

# The Climate Change Levy (CCL)

## Fact sheet

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The Climate Change Levy (CCL) is a government tax on the use of energy by business, agriculture and the public sector; it applies to both gas and electricity. It does not apply to fuel used by the domestic or transport sector, or fuels used for the production of other forms of energy and for non-energy businesses.

The main rates of CCL tax the supply of specified energy products ('taxable commodities') such as electricity, gas and coal for use as fuels (that is for lighting, heating and power) by business consumers, including consumers in industry, commerce, agriculture, public administration, and other services.

The main rates of CCL do not apply to taxable commodities supplied for use by domestic consumers, or by [charities for non-business use](#).

These rates of CCL are intended to change business behaviour in the UK to reduce energy consumption and/or consider using energy produced from renewable sources such as wind farms, solar energy and hydro power.

## Definitions

### Charitable non-business use

Activities or services provided, which are funded by:

- 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.

### Charitable business use

- Where the activity is provided in return for a consideration
- Where the activity has a degree or frequency or scale
- Any membership subscriptions which provide members with additional benefits such as discounted entrance fees

## Fuel and power for charity non-business use

Charities can get a reduced rate of VAT on fuel and power supplied to them for non-business use, as well as certain related services such as maintenance and repairs.

What if the charity carries out both business and non-business activities?

If the charity has a mix of business and non-business activities, they must provide a certificate that declares what percentage of the fuel and power supplied is put to non-business use.

You will need the below information and the certificate must show the:

- supplier's name and address
- name, address and - if applicable - VAT registration number of the charity
- address of the premises being supplied - if different to the above
- amount of non-business use expressed as a precise percentage of the total use

If 60% or more of the fuel or power is for non-business activities, they will qualify for reduced rate VAT on the whole supply. If less than 60% of the fuel or power is for non-business use, you should charge reduced rate VAT on the portion which is for non-business use, and standard rate VAT on the portion which is for business use. The charity must notify the supplier if their use changes so that they can adjust the VAT charged if necessary.

The discussion of VAT & CCL rates amongst charities is complicated and we highly recommend that in order to find out if you are eligible for any discounts on your charities energy bills contact the HM Revenue and Custom, VAT Charity Helpline on 0300 123 1073.

## About LSI Utility Brokers

[LSI offers NCVO members a competitive energy package.](#) LSI can assist voluntary organisations in obtaining the best deal in a complex marketplace.