

# Guide to Natural Gas Carbon Tax

April 2010

- 1. Introduction**
- 2. Legislation**
- 3. Liability**
- 4. Rate of tax**
- 5. Reliefs**
- 6. Registration**
- 7. Accounting Period**
- 8. Payment**
- 9. Returns**
- 10. Records**
- 11. Offences and Penalties**

## **1. Introduction**

An excise duty, called Natural Gas Carbon Tax (NGCT), has been applied to supplies of natural gas to consumers in the State. This guide outlines the main features of NGCT, by reference to the governing legislation.

## **2. Legislation**

The operation of NGCT is governed by Chapter 2 of Part 3 of the Finance Act 2010. Regulations dealing with aspects of the administration of the tax will be made shortly.

## **3. Liability**

Subject only to the reliefs detailed in section 5 below, the tax applies to all supplies of natural gas to consumers in the State on or after 1 May 2010.

The supplier is liable for payment of the tax. Self supply of natural gas for a supplier's own consumption is also liable.

## **4. Rate of Tax**

A rate of €3.07 per megawatt hour applies.

This rate is derived from the rate of €15 per tonne of CO<sub>2</sub> emitted that has been applied to fuels generally. It is calculated by multiplying the emission factor of natural gas, expressed in kilograms of CO<sub>2</sub> per terajoule (56,873), by the number of terajoules per megawatt-hour (0.0036), and multiplying the resultant figure by a rate of 1.5 cent per kilogram of CO<sub>2</sub> emitted.

The amount of €3.07 is based on net calorific value. Where the quantity of gas supplied is measured using a gross calorific value, the rate should be multiplied by a conversion factor of 0.9028, giving an effective rate of tax of €2.77 per megawatt hour at gross calorific value.

## **5. Reliefs**

A full relief from the tax is granted for natural gas which is shown to the satisfaction of the Revenue Commissioners to have been supplied for use in:

- the generation of electricity,
- chemical reduction,
- electrolytic or metallurgical processes.

A partial relief from the tax is granted for natural gas delivered for use in an installation that is covered by a greenhouse gas emissions permit issued by the Environmental Protection Agency. The natural gas concerned will be taxed at the minimum rate specified in the EU Energy Tax Directive, which is €0.54 per megawatt hour at gross calorific value.

These reliefs may be applied by the supplier on the basis of a declaration by the consumer [[Greenhouse Gas Emissions Permit Holders](#) or [Other Exempt Purposes](#)] of the supply that qualifies for the relief. The consumer must complete the appropriate declaration and forward it to the supplier, and at the same time forward a scanned copy to Revenue, by email to [largecasesdiv@revenue.ie](mailto:largecasesdiv@revenue.ie). A supplier may only apply a relief at source where that supplier receives a full declaration in good time. In any other case the relief must be claimed from Revenue by the consumer.

## 6. Registration

Every supplier must register with Revenue for the purposes of the tax, using the form [NGCT-reg](#). The form should be completed and returned to: Revenue Commissioners, Large Cases Division, CMPE Unit, 1<sup>st</sup> Floor, St Johns 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.

In the case of a supplier who begins to operate after 1 May 2010, registration must be completed before the supplier commences supplying natural gas.

## 7. Accounting Period

This is the period in respect of which payment and returns are to be made. It is a 2 month period, unless a different period is prescribed in Regulations made by the Revenue Commissioners (in which case adequate notice will be given).

The first accounting period is May / June 2010.

## 8. Payment

The tax is payable to the Collector-General. The tax for a given accounting period must be paid not later than the end of the month following that accounting period. The payment for the first accounting period will, therefore, be due not later than 31 July 2010.

The supplier is required to pay the tax by [Electronic Funds Transfer](#) to account number 67582914, sort code 90-00-17, at Bank Of Ireland, College Green, Dublin 2. The supplier should, at the same time notify Revenue, by e-mail to [cgcARBONTAX@revenue.ie](mailto:cgcARBONTAX@revenue.ie) and CC to [largecasesdiv@revenue.ie](mailto:largecasesdiv@revenue.ie), of the amount paid, date of payment, and the supplier's name and registration number, and attach a scanned copy of the completed return (form [NGCT1](#)) for the period.

## **9. Returns**

A supplier is required to make a return, using the form [NGCT 1](#), at the time when the payment is due. This will include details on the quantity of natural gas supplied and the quantity of natural gas which qualifies for each relief.

Completed returns are to be sent by email to Revenue as outlined in Section 8. Original signed copies of returns are to be retained with all other records.

## **10. Records**

Natural gas suppliers must keep accounts and records relevant to the tax for a period of 6 years.

## **11. Offences and Penalties**

It is an offence, under section 73 of the Finance Act 2010, to contravene or fail to comply with the provisions of NGCT law, and a person convicted of such an offence is liable on summary conviction to a fine of €5,000. This is a standard excise law provision, and there are similar provisions for all of the other excise duties.

Fraudulent evasion of NGCT is covered by section 1078 of the Taxes Consolidation Act 1997. That section provides for the prosecution of such offences either summarily or on indictment, and allows the imposition, on conviction on indictment, of a fine not exceeding €126,970 or a term of imprisonment not exceeding 5 years, or both.