

ACA EXAMPLE

Consider the example where a company has €100,000 profit at the end of their accounting period, on which they must pay 12.5% corporation tax. The same company has during that period, purchased capital equipment that cost €20,000.

In the first year the equipment was purchased, the following scenarios can be compared:

- 1. Standard Capital Allowances applies for general equipment purchases.
- 2. ACA applies for eligible energy efficient equipment purchases.

Cost of purchased equipment = €20,000

	1. Standard Capital Allowances	2. ACA
Proportion of deductable Capital Equipment costs	1/8 (12.5%)	8/8 (100%)
Deductable Capital Equipment costs	€2,500	€20,000
Taxable Profit: (minus deductions)	€97,500	€80,000
Tax payable on profit @ 12.5%	€12,188	€10,000
Tax saved with deductions	€313	€2,500

With the ACA the company has **€2,187** extra cash to spend on eligible energy efficient equipment!

As a result of purchasing the more energy efficient equipment the company will also immediately begin to save on energy costs!

For more information on the ACA please contact us through the following:

t 01 808 2100 w www.seai.ie/aca e aca@seai.ie



Sustainable Energy Authority of Ireland

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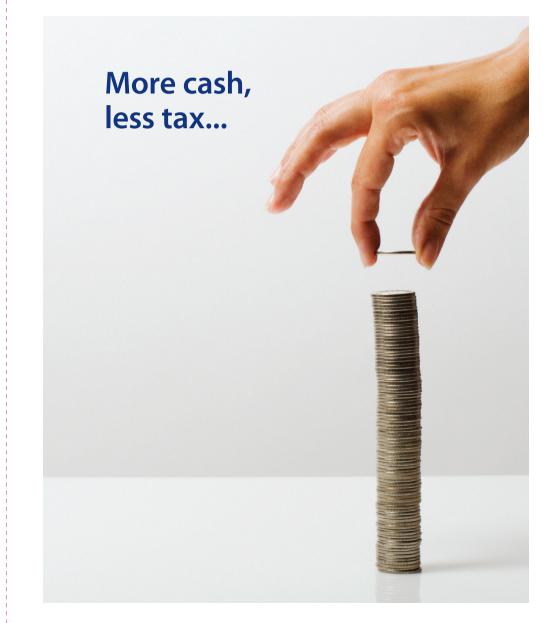
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Accelerated Capital Allowance

A guide to helping companies invest in energy efficient equipment





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WHAT IS THE ACA?

The Accelerated Capital Allowance (ACA) is a **tax incentive** which aims to encourage companies to invest in energy saving technology.

The ACA is based on the existing Capital Allowances tax structure (also referred to as Wear and Tear Allowance) for plant and machinery and is only applicable to eligible energy efficient equipment.

HOW DOES THE ACA WORK?

With the existing Capital Allowances tax structure, when money is spent on capital equipment companies can 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.

With the new Accelerated Capital Allowance:

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.

The ACA benefits you in year one by:

- Reducing your tax bill
- Increasing your cash flow
- Reducing your energy costs

WHERE DO I FIND THE LIST OF ELIGIBLE EQUIPMENT?

Equipment eligible for the ACA can be found on the Triple E Products Register on www.seai.ie/aca

ACA EQUIPMENT CATEGORIES

CATEGORY	TECHNOLOGIES COVERED		
Motors and Drives	Motors		
	Variable Speed Drives		
Lighting	Lighting Units		
	Lighting Controls		
Building Energy	Building Energy Management Systems		
Management Systems			
Information and	Enterprise Servers	Centralised Direct Current	
Communications	Enterprise Storage Equipment	Power Distribution	
Technology (ICT)	Precise Cooling	Power Management	
	Heat Rejection	Uninterruptible Power Supply	
Heating and	Co-generation	Photovoltaic Systems	
Electricity Provision	Wind Turbines	Boiler Controls	
	Hot Water Generation	Condensate Recovery Systems	
	Localised Steam Generators	Steam Systems	
	Stationary Fuel Cell Power		
	Systems		
Process and Heating,	HVAC Zone Control	Blowers	
Ventilation and	HVAC Heat Recovery	Fans	
Air-conditioning (HVAC)	Pumps		
Control Systems	Hydraulic Power Recovery		
	Turbine		
Electric and Alternative	Alternative Energy Vehicle Conversions		
Fuel Vehicles	Electric Vehicles and Associated Charging Equipment		
New Categories for 2010	Refrigeration and Cooling Systems		
	Electro-Mechanical Systems		
	Catering and Hospitality Equipment		

DO YOU QUALIFY FOR THE ACA?

The ACA is available to **companies** that operate and **pay corporation tax** in Ireland.

HOW DO I CLAIM THE ACA?

Claiming the ACA is very simple as the standard annual tax return procedure is the method used. The following are some simple guideline steps:

- Decide upon required piece of equipment
- Ensure product is on the Triple E Products Register during relevant accounting period before purchasing
- Claim the ACA for the purchased equipment on the company's tax return form along with any other wear and tear allowances for machinery and plant

To find out if the equipment you bought, or plan to buy, is eligible for the ACA just go www.seai.ie/aca where the up to date Triple E Products Register is maintained by the Sustainable Energy Authority of Ireland (SEAI).

For more detailed and definitive information on how to claim the ACA please contact The Irish Revenue Commissioners (www.revenue.ie)

INFORMATION FOR MANUFACTURERS AND SUPPLIERS

Manufacturers or suppliers wishing to submit their products for inclusion on the triple E products register should visit www.seai.ie/aca to register their details and find out how to submit eligible products.





