



Enhanced Capital Allowance is a UK government scheme to encourage investment in energy efficient products to reduce carbon emissions.

## What is Enhanced Capital Allowance?

The Enhanced Capital Allowance (ECA) scheme encourages businesses to invest more freely in energy saving solutions which help reduce the carbon emissions that contribute to climate change.

Certain types of energy efficient lighting products are eligible for full corporation tax relief for capitalised lighting equipment under the Enhanced Capital Allowance scheme for energy saving technologies.

Tax relief can be claimed on the purchase and installation costs of specific types of LED lighting and lighting controls. The Carbon Trust has been appointed to manage the approved technologies list and promotes the ECA scheme on behalf of the government.

## What do I have to do to benefit?

Within this scheme tax relief can be gained by companies paying UK corporation tax for the purchase and some installation costs of certain types of LED lighting and controls

This relief is gained through the offset of the purchase against taxable profits in the year of purchase.

Honeywell will be happy to support claims for tax relief on installations using our products through the confirmation that compliant luminaires have been used.



For more information please visit [www.eca.gov.uk/etl](http://www.eca.gov.uk/etl)



The benefit of enhanced capital allowance is that companies paying corporation tax in the UK can claim a greater tax rebate in the first year of the project completion. This ultimately has the effect of reducing the capital expenditure for the project.

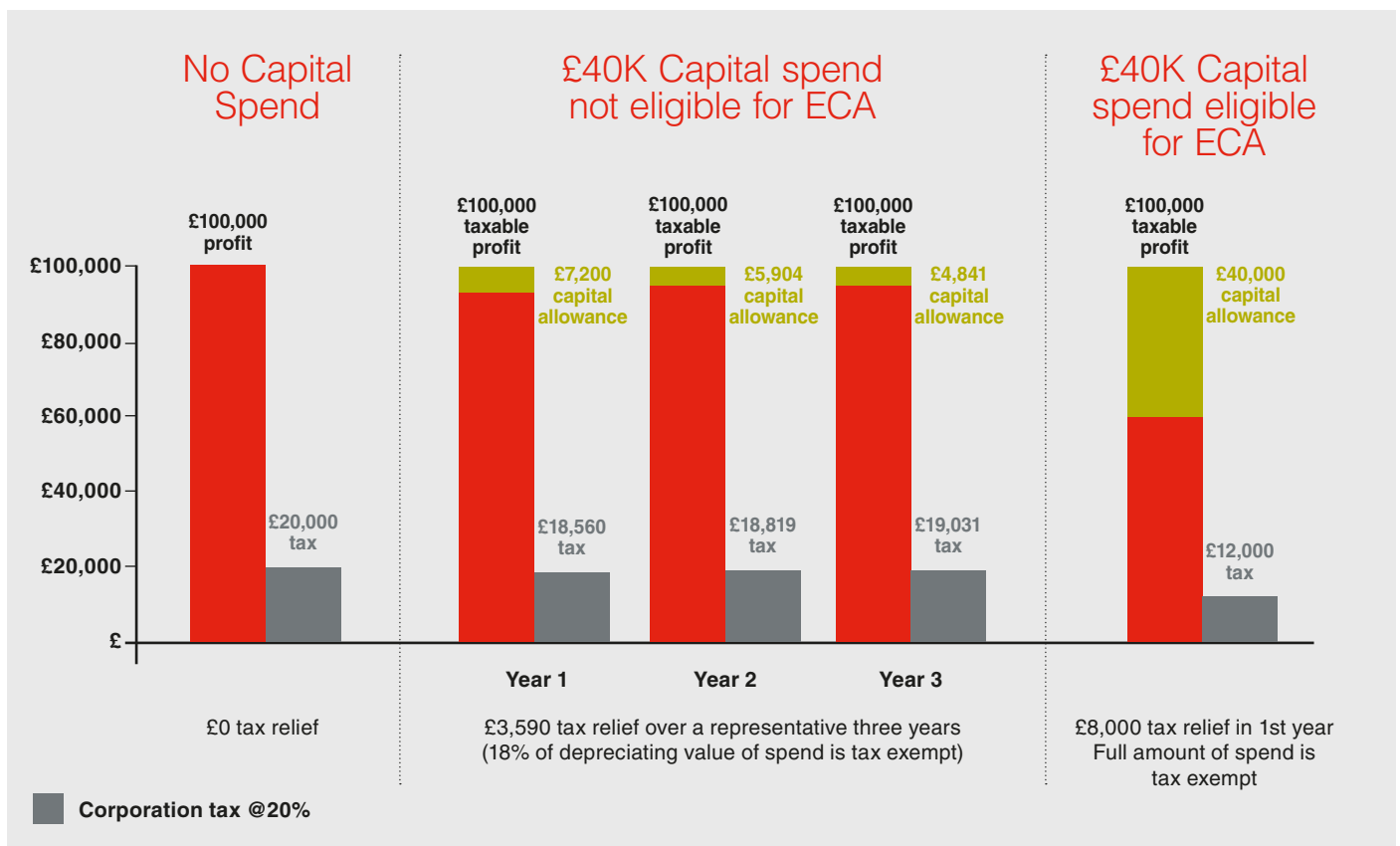
## Standard capital allowance

18% tax relief per annum on the asset value of the qualifying equipment and installation

## Enhanced capital allowance

100% tax relief on the capital cost of the qualifying equipment and installation in year one.

As an example assume a project value of £40,000 of both equipment, product delivery and relevant installation/commissioning in a business making £100,000 pre tax profit:



In the model above, using the enhanced capital allowance model, the ultimate customer of the equipment and services benefits by receiving £8,000 in the first year of completion against the corporation tax liability.

The use of the enhanced capital allowance model is subject to prevailing HMRC capital allowance rates and confirmation of eligibility by the ultimate customers accountant.

### MK Electric UK

The Arnold Centre, Paycocke Road, Basildon, Essex, SS14 3EA, United Kingdom  
 Customer Service Tel +44 (0)1268 563404  
 Customer Service Fax +44 (0)1268 563405  
 E-mail mkorderenquiries@honeywell.com

### Technical

Tech Helpline Tel +44 (0)1268 563720  
 Tech E-mail mk.technical@honeywell.com

### Ireland

Sales Telephone +353 1 429 6530  
 Sales Fax +353 1 429 6501  
 E-mail mkirelandorders@honeywell.com

### Ex-Or UK

Novar ED&S Limited  
 Haydock Lane, Haydock, Merseyside, WA11 9UJ, United Kingdom  
 Customer Service Tel +44 (0)1942 719229  
 Customer Service Fax +44 (0)1942 508753  
 E-mail ex-or@honeywell.com

### Technical

E-mail technicalsales.ex-or@honeywell.com

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