



Authorised User No. 00054

## **ENHANCED CAPITAL SCHEME ALLOWANCE OVERVIEW AND VALUES**

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The Enhanced Capital Allowance (ECA) scheme is a key part of the Government's programme to manage climate change, and is designed to encourage businesses to invest in energy-saving equipment.

**Although compressors do not appear on the Energy Technology Criteria List (ETCL) they still have components that meet the energy technology list criteria.**

All businesses are eligible regardless of their size.

Take, for example, a motor that qualifies for the Energy Technology Criteria List (ETCL) but sits within a non-ETCL qualifying compressor. The claim value equals the proportion of the total investment that qualifies for the allowance, and should be used when making a claim.

### How do claim values work?

If you invest in a stand-alone item that meets the ECA energy criteria, you can claim the full cost of the product and related installation costs.

However, if you purchase a piece of equipment that doesn't qualify, but has components that do, you can only claim for the costs relating to these. The remainder of the equipment will be eligible for standard Capital Allowance.

For example, your customer buys a CompAir L75SR, list price £26,965. The compressor itself is not eligible for an ECA. However, it incorporates a 75kW switched reluctance drive system and motor that is on the Energy Technology Product List.

The claim value for these motors is **£17,365** and it is this value that is eligible for the enhanced allowance. So, the total first-year capital allowances that the company can claim on this installation are:

- 100% ECA on the motor — **£17,365**
- 25% standard capital allowance on the remaining cost of the equipment (£9,600) — **£2400**
- Total combined first year allowance = **£19,765**

This means that the customers taxable profit is reduced by **£19,765**

It's a tax allowance, much like our personal allowance and will immediately reduce the tax a company pays. In this example by around £7000 or 25% of the capital outlay.

### How do you calculate the claim value?

Products that often form a small part of a larger piece of equipment have published claim values that should form the basis of an ECA application. Use the dropdown menus on the ECA website to find out the claim values for different technologies and sub-technologies.

[www.eca.gov.uk](http://www.eca.gov.uk)





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The table below shows the different amounts a company would receive from the standard Capital allowance and the Enhanced Capital Allowance. There is no additional outlay in years 2-10 for the Capital Allowance – the figures are here to illustrate how the allowance is calculated. Consider an investment of £1000

Year	Standard Capital Allowance			Enhanced Capital Allowance		
	Depreciated Value	Allowance	Tax Reduction	Capital Purchase	Allowance	Tax Reduction
1	£1,000	£250	£75	£1,000	£1,000	£300
2	£750	£187.50	£56.25	0	-	-
3	£562.50	£140.63	£42.19	0	-	-
4	£421.88	£105.47	£31.64	0	-	-
5	£316.41	£79.10	£23.73	0	-	-
6	£237.30	£59.33	£17.80	0	-	-
7	£177.98	£44.49	£13.35	0	-	-
8	£133.48	£33.37	£10.01	0	-	-
9	£100.11	£25.03	£7.51	0	-	-
10	£75.08	£18.77	£5.63	0	-	-
<b>TOTAL</b>	<b>£1,000</b>	<b>£943.69</b>	<b>£283.11</b>	<b>£1,000</b>	<b>£1,000</b>	<b>£300</b>



## Enhanced Capital Allowances on CompAir Compressors

### FIXED SPEED 2 POLE L-SERIES

MODEL	Actual kW	ALLOWANCE
L07	7.5	£842
L11	11	£1,250
L15	15	£1,498
L18	18	£1,744
L22	22	£2,112
L30	30	£2,683
L37	37	£3,114
L45	45	£4,321
L50	45	£4,321
L55	55	£4,933
L75	75	£6,089
L80	75	£6,089
L90	90	£7,476
L110	110	£9,008
L132	132	£9,910

### FIXED SPEED 4 POLE L-SERIES

L160	160	£10,316
L200	200	£12,802
L250	250	£14,553

### VARIABLE SPEED

L45SR	45	£14,191
L75SR	75	£17,365
L120SR	120	£22,379

**OIL FREE FIXED SPEED AIR COOLED D-SERIES**

<b>D150</b>	160	£10,316
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**OIL FREE FIXED SPEED WATER COOLED D-SERIES**

<b>D155</b>	185	£11,538
<b>D160</b>	150	£9,152
<b>D185</b>	185	£11,538
<b>D200</b>	220	£14,553
<b>D250</b>	260	£16,303
<b>D275</b>	300	£18,408

All other models in the D range have equivalent values to the same model in the L range

**OIL FREE VARIABLE SPEED AIR COOLED D-SERIES**

<b>D110-RS-A</b>	110	£19,849
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**OIL FREE VARIABLE SPEED WATER COOLED D-SERIES**

<b>D110-RS-W</b>	110	£19,849
<b>D155-RS-W</b>	160	£31,968
<b>D275-RS-W</b>	300	£50,417

**WATER INJECTED OIL FREE FIXED SPEED DH- SERIES**

<b>D15H</b>	15	£1,498
<b>D22H</b>	22	£2,112.00
<b>D37H</b>	37	£3,114

**WATER INJECTED OIL FREE VARIABLE SPEED DH- SERIES**

<b>D15HRS</b>	15	£3,992
<b>D22HRS</b>	22	£5,704
<b>D37HRS</b>	37	£7,932
<b>D50HSR</b>	50	£14,191 (Rated at 56kW)
<b>D75HSR</b>	75	£17,365 (Rated at 90kW)



## Enhanced Capital Allowances on Hydrovane Compressors

### HYDROVANE

<b>HV07RS</b>	7.5	£2,470.00
<b>HV11RS</b>	11	£3,162.00
<b>HV15RS</b>	15	£3,992.00
<b>HV22RS</b>	22	£5,704.00
<b>HV37RS</b>	37	£7,932.00

Fixed speed Vane values can be taken from the equivalent value in the L-Series list.

Please note values are subject to change and the ECA website should be checked prior to any fiscal change.