

Leaflets & Guides:

Excise Duty – Guide to Electricity Tax

Revised: January 2010

Table of Contents

SUBJECT		PAGE
1	Introduction	3
2	Rates	3
3	Registration	3
4	Accounting Period	4
5	Tax Returns	4
6	Determination of the Tax Rate	5
7	Payment	5
8	Mixed Supply	6
9	Reliefs	6
10	Relief for Electricity from Renewable Sources	6
11	Relief for Electricity from Environmentally Friendly Cogeneration	7
12	Relief for Electricity used for Chemical Reduction, etc.	7
13	Other Reliefs	8
14	Repayments	8
15	Records	8
16	Offences and Penalties	8
Annex 1	Application for Registration for Electricity Tax	9
Annex 2	Electricity Tax Return Form	10
Annex 3	(A) Formula for calculation of relief for electricity from renewable sources	13
	(B) Formula for calculation of relief for electricity produced from environmentally friendly cogeneration	14
Annex 4	Example of calculation of relief for electricity from renewable sources	15
Annex 5	(A) Electricity Tax Repayment Claim	16
	(B) Claim for repayment of tax on electricity used for chemical reduction or in electrolytic or metallurgical processes	18
Annex 6	Sections 105B and 105C of the Finance Act 2001	19

Electricity Tax

1. Introduction

In accordance with the EU Energy Tax Directive¹, Chapter 1 of Part 2 of the Finance Act 2008 provides for an excise duty, called electricity tax, on supplies of electricity made on or after 1 October 2008.

The tax is charged on the final supply of electricity to the consumer, and the liability arises at the time the electricity is supplied. The supplier is responsible for payment of the tax, and for all returns and accounts in relation to it. Any supplier not established in the State must establish a company to assume all responsibilities in relation to the tax (see [paragraph 3](#)).

This is an information guide for suppliers of electricity, and for consumers who receive a supply of electricity that is liable to electricity tax.

2. Rates

There are two tax rates:

- €0.50 per unit (megawatt hour), for electricity supplied for business use;
- €1 per unit, for electricity supplied for non-business use.

Because supplies for domestic use are not subject to the tax, most of the taxable supplies will be liable at the business rate.

3. Registration

Every supplier of electricity to consumers must register with Revenue, using the form at [Annex 1](#). The form should be completed and returned to “Revenue Commissioners, Large Cases Division, (Construction, Property, Mining and Energy), 1st Floor, St John’s House, High Street, Tallaght, Dublin 24”. The registration will then be confirmed to the supplier.

In the case of a supplier not established in the State, a company must be established to discharge the responsibilities of that supplier, and that company must register with Revenue.

Registration must be completed before the supply begins.

¹ Directive 2003/96/EC restructuring the Community framework for the taxation of energy products and electricity

4. Accounting Period

This is the period in respect of which payment and returns are to be made. It is a calendar year, unless a different period is prescribed in Regulations made by the Revenue Commissioners.

The period October to December 2008 was prescribed as the initial accounting period. No further provision has been made for shorter accounting periods, and notice will be given if any such provision is to be made in the future.

5. Tax Returns

A supplier is required to make a return, using the form at [Annex 2](#), within one month following the end of each accounting period.

The return form provides for the following information:

- (a) the supplier's name, address, and registration number,
- (b) the total units supplied,
- (c) the units which qualified (as applicable) for tax-free use for electricity production, for combined heat and power generation or for household use,
- (d) the total units supplied for non-taxable use (total units for all uses listed in point (c))
- (e) The net units supplied for taxable use (total in point (b) minus total in point (d))
- (f) the units supplied for business use and non-business use and the percentage each represents of the total units supplied,
- (g) details of electricity received from renewable sources and "green" CHP and calculation of relevant relief (see [paragraphs 10](#) and [11](#)),
- (h) amounts involved where an interim was payment previously made based upon estimated figures (see following sub-paragraph below),
- (i) the net units taxable at the business and non-business rates respectively,
- (j) tax payable.

If, at the date when the return is due, a supplier does not have all the information required to determine the tax liability for supplies made during the last two months of an accounting period, the return may be completed on the basis of an estimate. A final return must then be made as soon as possible, and at the latest within three months of the end of the accounting period. No interest will be charged on underpayments of electricity tax resulting from such estimates where the underpayment does not exceed 5% of the supplier's total electricity tax liability for the calendar year. Returns completed

on the basis of an estimate should be signalled as such by the signatory, as provided for on the return form.

Completed returns are to be sent to *“The Collector General, Sarsfield House, Francis St., Limerick.”*

6. Determination of the Tax Rate

At the time that a supply is made, the supplier is required to deem whether that supply is for household use (and so relieved from tax), or is taxable at a particular rate. The criteria for this determination are as follows:

- A supply is to be deemed to be for household use where it is supplied at a price specified for household use in the price tariff of that supplier.
- A supply is taxable at the rate for non-business use where it is made to a body identified to the supplier by Revenue. A list of these bodies has been provided to suppliers.
- Any supply that is not taxable at the non-business rate, or not deemed to be for household use, shall be deemed to be taxable at the rate for business use.

Provided those criteria are adhered to, the supplier is not liable for any underpayment of tax on a particular supply where, after that supply has been made, it is found to have been taxable at a rate higher than that which has been applied.

7. Payment

At the same time as the return is due, the supplier is required to pay the tax by Electronic Funds Transfer to account titled “AEP (C&E, VRT) Public Bank A/C” at reference 67582914, sort code 90-00-17, at Bank Of Ireland, College Green, Dublin. The supplier should, at the same time notify Revenue, by e-mail to cgelectax@revenue.ie, of the amount paid, date of payment, and the supplier’s name and registration number.

Any underpayment arising from an estimated return (see [paragraph 5](#)) must be addressed when the final return is made. Any overpayment arising may be set against the liability for the succeeding accounting period.

Under section 60 of the Finance Act 2008, Revenue may require interim payments where it is estimated that the liability of a supplier in an accounting period will exceed €100,000. Advance notice will be given if any such requirement is to be imposed in the future.

The supplier is not responsible for any underpayment of tax on a supply where that supplier has complied with the procedures set down in the law (see [paragraph 6](#)). The consumer is liable for any underpayment arising from

false or misleading information given to a supplier by that consumer, and the supplier has no function in recovering any such underpayment.

8. Mixed Supply

A single supply may be for a combination of household, business and non-business uses. Although, in principle, each portion of that supply is taxable in its own right, it is acknowledged that, in many cases, it may not be possible to determine the quantity of the supply for each use. Provision is made, accordingly, for an alternative procedure for determining the units to be taxed at each rate.

Most mixed supplies involve household use. It may be assumed that, on average, one unit per month of a household/business supply is for household use. It may also be assumed that, in the case of a mixed supply for business and (taxable) non-business uses, one unit per month is supplied for business use, and so is taxable at the lower rate.

9. Reliefs

In addition to the relief for electricity for household use² there is also relief from taxation for electricity:

- generated from renewable sources,
- produced from environmentally friendly heat and power cogeneration,
- used for chemical reduction or in electrolytic or metallurgical processes,
- used for combined heat and power generation,
- used for, or in connection with, the production of electricity,
- produced on board a craft.

It is envisaged that, in most cases, the relief will be claimed “at source” by the supplier when making the tax return, and the return form is designed accordingly. In the case of the relief “*for chemical reduction or in electrolytic or metallurgical processes*”, however, the relief will be applied by way of repayment to the consumer (see [paragraph 12](#)).

10. Relief for Electricity from Renewable Sources

The relief for electricity from renewable sources is to be determined on the basis of the percentages of total units, supplied by a supplier during an accounting period, that were subject to tax at the business and non-business rates. Those percentages are then to be applied to the total units from

² ‘household use’ means use in a dwelling, other for the purposes of any business activity in such dwelling

renewable sources supplied by that supplier in that accounting period, at the relevant rate. A formula for this calculation is set down in section 63(4)(a) of the Finance Act 2008 (see [Annex 3\(A\)](#)), and an example of calculating the relief is given in [Annex 4](#).

In the absence, however, of clear “traceability” of renewable supply from the producer to the customer, a determination of the total units from renewable sources is to be based on the fuel mix data for that supplier in the last year for which data have been published by the Commission for Energy Regulation. The percentage of the total fuel mix that is, according to such data, from renewable sources, is to be taken as the percentage of the total supply that was from renewable sources. The data to be used are the most recently published data, at the time when the return is due.

Although this relief will normally be claimed by the supplier when making the tax return, there is provision for repayment (see form at [Annex 5\(A\)](#)).

11. Relief for Electricity from Environmentally Friendly Cogeneration

This relief is conditional on approval by the competent authority that the cogeneration satisfies EU “high efficiency” criteria. That competent authority is to be designated by the Minister for Finance, and suppliers will be notified accordingly.

A formula for calculation of this relief (similar to that for relief for electricity from renewable sources) is set down in section 63(4)(b) of the Finance Act 2008 (see [Annex 3\(B\)](#) and the example at [Annex 4](#)).

As with the “Relief for Electricity from Renewable Sources”, this relief will normally be claimed by the supplier when making the tax return. However, there is provision for repayment (see form at [Annex 5\(A\)](#)).

12. Relief for Electricity used for Chemical Reduction, etc.

As already mentioned (see [paragraph 9](#)), the relief for electricity “used for chemical reduction or in electrolytic or metallurgical processes” will be granted by way of repayment to the consumer. Claims should be submitted to the Revenue Office of the consumer, using the form at [Annex 5\(B\)](#), together with bills or invoices for the electricity supplied during the accounting period.

13. Other Reliefs

Electricity supplied by the supplier for that supplier's own use is taxable, but only where that supply exceeds 50 units in a calendar year. This is to exclude small scale self-supplies, such as those on building sites and from back-up generators, from the scope of the tax. There is no requirement for these self-suppliers to register with Revenue or to complete returns.

The relief for "*electricity produced on board a craft*" is not relevant to the supply of taxable electricity to consumers.

14. Repayments

A supplier may make a claim for repayment in respect of any overpayment of electricity tax. Any such claim is subject to the requirements of sections 105B and 105C of the Finance Act 2001 (see [Annex 6](#)). Claims must be in respect of an accounting period, and must be made within 6 months following the end of that accounting period. Repayment claims are to be sent to the following address:

Revenue Commissioners, Large Cases Division, (Construction, Property, Mining and Energy), 1st Floor, St John's House, High Street, Tallaght, Dublin 24.

15. Records

Revenue requirements for the keeping of records are set down in the Electricity Tax Regulations 2008 (S.I. No. 385 of 2008), which came into force on 1 October 2008.

These are standard requirements for the keeping of proper accounts, and producing them as required by Revenue.

In keeping with the requirements for other taxes, these records must be kept for six years. They may be kept in an electronic form, provided that they can be produced as required in printed form.

16. Offences and Penalties

It is an offence to contravene or fail to comply with the provisions of Electricity Tax law. This is a standard excise law offence, and there are similar provisions for all the other excise taxes.

Fraudulent evasion of Electricity Tax is covered by section 1078 of the Taxes Consolidation Act 1997.

Application for Registration for Electricity Tax

Annex 1

Registration Details

Full Name or Trading Name (Block Capitals): _____

Address (Block Capitals): _____

VAT and employer number: _____

If applicant is a company established to discharge Electricity Tax responsibilities on behalf of a non-State supplier, the following details of that supplier:

Full Name or Trading Name (Block Capitals): _____

Address (Block Capitals): _____

Your preliminary estimate of your annual Electricity Tax Liability € _____

I declare that the particulars supplied by me in this form are true in every respect

Signature: _____

Name (Block Capitals): _____

Position Held: _____ Date: _____

Enquiries: All enquiries about this registration should be addressed to: "Revenue Commissioners, Large Cases Division, (Construction, Property, Mining and Energy), 1st Floor, St John's House, High Street, Tallaght, Dublin 24".

Email – largecasesdiv@revenue.ie

Phone – 01 6470710

FOR OFFICIAL USE

Registration Number.....Date registered.....

Electricity Tax Return

		For Official Use
Supplier's name	Registration No ET	Account office No. & Date
Address	Accounting Period From: ___ / ___ / ___.	Tax Paid €.....
	To: ___ / ___ / ___.	Records Noted Cashier

Electricity supplied to consumers during the accounting period

A. Total units supplied (see Note 1 on Notes page 3)	
---	--

Electricity supplied for tax-free uses

Units supplied to customers for CHP Generation	
Units supplied to customers for Electricity Generation	
Units supplied to customers for Household Use	
B. Total units supplied for non-taxable uses (i.e. total units for three categories above)	

Net units supplied for taxable uses (A. minus B.)	
---	--

Electricity supplied (“Units for charge”) to Business and Non-business consumers and calculation of percentages of “Total units supplied”.

“Business use” Units	Percentage of “Total units supplied” (P1) %	“Non-business use” Units	Percentage of “Total units supplied” (P2) %

Reliefs for electricity from specific sources

N.B. These two following categories of relief are based upon the supplier's receipts of electricity from renewable sources or from environmentally friendly CHP. The relief is to be calculated hereunder and the amounts deducted as provided for in the section below titled "Calculation of Net Tax payable".

These figures are not related to and should not be confused with the figures on previous page for "Units supplied to customers for CHP Generation" and "Units supplied to customers for the Electricity Generation".

Relief for electricity generated from renewable sources. (see note 6 overleaf)

Total from Renewable sources (R)	Relief at business rate (€)	Relief at non-business rate (€)
Units	$(R) \times (P1)^* \times 0.5$	$(R) \times (P2)^* \times 1.0$

*(P1) and (P2) are the percentages figures arrived at for "Business use" units and "Non-Business use" units on page 1 of this form.

Relief for electricity produced from environmentally friendly heat & power cogeneration. (see note 7)

Total from "green" CHP (C)	Relief at business rate (€)	Relief at non-business rate (€)
Units	$(C) \times (P1)^* \times 0.5$	$(C) \times (P2)^* \times 1.0$

*(P1) and (P2) are the percentages figures arrived at for "Business use" units and "Non-Business use" units on page 1 of this form.

Calculation of Net Tax Payable

	"Business use" tax (units @ €0.5 per unit)	"Non-business use" tax (units @ €1.0 per unit)
Gross Charge. ("Units for charge" from bottom page 1 by appropriate rate)	€	€
Less relief for electricity from renewable sources	€	€
Less relief for electricity from environmentally friendly heat & power cogeneration	€	€
Less any payments made on basis of interim estimate (see Note 2 overleaf)	€	€
Net Tax Payable:	€	€

Total Tax Payable (Sum of Net Tax payable at "Business use" rate and "Non-business use" rate)	€
---	---

I declare, in accordance with the statutory provisions governing Electricity Tax, that the details on this form, pages 1 and 2, represent a fair and reasonable estimate / a full and true account (delete as appropriate, see Note 3 overleaf) of the electricity supplied during the period quoted and for the uses specified, by the supplier named hereon.

Signed Authorised signatory (see Note 4 overleaf)

(BLOCK CAPITALS)..... Contact Telephone Number

Designation (see Note 5 overleaf)..... DATE.....

Notes on completion of Electricity Tax return form ET1 Rev 1.

1. Include in the “Total units supplied” figure any units supplied for consumption by the supplier, where the quantity so supplied exceeds 50 units in a calendar year. 1 unit = 1 megawatt /hour.
2. If a return and payment based on estimated figures was previously made, insert the amounts paid on the basis of such estimate here, for deduction to arrive at your net liability.
3. Where this return is being made on the basis of an estimate, as provided for in section 60(5) of the Finance Act 2008, signal this by deleting the phrase “*a full and true account*” in the declaration.
4. This return and declaration must be signed by a person authorised to do so by the Electricity Tax Regulations 2008 (S.I. No. 385 of 2008).
5. State if Company Secretary, Director, partner, etc., as appropriate.
6. Electricity is considered to have been generated from renewable sources if it is—
 - (i) of solar, wind, wave, tidal or geothermal origin,
 - (ii) of hydraulic origin produced in a hydroelectric installation,
 - (iii) generated from biomass or from products produced from biomass,
 - (iv) generated from fuel cells.
7. A determination as to whether the co-generation concerned meets the requirements for high-efficiency cogeneration under Council Directive 2004/8/EC shall be made by a competent authority designated for that purpose by the Minister for Finance.
8. All records in relation to this return must be kept for six years. They may be kept in an electronic form, provided that they can be produced as required in printed form.

1. **Annex 3**

(A) Formula for calculation of relief for electricity from renewable sources (paragraph 10)

For this relief, electricity shall be considered to have been generated from renewable sources if it is—

- (i) of solar, wind, wave, tidal or geothermal origin,
- (ii) of hydraulic origin produced in a hydroelectric installation,
- (iii) generated from biomass or from products produced from biomass,
- (iv) generated from fuel cells.

The amount of the relief shall be determined by the formula—

$$\mathbf{A \times P_1 \times R_1 + A \times P_2 \times R_2}$$

where—

A is the total units from renewable sources, supplied by the claimant during the payment period,

P₁ is the percentage of the total units*, supplied by the claimant during the payment period, that was subject to tax at the rate for business use,

P₂ is the percentage of the total units*, supplied by the claimant during the payment period, that was subject to tax at the rate for non-business use,

R₁ is the rate for business use, and

R₂ is the rate for non-business use.

Where the total units produced from renewable sources cannot otherwise be determined, a determination shall be made by reference to the data on the fuel mix in respect of the supplier concerned, as published by the Commission for Energy Regulation. In this respect, the data on the fuel mix shall be that referring to the most recent year for which the Commission for Energy Regulation has published such data.

* “total units” figure to be used for calculating the percentages is the figure for “total units supplied” on the return form.

(B) Formula for calculation of relief for electricity produced from environmentally friendly cogeneration (paragraph 11)

The amount of the relief shall be determined by the formula—

$$\mathbf{C \times P_1 \times R_1 + C \times P_2 \times R_2}$$

where—

C is the total units produced from environmentally friendly heat and power cogeneration, supplied by the claimant during the payment period,

P₁ is the percentage of the total units*, supplied by the claimant during a payment period, that was subject to tax at the rate for business use,

P₂ is the percentage of the total units*, supplied by the claimant during a payment period, that was subject to tax at the rate for non-business use,

R₁ is the rate for business use, and

R₂ is the rate for non-business use

Where the total units produced from environmentally friendly heat and power cogeneration cannot otherwise be determined, a determination shall be made by reference to the data on the fuel mix in respect of the supplier concerned, as published by the Commission for Energy Regulation. In this respect, the data on the fuel mix shall be that referring to the most recent year for which the Commission for Energy Regulation has published such data.

* “total units” figure to be used for calculating the percentages is the figure for “total units supplied” on the return form.

Annex 4

Example of calculation of relief for electricity from renewable sources *

	MWh
Total units supplied	100,000

	Household use (exempt)	Business use rate €0.5 per MWh R1	Non-business use rate €1 per MWh R2
No. of units supplied (MWh)	40,000	45,000	15,000
Gross Electricity Tax	nil	€22,500	€15,000
Total units supplied from renewable sources (A)	5,000		
% of total supplied for Business & Non- business use	-	45% (P1)	15% (P2)
Amount of relief	-	€1,125	€750
Net Electricity Tax	nil	€21,375	€14,250
Total Electricity Tax Due	€35,625		

* A similar method applies to the relief for electricity produced from **environmentally friendly heat and power cogeneration**.

Electricity Tax Repayment Claim

Electricity produced from renewable sources or environmentally friendly heat and power cogeneration.

Supplier's name	Registration No <p style="text-align: center; margin: 0;">ET</p>
Address	Accounting Period From: / / To: / /

Electricity that has been generated from renewable sources.

Total supplied from Renewable sources (A)	Relief at business rate (€)	Relief at non-business rate (€)	Total relief (€)
Units	(A) x (P1)* x 0.5	(A) x (P2)* x 1.0	Sum of previous two columns

** P1 and P2 are as per the "Details of supply" box on page 1 of your electricity tax return form ET 1*

Electricity produced from environmentally friendly heat & power cogeneration.

Total supplied from environmentally friendly heat & power cogeneration (C)	Relief at business rate (€)	Relief at non-business rate (€)	Total relief (€)
Units	(C) x (P1)* x 0.5	(C) x (P2)* x 1.0	Sum of previous two columns

** P1 and P2 are as per the "Details of supply" box on page 1 of your electricity tax return form ET 1*

I declare that during the period stated, the supplier named hereon paid Electricity Tax upon the supply ofunits of electricity, which was generated from renewable sources and / or produced from environmentally friendly heat & power cogeneration, that no relief has been claimed on such supply, and I claim a repayment of €.....as provided for by section 64 of the Finance Act 2008.

SignedAuthorised signatory (See Note 1 overleaf)

Signatory's name in BLOCK CAPITALS.....

Designation of Signatory (see Note 2 overleaf).....

NOTES

1. This claim and declaration may only be made by a person authorised to do so by the Electricity Tax Regulations 2008 (S.I. No. 385 of 2008).
2. State if Company Secretary, Director, partner, etc., as appropriate.
3. An accounting period is a calendar year.
4. Claims must be submitted within 6 months of the end of an accounting period.
5. Completed claims are to be sent to: “*Revenue Commissioners, Large Cases Division, (Construction, Property, Mining and Energy), 1st Floor, St John’s House, High Street, Tallaght, Dublin 24*”.
6. All records in relation to this claim must be kept for six years. They may be kept in an electronic form, provided that they can be produced as required in printed form.

**Claim for repayment of tax on electricity used for chemical reduction or
in electrolytic or metallurgical processes**

For Official Use		
<u>Name of Claimant</u>	<u>VAT No.</u>	<u>Account office No. & Date</u>
<u>Address</u>	<p><u>Accounting Period</u></p> <p>From: / / </p> <p>To: / / </p>	<p>Records Noted.....</p> <p>Cashier.....</p>

I declare thatunits of electricity were used by the business named above for chemical reduction or in electrolytic or metallurgical processes (*delete as appropriate*) during the period specified hereon and claim a repayment in the amount of €.....as provided for by section 63(1)(d) of the Finance Act 2008.

SignedAuthorised signatory (see Note 1 below)

Signatory's name in BLOCK CAPITALS.....

Designation of Signatory (see Note 2 below).....

NOTES

1. This claim and declaration may only be made by a person authorised to do so by the Electricity Tax Regulations 2008 (S.I. No. 385 of 2008).
2. State if Company Secretary, Director, partner, etc., as appropriate.
3. An accounting period is a calendar year.
4. Claims must be submitted within 6 months of the end of an accounting period.
5. Completed claims are to be sent to: “*The Revenue Commissioners, Central Repayments Office, M: TEK II Building, Armagh Road, Monaghan, Co. Monaghan*”.
6. All records in relation to this return must be kept for six years. They may be kept in an electronic form, provided that they can be produced as required in printed form.

Annex 6

Sections 105B and 105C of the Finance Act 2001

105B.—(1) Subject to the other provisions of this section and section 105C where a person has paid an amount of excise duty or interest on excise duty which was not due from that person, the person is entitled to repayment of the amount involved.

(2) The Commissioners are liable to repay an amount under this section only where a claim in writing, or in such other form as they may allow, is made to them for that purpose.

(3) Except as provided by this section or by or under any other provision of the law relating to excise, the Commissioners are not liable to repay an amount of excise duty or interest on excise duty by virtue of the fact that it was not due.

105C.— (1) For the purposes of this section “excise law” means the statutes which relate to the duties of excise and instruments relating to those duties made under statute.

(2) Subject to subsections (3) and (4) the Commissioners shall not make a repayment of excise duty or interest paid in respect of such duty unless a claim for that repayment is made within a period of 4 years from the date of payment to which the claim relates or from the date of any other act or event giving rise to an entitlement to a repayment.

(3) Subject to subsection (4), where a claim for repayment—

(a) the payment in respect of which, or

(b) the act or event giving rise to an entitlement to repayment, occurs prior to 1 May 2003, subsection (2) shall apply with effect from 1 January 2005.

(4) Where a person would, on due claim, be entitled to repayment of excise duty or interest paid on that duty under any other provision of excise law which provides for a shorter period within which the claim for repayment is to be made, then no repayment shall be made unless the claim for repayment is made within the shorter period concerned.

(5) This section comes into operation on such day as the Minister for Finance may appoint by order.