

Natural Gas Carbon Tax (NGCT) Compliance Procedures Manual

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A more recent version of this manual is available.

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1 Introduction

1.1 This Manual

This is a Revenue operational manual that provides information and guidelines for Revenue staff on compliance procedures relating to Natural Gas Carbon Tax (NGCT).

Principal Officers, in consultation with Assistant Principal Officers, are to ensure that all administration and control functions set out in these, and other instructions, are assigned to, and carried out efficiently and effectively, by officers within the relevant Revenue Branch.

1.2 Revenue Officers – References and Authorisations

References in this manual to Revenue officers or officers normally refer to the Revenue officer in the Branch where the trader's tax affairs are dealt with, that is the Revenue Branch dealing with the cross taxhead affairs of the applicant. However, in some circumstances, management may decide on the appropriate Revenue area responsible for the supervision of a trader, based on circumstances.

Revenue officers, when employed on specific duties, are required, by statute, to be authorised in writing by a Revenue Commissioner to perform certain duties and functions, where the law provides for the delegation of such duties and functions to an officer.

Officers and line managers should ensure that they hold the correct authorisations for all aspects of their assigned duties.

1.3 NGCT Overview

NGCT is an excise duty which applies to natural gas supplied to consumers on or after 1 May 2010. It was introduced in Ireland by the [Finance Act 2010](#).

A supplier is an entity that supplies a quantity of natural gas to a consumer. A consumer is a person who receives a supply of natural gas for combustion.

Every supplier shall be registered and is accountable and liable to pay the tax charged on the natural gas supplied.

The rate of NGCT is proportionate to the amount of CO₂ emitted when natural gas is combusted.

Natural gas may be stored and transported in a variety of forms such as Liquefied Natural Gas (LNG) and Compressed Natural Gas (CNG). NGCT applies to natural gas supplies regardless of the storage or transportation form used.

1.3.1 Natural Gas supplied for use as a fuel in a motor vehicle

From 1 January 2017, NGCT no longer applies to natural gas supplied as fuel in a motor vehicle. Natural gas that is supplied as fuel in a motor vehicle is called vehicle gas and is not liable to NGCT. However, it is liable to Mineral Oil Tax (MOT). You can find more information on this tax in the [Mineral Oil Tax on vehicle gas \(MOT VG\)](#) section on the Revenue website.

1.4 Legislation

The legal requirements governing NGCT are contained in the following provisions of Excise Law.

1.4.1 National Law

- [Natural Gas Carbon Tax - Chapter 2 of Part 3 of Finance Act, 2010 \(as amended\)](#)
- [Natural Gas Carbon Tax Regulations 2010 - S.I. No. 191/2010](#)

1.4.2 EU Law

- [Council Directive No. 2003/96/EC of 27 October 2003](#) (Council Directive 2003/96/EC of 27 October 2003 restructuring the Community framework for the taxation of energy products and electricity - The Energy Tax Directive)

1.5 Website Material

Information on NGCT is also available on the [Revenue website](#).

2 Rate of NGCT

NGCT is chargeable on natural gas, supplied in the State by a supplier and is based on a carbon charge of €48.50 per tonne of CO₂ emitted when natural gas is combusted. This rate is subject to budgetary changes.

The NGCT rate applicable on or after **1 May 2023**¹ is as follows:

Rate effective from	GCV to NCV Rate Conversion Factor	Supply Measured at	NGCT rate per MWh
01/05/2023	0.9017	GCV	€8.77
		NCV	€9.73

Table 1 - Current Conversion Factor and NGCT rate

A list of previous rates is available in [Appendix 1](#).

2.1 Calculation of NGCT rate (Gross Calorific Value per Megawatt Hour)

$$55,738 \text{ (a)} * 0.003246 \text{ (b)} * €0.0485 \text{ (c)} = €8.77$$

- a** Emission factor of natural gas in kilograms of CO₂ per terajoule
- b** Number of terajoules per megawatt-hour
- c** Carbon charge of 4.85 cent per kilogram of CO₂ emitted

2.2 Natural Gas Unit of Measurement

The unit of measurement for natural gas is the Megawatt Hour (MWh). However, megawatt hours of natural gas can be expressed and documented by either the Gross Calorific Value (GCV) or by the Net Calorific Value (NCV).

Generally, when natural gas is supplied to customers, the fuel bill from the natural gas supplier indicates the megawatt hours of natural gas using the Gross Calorific Value (GCV).

¹ The rates in the table are subject to budgetary changes.

The NGCT rate up to 30 April 2021 was expressed in legislation as the Net Calorific Value (NCV). The NCV rate had to be converted to GCV for returns to Revenue. The legislation for the rate of NGCT was amended in Finance Act 2020. From 1 May 2021 the NGCT rate is expressed in legislation as Gross Calorific Value (GCV). This means from that date, a conversion from the NCV rate to GCV rate for NGCT returns to Revenue is no longer required.

2.3 Conversion from Gross Calorific Value to Net Calorific Value

To convert a quantity of natural gas calculated using a Gross Calorific Value to a quantity of natural gas at the Net Calorific Value, a conversion factor must be applied to the Gross Calorific Value.

A country specific GCV to NCV conversion factor for natural gas is published by the Environmental Protection Agency. The conversion factor may change as it is based on country specific carbon emission factors. Officers should always refer to the current conversion factor available on the Revenue [website](#).

The current (April 2023) conversion factor is 0.9017.

2.4 Calculation – Conversion from GCV rate to NCV Rate

$$€8.77 \text{ (d)} / 0.9017 \text{ (e)} = €9.73$$

- d Rate in gross calorific value
- e Conversion Factor

Example:

$$120 \text{ MWh at NCV} = 133.08 \text{ MWh at GCV} \quad (120 / 0.9017)$$

The amount of repayment of NGCT is:

$$133.08 \text{ MWh (GCV)} @ €8.77 \text{ per MWh} = €1,167.11$$

Where a new conversion rate is announced, two separate claims may be required.

2.5 Charge

Section 66(1) of the Finance Act 2010, as amended, defines a “**supplier**” as an entity which supplies natural gas to a consumer.

2.6 Liability to pay NGCT

The supplier of natural gas is accountable for and liable for the payment of the tax. A liability to the tax arises when natural gas is supplied in the State by a supplier to a consumer. Self-supply of natural gas for a supplier’s own consumption is also liable to tax.

A consumer shall be liable for any deficit in the amount of tax paid on a supply, where that deficit has resulted from false or misleading information furnished to the supplier concerned by that consumer, and no such liability shall attach to the supplier.

3 Registration for Natural Gas Carbon Tax

3.1 Introduction

Every supplier, after 1 May 2010, must register with Revenue for the purposes of NGCT. Registration must be completed before the supplier commences supplying gas.

3.2 Who Must Register?

Liable natural gas suppliers must register with Revenue by completing the [Form NGCT Reg](#). Natural gas suppliers must register before starting to make supplies of natural gas.

Suppliers can send the completed registration form to Revenue using MyEnquiries, which is available via the Revenue Online Service (ROS) (or via myAccount for PAYE customers).

Alternatively, a completed paper form can be sent to:

Revenue Commissioners,
Large Corporates Division,
Ballaugh House,
73/79 Lower Mount Street,
Dublin 2,
D02 PX37.

Where the supplier or competent person is a body corporate, the NGCT Registration form must be signed by a director, the company secretary or by a person who is authorised in writing under the company seal. That person must state their position within the business, for example company secretary, director, partner, etc., as appropriate.

3.3 Suppliers not established in the State

A supplier not established in the State must appoint a competent person in the State who is liable to account for and pay NCGT. The competent person must register for the tax using Form NGCT Reg and include the details of the non-State supplier.

The NGCT Registration form must be signed by the supplier concerned or by the competent person in the State appointed by a supplier not established in the State to account for and pay NGCT in the State.

3.4 Cancellation of Registration

Suppliers can deregister / cancel their registration using MyEnquiries or by notifying Large Corporates Division in writing.

A more recent version of this manual is available.

4 Reliefs from Natural Gas Carbon Tax

Section 71 of the Finance Act, 2010 (as amended) provides for full relief from NGCT, provided Revenue is satisfied that any conditions necessary for the grant of the relief, including any conditions imposed by it, have been complied with. These reliefs may be granted by Revenue by means of relief at source or repayment of the tax to the consumer.

4.1 Relief from NGCT

A full relief from tax shall be granted on any natural gas which is shown to the satisfaction of the Commissioners to have been supplied for use -

- solely for the generation of electricity,
- for chemical reduction or in electrolytic or metallurgical processes,
- under diplomatic arrangements in the State, or
- for certain heat and power cogeneration projects.

4.2 Relief at source

A supplier may apply a relief at source based on a completed declaration by the consumer. The consumer must complete the [Exempt Purposes declaration](#) for the natural gas that qualifies for a relief. The completed declaration must be sent to the supplier and a scanned copy must also be sent to Revenue via [MyEnquiries](#).

A supplier may only apply a relief at source where that supplier receives a declaration in advance of the supply. In any other case the relief must be claimed from Revenue by the consumer.

If a consumer provides false or misleading information to a supplier, the consumer and not the supplier will be liable for any underpaid tax.

4.3 Combined Heat and Power Cogeneration (CHP)

Natural gas used as fuel for CHP plants is not eligible for relief.

4.4 High Efficiency Combined Heat and Power Cogeneration (HE CHP)

From the 1st January 2017 operators of HE CHP co-generation units can apply for **full relief** from NGCT paid on natural gas purchased in the State and used in the production of high efficiency electricity. Up to the end of 2016 a partial relief

existed. The relief may be applied by repayment on completion of a valid claim by the consumer supported by the relevant certifications.

Additional information on this relief can be found on the [Revenue website](#).

Section 71(1) (d) of the Finance Act 2010, as amended, provides for full relief from NGCT, for natural gas used in environmentally friendly HE CHP units.

From the 1st January 2017, full relief from NGCT will apply where:

- where the fuel is used in HE CHP to generate high efficiency electricity, and
- where the actual quantity of natural gas used is specified in a certificate issued by the Commission for Regulation of Utilities.

Operators of HE CHP must make a claim for repayment of NGCT based on the actual natural gas usage as certified by the Commission for Regulation of Utilities (CRU).

Section 72(1) of Finance Act 2010 provides that **“Where a supply on which the tax has been paid qualifies for relief under section 71, a repayment of that tax shall be made to the consumer of that supply”**. For the purposes of NGCT, ‘consumer’ is defined in the legislation as “a person who receives a supply of natural gas for combustion”. Where a consumer of natural gas received tax paid natural gas that qualifies for a relief from NGCT under section 71, the repayment should be made to the consumer of that supply.

Section 72(3) of the aforementioned legislation provides the timelines for repayments of NGCT for natural gas used in a HE CHP plant. A claim for repayment shall be made for natural gas which has been supplied in a period of more than 1 month and less than 12 months. The claim for repayment is to be submitted to Revenue within 6 calendar months of the date of issue of the CRU certificate.

4.4.1 Combined Heat and Power (CHP) Certificate of Performance

The CRU has revised the certification process for operators of HE CHP units. When approved as a HE CHP unit, the CRU will issue to the operator a ‘CHP Certificate of Performance’ for high-efficiency cogeneration.

The CHP Certificate of Performance will specify the quantity of natural gas, measured in Megawatt Hour (MWh), that has been used to generate high efficiency electricity during a specific period. This is the quantity that will qualify for relief and for which a claim for refund of NGCT paid can be made. The amount of Megawatt Hours (MWh) indicated on the CHP Certificate of Performance will be expressed at the **Net Calorific Value (NCV)²**.

The Certificate of Performance will be for a specified period of up to twelve months retrospectively. In most cases the CHP Certificate of Performance will indicate the amount of natural gas used in the previous twelve months to the 31st December. It is important to note that while this timeline is based on calendar months, it is not based on a calendar year. Therefore, 12 calendar months could be, for example, from 1 July 2023 to 30 June 2024.

The CHP Certificate of Performance is the only document that can be accepted by Revenue in support of a repayment claim of NGCT paid on natural gas used by a HE CHP unit.

4.4.2 Applications for HE CHP Repayment

Applications for repayment of carbon tax paid on natural gas used by qualifying operators of HE CHP units must be made using the [Form NGCT-HECHP](#).

The application for repayment must include a copy of the CHP Certificate of Performance issued by the CRU relating to the period covered by the claim.

Applications for repayment must be made on an annual basis and will be in respect of the natural gas usage in a previous twelve-month period. The CHP Certificate of Performance will indicate the actual amount of natural gas used in the twelve-month period.

The application must include the amount of natural gas on which the refund of NGCT is due for repayment, expressed in Megawatt Hours (MWh) at the **Gross Calorific Value (GCV)**.

In completing the repayment claim form the taxpayer must convert the qualifying quantity of gas used to GCV. This is done by dividing the CRU Certified quality by the conversion factor in place at the time of the claim. More information on the NCV to GCV conversion can be found in [section 2.3](#) with a detailed example in [section 2.4](#).

4.4.3 Claim period for Natural Gas Carbon Tax (NGCT)

A repayment of Natural Gas Carbon Tax (NGCT) will be made annually in respect of a usage period of not less than one month and not more than 12 months.

The claim for repayment must be submitted within 6 months following the date of issue of the CHP Certificate of Performance.

² Can also be referred to as Lower Heating Value (LHV)

4.4.4 HE CHP Repayment Claims - Role of the Branch

Operators that qualify for relief must submit a completed Repayment Application form to the Revenue office dealing with their tax affairs.

On receipt of a completed repayment application, the officer should ensure that:

- The repayment claim is completed in full,
- The claim is for a period of up to 12 months as specified on the CHP Certificate of Performance,
- The CHP Certificate of Performance specifies the quantity of natural gas used to Generate High Efficiency Electricity during the period for which the relief is claimed,
- The repayment application indicates the number of MWh of natural gas used at the Gross Calorific Value (GCV) (as stated on the CHP Certificate of Performance) converted to MWh of natural gas used at Net Calorific Value (NCV),
- The current rate of tax to calculate the refund is used,
- The applicant holds or does not hold a Greenhouse Gas (GHG) permit, *
- The fuel has been tax paid in the State.

*An operator that holds a Greenhouse Gas (GHG) permit will be charged the relieved rate of NGCT by the supplier of the natural gas. A GHG permit holder can only reclaim the NGCT actually paid.

A list of GHG permit holders is available on the Environmental Protection Agency (EPA) @ www.epa.ie.

The following material is either exempt from or not required to be published under the Freedom of Information Act 2014.

[...]

4.5 Relief for Greenhouse Gas Emissions Permit Holders

A **partial relief** from NGCT is available for greenhouse gas emissions permit holders. The relief is granted for natural gas delivered for use in an installation covered by a greenhouse gas emissions permit. The permit must be issued by the Environmental Protection Agency.

The natural gas will be taxed at the minimum rate specified in the EU Energy Tax Directive. The current minimum rate is specified at €0.54 per megawatt hour at gross calorific value.

A supplier may apply this relief at source based on a completed declaration by the permit holder. The permit holder must complete the [Declaration of usage of Natural Gas by a Greenhouse Gas Emissions Permit Holder](#) to show the quantity of Natural Gas that qualifies for the relief. The completed declaration must be sent to the supplier, and a scanned copy must also be sent to Revenue via [MyEnquiries](#).

A supplier may only apply a relief at source where that supplier receives a declaration in advance of the supply. In any other case the relief must be claimed from Revenue by the consumer.

4.6 Records relating to Repayment Claims

Operators must maintain all records in relation to their claims for a period of 6 years.

Records include:

- Fuel Bills
- Delivery documents relating to receipt, purchase and use of gas.

These records should be available and produced as required.

Records to be maintained by all registered suppliers include any books, documents (including invoices, delivery and purchase orders, stock records, declarations relating to tax-free supplies etc.) accounts, or any other related.

The following material is either exempt from or not required to be published under the Freedom of Information Act 2014.

[...]

5 Returns and Payments by Natural Gas Suppliers

5.1 Introduction

Natural gas suppliers must file a return and pay for each bi-monthly period by the last day of the following month. For example, the due date for the period January – February is 31 March.

Revenue will issue an estimate of the tax due by suppliers who do not submit a return by the due date. Revenue's estimate is the amount of tax that Revenue will pursue if a supplier does not complete and file their return. Liable suppliers must submit a nil return where there is no liability due.

If a taxpayer fails to pay the amount due, Revenue may refer the debt for enforcement action. This can include sheriff enforcement, civil proceedings through the courts or attachment of third parties.

Interest on late payment applies to any payment made after the due date.

5.2 Filing a Return

Suppliers registered for ROS can file returns and make payments on ROS. Suppliers not registered for ROS can make a return using the [Form NGCT1](#). The completed return should be sent to Revenue using myEnquiries which is available via myAccount. Suppliers can make a payment for this return through myAccount.

Alternatively, completed returns may be sent by post to:

Office of the Revenue Commissioners
Collector-General's Division
Sarsfield House
Francis Street
Limerick
V94 R972.

5.3 Payment of NGCT

Payments can be made through accessing [ROS](#) or [myAccount](#).

5.3.1 Payment via ROS

If registered for ROS, using a standard Revenue Online Service (ROS) Digital Certificate, payment can be made by:

- Single Debit Instruction (SDI),
- Debit/Credit card.

ROS registered suppliers can make online NGCT1 Returns & Payments on ROS. When selecting a payment type on ROS, suppliers should click Tax Payments/Declaration and select NGCT from the drop-down menu.

Further information on how to make an online payment is available in the [Payment Services Guidance](#) on revenue.ie

5.3.2 Payment via myAccount

If not registered for ROS, payment can be made through [myAccount](#). Further information on how to make an online payment is available in the [myAccount Guidance](#).

5.3.3 Interest on Late Payments

Interest on late payment applies to any payment made after the due date. Section 103(2)(a)(ii) of the 2001 Act provides for the payment of interest on Excise Duty, including NGCT, which has not been paid on or before the due date.

Interest is calculated from the date on which the amount became payable at a rate of 0.0274 per cent per day or part of a day.

Failure to pay the NGCT, or failure to pay it on time, can result in enforced collection through the Sheriff, Court proceedings or a Notice of Attachment under section 1002 of the Taxes Consolidation Act, 1997.

5.4 Repayment of overpaid duty

Unless otherwise ordered by a Court on foot of an appeal, repayments of overpaid duty shall only be made if a claim for repayment is submitted within a period of 4 years from the date of payment to which the claim relates or from the date of any other transaction giving rise to an entitlement to a repayment.

6 Natural Gas Carbon Tax Compliance

6.1 Introduction

Those who attract an NGCT liability, must comply with their legal obligations, including early registration and timely submission of accurate returns and payment.

6.2 Role of the Branch

Branch Managers and Case Select Officers should ensure that all compliance staff are familiar with both NGCT and the associated risks.

All interventions in relation to NGCT are to be recorded in RCM and any associated documents must be included as attachments.

6.3 Records

The Natural Gas Carbon Tax Regulations 2010 require every natural gas supplier to keep specified records and shall produce such records for examination when required to do so by an authorised Revenue officer.

6.3.1 Details of Records to be kept

Under the regulations “**Specified Records**” are defined as:

- Invoices, credit notes, debit notes, receipts and other records of payment.
- Records relating to natural gas supplied by a supplier.
- Statements of account, profit and loss accounts, balance sheets, trading forecasts, trading and management accounts and reports relating to such accounts.
- Records relating to payment of tax and any claim for relief from, or repayment of, tax.
- Internal and external auditors’ reports.

6.3.2 Retention of Records

Records that are required to be kept under the Natural Gas Carbon Tax Regulations 2010 must be retained for a period of not less than six years from the date of the last entry in that record. Revenue may allow the records to be preserved for a shorter

period subject to compliance with any conditions as they may determine fit to impose.

Records may be retained by any electronic, photographic or other process that—

- (a) ensures the integrity of the record, and
- (b) allows the record to be readily displayed in a legible form or reproduced in a permanent legible form.

6.3.3 Place Where Records are to be Held

Unless Revenue allows otherwise, the records required to be kept under the Regulations are to be kept at the registered place of business of the person concerned, or such other place as the Commissioners may in any particular case allow.

6.3.4 Alterations to Records

In respect of any record required to be kept under the Regulations, a person may not:

- obliterate any entry,
- make any entry that is untrue in any particular, or
- alter or cancel any entry, except to correct an error.

Any alteration or cancellation shall be made in a manner that does not render illegible, in whole or in part, the original entry.

6.4 Offences and Penalties

It is an offence under section 73(1) of the Finance Act, 2010 to contravene, or fail to comply with the provisions of sections 66 to 76 of that Act or with any Regulation made under section 74 of the Act.

A person convicted of an offence is liable on summary conviction to a fine of €5,000. Where an offence is committed by a company, for example, and the offence is shown to have been committed with the knowledge or consent of any person who was a director, manager, secretary or other officer of the body corporate, or a member of the committee of management or other controlling authority of the company, that person shall also be deemed to be guilty of an offence and may be proceeded against and punished as if guilty of the first-mentioned offence.

6.5 Appeal Provisions

General information on [Appeals](#) is available on the Revenue website.

Staff instructions on appeals is contained in the [Tax and Duty Appeals Manual](#) .

The following material is either exempt from or not required to be published under the Freedom of Information Act 2014.

[...]

A more recent version of this manual is available.

Appendix 1 – Historic NGCT Rates

Historic rates of Natural Gas Carbon Tax from 1 May 2010 to 30 April 2023:

Rate effective from	Carbon charge per tonne of CO ₂ emitted	NCV to GCV Rate Conversion Factor	Supply measured at	NGCT rate per MWh
01/05/2010* to 30/04/2012	€15	0.9028	GCV	€2.77
			NCV	€3.07
01/05/2012 to 30/04/2020	€20	0.9028	GCV	€3.70
			NCV	€4.10
01/05/2020 to 30/04/2021	€26	0.9018	GCV	€4.71
			NCV	€5.22
01/05/2021 to 30/04/2022	€33.50	0.9017	GCV	€6.06
			NCV	€6.72
01/05/2022 to 30/04/2023	€41	0.9017	GCV	€7.41
			NCV	€8.22

* NGCT commenced