable Energy Authority of Ireland (SEAI) has a mission to play a leading role in transforming Ireland into a society based on sustainable energy structures, technologies and practices. SEAI is financed by Ireland's EU Structural Funds Programme co-funded by the Irish Government and the European Union.

The Accelerated Capital Allowance (ACA)

The ACA scheme now covers a total of 49 different types of technology in 10 categories of equipment as follows:

- Building Energy Management Systems (BEMS)
- Lighting
- Motors and Drives
- Information and Communications Technology (ICT)
- Heating and Electricity Provision
- Process and Heating, Ventilation and Air-conditioning (HVAC) Control Systems
- Electric and Alternative Fuel Vehicles
- Refrigeration and Cooling Systems
- Electro-mechanical Systems
- Catering and Hospitality equipment

Qualifying equipment submitted by manufacturers and suppliers will be listed by the Sustainable Energy Authority of Ireland subject to it meeting the published eligibility criteria. The ACA website already lists over 5,600 eligible products for the existing ACA categories.

How the ACA works:

Under the ACA scheme, when money is spent on eligible energy efficient capital equipment, the company can deduct the full cost of this equipment from their profits in the year of purchase, i.e. the taxable profit in year one is reduced by the full cost of the equipment.

This contrasts with the existing Capital Allowances tax structure (also referred to as Wear and Tear Allowance) for plant and machinery on which ACA is based. With the existing Capital Allowances tax structure, when money is spent on capital equipment companies can only deduct the cost of this equipment from their profits proportionally over a period of 8 years, i.e. the annual taxable profit is only reduced by 1/8 of the total equipment cost.

Importantly, this saving is on top of the ongoing energy savings that the company will make through investing in energy efficient equipment.

The ACA benefits all companies liable for corporation tax by:

- Reducing tax liabilities.
- Increasing cash flow.
- Reducing energy costs in a sustained and ongoing basis.

The Sustainable Energy Authority of Ireland (SEAI) is responsible for maintaining lists of equipment eligible for the ACA. These lists are published in legislation on a quarterly basis and a searchable database of eligible products is available at www.seai.ie/aca.

While approved energy-efficient equipment might not be regarded as machinery or plant in its own right for the purposes of wear and tear allowances, for example lighting, any products that have been approved and listed are deemed to be machinery or plant and are therefore eligible for the ACA.

How to claim the ACA?

Claiming the ACA is very simple as the standard annual company tax return procedure used to claim normal Capital Allowances is also the method used to claim the ACA. The following are some simple guideline steps:

- Ensure the product you wish to purchase is on the ACA list
- When purchasing the product ensure the product details on your purchase records are the same as on the ACA list
- Claim the ACA allowance on your tax return form in the same section as for Standard Capital Allowances

It is important to note that if a company does not make a profit in the year of purchase, the capital allowance can be carried forward and offset against profits in the following year.