

VAT and CCL explained

Value Added Tax and
Climate Change Levy explained

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This booklet provides a guide to the rates at which Value Added Tax (VAT) and Climate Change Levy (CCL) are chargeable on electricity and gas supplies.

Two Customer Declaration Certificates are included in this booklet for those customers who have a 'qualifying use'. (See page 3 for further details).

If additional certificates are required, please email: VAT-CCLComplianceSection@edfenergy.com or contact us on 0333 202 1219*.

Important information

VAT Customer Declaration Certificates and PP11 Supplier Certificates are not transferable between suppliers. When changing suppliers, customers should ensure that the appropriate certificates are submitted to their new supplier, advising the percentage of relief which is applicable to each supply.

Once accepted, your declaration will remain valid indefinitely. If there is a change in your qualifying use, you should notify us by submitting a revised Customer Declaration Certificate.

Any false statement or failure to notify us of a change in qualifying use may make you liable to a financial penalty under the VAT Act 1994 (amended from time to time).

Value Added Tax (VAT)

In line with current legislation, (VAT Act 1994 as amended), there are two rates of VAT applicable to supplies of electricity and gas used for business or non-domestic purposes:

- the standard rate
- the reduced rate

Where an electricity or gas supply is used wholly or partly for domestic or charitable non-business use, that part of the supply qualifies for the reduced rate of VAT. This is known as 'qualifying use'.

Customers with qualifying use are required to submit a separate Customer Declaration Certificate for each supply, to advise us what percentage is used for domestic or charitable non-business purposes.

Climate Change Levy (CCL)

CCL is a government-imposed tax to encourage reduction in gas emissions and greater efficiency of energy used for business or non-domestic purposes.

CCL is chargeable only on units/kWh used and not on any other component of the bill such as standing charges.

Separate rates have been set for electricity and gas. These are now indexed-linked and therefore likely to increase on 1 April each year.

Under current legislation:

- where VAT is charged at the standard rate, CCL (plus VAT on CCL) will usually be added to the bill
- where VAT is charged at the reduced rate, the supply is automatically excluded from CCL
- these rules are applied automatically at the time of billing

All other business customers entitled to CCL relief must submit a PP11 Supplier Certificate for each supply covered, to advise us what percentage of CCL relief is applicable. PP11s can be downloaded from the HM Revenue and Customs (HMRC) website www.hmrc.gov.uk

Types of use explained

Business or non-domestic use

If your electricity or gas supply is used solely for business or non-domestic purposes, VAT will usually be charged at the standard rate and CCL (plus VAT on CCL) will also be added to the bill.

Low usage business or non-domestic use

Under a government concession 'low usage' of electricity and gas for business or non-domestic purposes is chargeable at the reduced rate of VAT. These supplies are automatically excluded from CCL.

The low usage thresholds are:

- electricity – at or below 33 units per day during the bill period
- gas – at or below 145 kWh per day during the bill period

Where more than one meter is billed on an account, consumption across all meters is amalgamated in order to take into account the total quantity supplied through all relevant meters.

There is no requirement for the customer to claim the reduced rate of VAT or exclusion from CCL on low usage as these concessions are applied automatically at the time of each billing.

Low usage business or non-domestic use (qualifying use)

If your electricity or gas supply is used wholly or partly for domestic or charitable non-business purposes, that part of the supply qualifies for the reduced rate of VAT and for exclusion from CCL. This is known as qualifying use.

The percentage of qualifying use can vary between energy supplies to the same site. Customers are therefore required to submit a separate Customer Declaration Certificate per fuel, per account, to advise us what percentage of each supply meets the qualifying criteria (set by the government).

See the table below and the table on page 4 for further details regarding which activities do and do not meet the government's qualifying criteria to be considered as domestic or charitable non-business use.

We cannot assume a percentage of qualifying use on behalf of the customer. In the absence of a valid Customer Declaration Certificate, supplies will be charged VAT and CCL at the rates appropriate to business or non-domestic use.

Where there is both qualifying and non-qualifying use of the supply, this is known as 'mixed use'. Please refer to the mixed use section on page 4 for further details.

Domestic use

What types of supply are considered to be Domestic use?

Types of premises	Domestic use The activities below are considered to be domestic use	Non-domestic use The activities below do not meet HMRC criteria for domestic use
Residential premises in general	<ul style="list-style-type: none"> • Any self-contained dwelling such as a house or flat • Caravan • Houseboat • Job-related accommodation including vicarage, manse, etc • Monastery, nunnery or similar establishment • Residential accommodation for the Armed Forces 	<ul style="list-style-type: none"> • Running a business from home • By law, electricity and gas supplied to establishments such as: <ul style="list-style-type: none"> - hospitals, prisons and similar - hotels, B&Bs and similar are not considered to be supplied for domestic use
Residential homes	<ul style="list-style-type: none"> • Home or institution providing residential accommodation for children • Home or institution providing residential accommodation for people in need of personal care because of: <ul style="list-style-type: none"> - old age or disability - past/present dependency on drugs or alcohol - past/present mental disorder • Hospice or palliative care 	<ul style="list-style-type: none"> • Supplies within a residential home used for office/managerial activities
Caravan parks/holiday accommodation	<ul style="list-style-type: none"> • Caravans solely for residential use either on a full-time, weekend or holiday basis • Caravans hired out on a self-catering basis • Shower/toilet blocks for the use of those staying in the caravan park • Self-catering holiday accommodation • Staff residential accommodation in a hotel or B&B establishment 	<ul style="list-style-type: none"> • Business activities carried out from a caravan • Supplies within a caravan park used for office/managerial activities • Non-residential services within a caravan park such as retail or catering outlets • Leisure or sport activities for which a charge is made • Hotel or B&B accommodation
Schools and other educational establishments	<ul style="list-style-type: none"> • Residential accommodation for boarding students and staff • Ancillary rooms used by boarding students and staff including: <ul style="list-style-type: none"> - kitchens - dining rooms - bathrooms - study rooms, etc 	<ul style="list-style-type: none"> • Ancillary rooms used by non-boarding students and staff including: <ul style="list-style-type: none"> - kitchens - dining rooms - bathrooms - study rooms, etc

More detailed information can be obtained from HMRC: • www.hmrc.gov.uk

See the following HMRC VAT notices available from their website: • 701/19 – Fuel and Power • 701/20 – Caravans and Houseboats

Charitable non-business use

What types of supply are considered to be charitable non-business use?

Although you must either be a registered charity or have your charitable status recognised by HMRC, that in itself is not deemed to be an automatic qualifying use.

There is no general VAT relief for charities on electricity and gas supplies however, legislation does provide specific relief for the non-business activities of a charity, whereby that part of the supply is seen as a qualifying use.

Types of premises	Charitable non-business use The activities below are considered to be charitable non-business use	Charitable business use The activities below do not meet HMRC criteria for charitable non-business use
Charities in general	<ul style="list-style-type: none"> Activities or services provided, which are funded by: <ul style="list-style-type: none"> grants donations voluntary contributions investment income Membership subscriptions which only provide members with copies of reports, annual accounts and the right to vote at meetings 	<ul style="list-style-type: none"> Where the activity or service is provided in return for a consideration Where the activity has a degree of frequency or scale Any membership subscriptions which provide members with additional benefits such as discounted entrance fees
Churches and other places of worship	<ul style="list-style-type: none"> Where the supply is used for worship and related meetings Where income is generated by donations, voluntary contributions or investment income, rather than by fixed charges 	<ul style="list-style-type: none"> Where any part of the premises are used for non-church purposes Where income is generated from hiring or renting out the facilities Where the premises are hosting fundraising activities, where goods or services are supplied in return for payment
Village halls/community centres/leisure centres	<ul style="list-style-type: none"> Activities or services provided, which are funded by: <ul style="list-style-type: none"> grants donations voluntary contributions investment income Membership subscriptions which only provide members with copies of reports, annual accounts and the right to vote at meetings 	<ul style="list-style-type: none"> Fundraising activities such as: <ul style="list-style-type: none"> hiring or renting out the facilities charging admission to events held on the premises sale of goods and services including food and refreshments Any membership subscriptions which provide members with additional benefits such as discounted entrance fees
Education	<ul style="list-style-type: none"> Where the education provider: <ul style="list-style-type: none"> has charitable status and does not charge for their services 	<ul style="list-style-type: none"> Where the education provider does not have charitable status Where the education provider has charitable status but makes a charge for their services, e.g. tuition fees, hiring out the premises, etc

If you are a registered charity and the supply is used for domestic purposes, your declaration should be on the basis of domestic use. See page 3.

More detailed information can be obtained from HMRC: • www.hmrc.gov.uk

See the following HMRC VAT notices available from their website: • 701/1 – Charities • 701/5 – Clubs and Association

• 701/30 – Education • 701/35 – Youth Clubs

Mixed use

Where there is a mix of activities, some of which meet the government's criteria for domestic or charitable non-business use and some which do not, you will need to estimate the split between qualifying and non-qualifying use, for each individual meter, in order to submit the appropriate VAT declaration.

Your estimate can be based on any method that is 'fair and reasonable', such as rating of appliances, annual consumption, square footage or charities can use their annual accounts to estimate the split between 'non-business' funding and 'business' income.

In all cases, you must be able to demonstrate to HMRC (if required), that any VAT declaration you submit represents a valid qualifying use.

Currently:

- Where there is 60% or more qualifying use (either domestic or charitable non-business), the whole of the supply is chargeable at the reduced rate of VAT and is excluded from CCL. Your Customer Declaration Certificate should, however, reflect your best estimate of the actual percentage of qualifying use for each meter as, under HMRC guidelines, we cannot accept wording such as 'over 60%', therefore '100%' – or similar – and will return the certificate to you for further clarification.
- Where there is between 1-59% qualifying use (either domestic or charitable non-business), that part of the supply will be charged at the reduced rate of VAT and will automatically be excluded from CCL. The non-qualifying use will be subject to VAT and CCL at the appropriate business /non-domestic rate.
- Where there are varying percentages of qualifying use on different meters (for example, one meter with 30% qualifying use and another with 70%), the qualifying element for each will be charged at the reduced rate of VAT and will automatically be excluded from CCL. The non-qualifying use on each will be subject to VAT and CCL at the appropriate business/non-domestic rate.

Customer Declaration Certificate 1

Certificate to EDF in respect of premises qualifying for the reduced rate of VAT.

Please note: as the percentage of qualifying use can vary between energy supplies to the same site, a separate form is required per fuel, per account.

All sections **(A, B, C and D)** must be completed. If the certificate is not fully completed we may have to return it to you for further clarification.

1 Account number (if known)

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A. Customer/Property details

2 Customer name

Contact tel no:

3 Address of qualifying premises

Email:

4 VAT registration number (if you have one)

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5 Charity Commission Registration Number (if you have one)

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B. Supply Details & Qualifying Use

6 Fuel type

A separate declaration certificate is required per fuel, per account.

Please tick fuel type relevant to this declaration Electricity Gas

7 Qualifying details

Details can be found on your bill. If there are more than 2 meters on an account, additional meter numbers and the qualifying percentage(s) for each should be provided on a separate sheet.

Meter number (Electricity MPAN or Gas MPRN)

Percentage of total consumption qualifying for the reduced rate of VAT

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% (to the nearest whole number)

Meter number (Electricity MPAN or Gas MPRN)

Percentage of total consumption qualifying for the reduced rate of VAT

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% (to the nearest whole number)

Please note: you must be able to demonstrate to HMRC (if required) that the percentage(s) on which you are claiming the reduced rate of VAT is for a valid qualifying use.

C. Basis of claim

8 Reason for claim

Please tick/complete the appropriate boxes below to confirm the type of qualifying use upon which your declaration has been based.

Domestic use

Please provide below, further information on the type of domestic use

- Solely for my own personal domestic use
- Solely for domestic use by a third party, such as:
 - landlord's domestic supplies, either single or multiple occupancy, or internal communal areas
 - job-related accommodation
 - self-catering holiday accommodation
- Residential home or hospice care
- Combined business and domestic use

Charitable non-business use

Please ensure that your Charity Commission Registration Number has been entered in Box 5 overleaf, or confirm your charitable status in the space below.

Please also confirm below, the type of non-business activity and non-business funding e.g. grants, financial donations, voluntary contributions, etc., upon which your declaration has been based.

Under HMRC guidelines, without this supporting information, we may have to return the certificate to you for further clarification.

Any supporting information:

Effective date for relief:

(Please note that we can only apply VAT relief to bills issued by EDF within the past 4 years)

D. Declaration

I certify that the information given is correct and complete.

I undertake to inform EDF of any change in the qualifying use.

I understand that any incorrect statement may make me liable for a financial penalty under the Value Added Tax Act (as amended from time to time).

9 Signed

10 Date

11 Full name of signatory

12 Position in organisation

The personal data submitted on this form will be processed in accordance with the Data Protection Act. Further information can be found in our privacy notice at [edfenergy.com/yourprivacy](https://www.edfenergy.com/yourprivacy)

Please return the completed certificate to:
Freepost VAT TEAM

Customer Declaration Certificate 2

Certificate to EDF in respect of premises qualifying for the reduced rate of VAT.

Please note: as the percentage of qualifying use can vary between energy supplies to the same site, a separate form is required per fuel, per account.

All sections **(A, B, C and D)** must be completed. If the certificate is not fully completed we may have to return it to you for further clarification.

1 Account number (if known)

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A. Customer/Property details

2 Customer name

Contact tel no:

3 Address of qualifying premises

Email:

4 VAT registration number (if you have one)

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5 Charity Commission Registration Number (if you have one)

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B. Supply Details & Qualifying Use

6 Fuel type

A separate declaration certificate is required per fuel, per account.

Please tick fuel type relevant to this declaration Electricity Gas

7 Qualifying details

Details can be found on your bill. If there are more than 2 meters on an account, additional meter numbers and the qualifying percentage(s) for each should be provided on a separate sheet.

Meter number (Electricity MPAN or Gas MPRN)

Percentage of total consumption qualifying for the reduced rate of VAT

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% (to the nearest whole number)

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Percentage of total consumption qualifying for the reduced rate of VAT

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% (to the nearest whole number)

Please note: you must be able to demonstrate to HMRC (if required) that the percentage(s) on which you are claiming the reduced rate of VAT is for a valid qualifying use.

C. Basis of claim

8 Reason for claim

Please tick/complete the appropriate boxes below to confirm the type of qualifying use upon which your declaration has been based.

Domestic use

Please provide below, further information on the type of domestic use

- Solely for my own personal domestic use
- Solely for domestic use by a third party, such as:
 - landlord's domestic supplies, either single or multiple occupancy, or internal communal areas
 - job-related accommodation
 - self-catering holiday accommodation
- Residential home or hospice care
- Combined business and domestic use

Charitable non-business use

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Any supporting information:

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D. Declaration

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I understand that any incorrect statement may make me liable for a financial penalty under the Value Added Tax Act (as amended from time to time).

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Please return the completed certificate to:
Freepost VAT TEAM

Contact

Call us on 0333 202 1219

Emergency and power failures

Contact your local electricity distributor's 24-hour Supply Fault Information Centre. You'll find the number at the top of your bill, in the telephone directory, or through Directory Enquiries.

Post

You can write to us at:
Freepost VAT TEAM