

## ACA EXAMPLE

Consider the example where a company has €100,000 profit at the end of their accounting period, on which they must pay 12.5% corporation tax. The same company has during that period, purchased capital equipment that cost €20,000.

In the first year the equipment was purchased, the following scenarios can be compared:

1. Standard Capital Allowances applies for general equipment purchases.
2. ACA applies for eligible energy efficient equipment purchases.

**Cost of purchased equipment = €20,000**

	1. Standard Capital Allowances	2. ACA
<b>Proportion of deductible Capital Equipment costs</b>	1/8 (12.5%)	8/8 (100%)
<b>Deductible Capital Equipment costs</b>	€2,500	€20,000
<b>Taxable Profit: (minus deductions)</b>	€97,500	€80,000
<b>Tax payable on profit @ 12.5%</b>	€12,188	€10,000
<b>Tax saved with deductions</b>	<b>€313</b>	<b>€2,500</b>

With the ACA the company has **€2,187 extra cash** to spend on eligible energy efficient equipment!

As a result of purchasing the more energy efficient equipment the company will also **immediately begin to save on energy costs!**

For more information on the ACA  
please contact us through the following:

t 01 808 2100 w [www.seai.ie/aca](http://www.seai.ie/aca) e [aca@seai.ie](mailto:aca@seai.ie)



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The Sustainable Energy Authority of Ireland is financed by Ireland's EU Structural Funds Programme co-funded by the Irish Government and the European Union.

This leaflet is printed on an environmentally friendly paper.



## Accelerated Capital Allowance

A guide to helping companies invest in energy efficient equipment

More cash,  
less tax...



## WHAT IS THE ACA?

The Accelerated Capital Allowance (ACA) is a **tax incentive** which aims to encourage companies to invest in energy saving technology.

The ACA is based on the existing Capital Allowances tax structure (also referred to as Wear and Tear Allowance) for plant and machinery and is only applicable to eligible energy efficient equipment.

## HOW DOES THE ACA WORK?

With the existing Capital Allowances tax structure, when money is spent on capital equipment companies can deduct the cost of this equipment from their profits proportionally over a period of 8 years, i.e. the annual taxable profit is only reduced by 1/8 of the total equipment cost.

### With the new *Accelerated Capital Allowance*:

When money is spent on *eligible energy efficient* capital equipment, the company can **deduct the full cost** of this equipment from their profits in the year of purchase, i.e. the taxable profit in year one is **reduced by the full cost** of the equipment.

### The ACA benefits you in year one by:

- Reducing your tax bill
- Increasing your cash flow
- Reducing your energy costs

## WHERE DO I FIND THE LIST OF ELIGIBLE EQUIPMENT?

Equipment eligible for the ACA can be found on the Triple E Products Register on [www.seai.ie/aca](http://www.seai.ie/aca)

## ACA EQUIPMENT CATEGORIES

CATEGORY	TECHNOLOGIES COVERED	
<b>Motors and Drives</b>	Motors Variable Speed Drives	
<b>Lighting</b>	Lighting Units Lighting Controls	
<b>Building Energy Management Systems</b>	Building Energy Management Systems	
<b>Information and Communications Technology (ICT)</b>	Enterprise Servers Enterprise Storage Equipment Precise Cooling Heat Rejection	Centralised Direct Current Power Distribution Power Management Uninterruptible Power Supply
<b>Heating and Electricity Provision</b>	Co-generation Wind Turbines Hot Water Generation Localised Steam Generators Stationary Fuel Cell Power Systems	Photovoltaic Systems Boiler Controls Condensate Recovery Systems Steam Systems
<b>Process and Heating, Ventilation and Air-conditioning (HVAC) Control Systems</b>	HVAC Zone Control HVAC Heat Recovery Pumps Hydraulic Power Recovery Turbine	Blowers Fans
<b>Electric and Alternative Fuel Vehicles</b>	Alternative Energy Vehicle Conversions Electric Vehicles and Associated Charging Equipment	
<b>New Categories for 2010</b>	Refrigeration and Cooling Systems Electro-Mechanical Systems Catering and Hospitality Equipment	

## DO YOU QUALIFY FOR THE ACA?

The ACA is available to **companies** that operate and **pay corporation tax** in Ireland.

## HOW DO I CLAIM THE ACA?

Claiming the ACA is very simple as the standard annual tax return procedure is the method used. The following are some simple guideline steps:

- Decide upon required piece of equipment
- Ensure product is on the Triple E Products Register during relevant accounting period before purchasing
- Claim the ACA for the purchased equipment on the company's tax return form along with any other wear and tear allowances for machinery and plant

To find out if the equipment you bought, or plan to buy, is eligible for the ACA just go [www.seai.ie/aca](http://www.seai.ie/aca) where the up to date Triple E Products Register is maintained by the Sustainable Energy Authority of Ireland (SEAI).

For more detailed and definitive information on how to claim the ACA please contact The Irish Revenue Commissioners ([www.revenue.ie](http://www.revenue.ie))

## INFORMATION FOR MANUFACTURERS AND SUPPLIERS

Manufacturers or suppliers wishing to submit their products for inclusion on the triple E products register should visit [www.seai.ie/aca](http://www.seai.ie/aca) to register their details and find out how to submit eligible products.