



# The Enhanced Capital Allowance Water Technology List

## Frequently asked questions

**Rainharvesting Systems Ltd.** are pleased to announce that as from January 1<sup>st</sup> 2005, many of its' products are now included on the Water Technology List, thus qualifying for the Enhanced Capital Allowance Scheme.

### What are Enhanced Capital Allowances?

Enhanced Capital Allowances (ECAs) are a type of First Year Allowances (FYAs) which reward businesses that invest in environmentally beneficial equipment.

Compared to normal Capital Allowances, First Year Allowances allow a greater proportion of the cost of an investment to qualify for tax relief against a business's profits for the period during which the investment is made. The ECA scheme provides 100% FYA and lets businesses set the whole of their expenditure on designated equipment against their taxable profits for the period during which the investment is made and can provide a helpful cash-flow boost.

### What does the Water Technology List logo signify?

If a product meets the criteria listed on the ECA-Water website it is added to the Water Technology List (WTL) and the supplier will be able to use the WTL brand in their promotion of that product.

### Is the list going to be expanded beyond the technologies it covers at present?

It is expected that the list of qualifying technologies and their criteria will be reviewed annually. Suggestions of other technologies that reduce water use or improve water quality can be made to Defra which may consider adding them to the scheme in the future. The Government's decision will be made by considering, amongst other things, evidence of market failure, evidence that ECAs could address that market failure, evidence that the technology offers water savings or quality improvements to a wide range of users as good value for money, satisfactory methods of certification and identification, and cost-effectiveness. Information on how to make the suggestion is available on the ECA-Water website.

### When will the WTL be published?

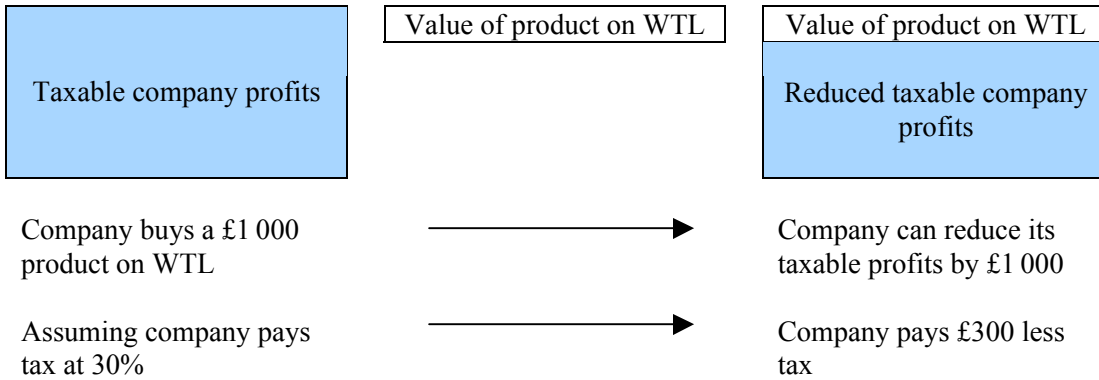
The first list will be published in October 2003; all products that have been assessed and met the criteria before this date will be included on the October list. After this date, the list will be updated on a monthly basis.

### How does the tax issue work?

ECAs allow 100% of the cost of an investment to qualify for tax relief against a business's profits for the period during which the investment is made, unlike Capital Allowances which allow 25% a year on a reducing balance basis over about nine years. Therefore, ECAs bring forward the time that tax relief is available for capital spending, providing a cash-flow boost.

As you may pay tax at a different rate to the example below or have existing tax reliefs, to understand how ECAs will affect your business please contact either your own tax advisor or the Inland Revenue.





ECAs can only be claimed on technologies that are included on the WTL when the expenditure is made and the technologies are installed as new. The tax allowance is allowed on ‘plant and machinery’, this can include other costs directly associated with the purchase of the technology, eg direct transportation and installation costs. Some assets will not qualify for ECAs; these include buildings, structures, and machinery and plant that have an expected useful economic life of 25 years or more from new.

### How to Claim for ECAs

Claims for ECAs are made in the same way as other capital allowances on the Corporation Tax Return for companies and the Income Tax Return for individuals and partnerships.

The Inland Revenue's guidance on the ECA scheme can be found at [http://www.inlandrevenue.gov.uk/capital\\_allowances/eca-water.htm](http://www.inlandrevenue.gov.uk/capital_allowances/eca-water.htm).

### How long will the scheme operate for?

There is currently no end date for the scheme.

<u>Rainharvesting Systems</u> ’ products that are currently included in the Water Technology List are:	
<b>RainSava tanks;</b>	1500L, 2400L, 3000L, 4000L, 5000L, 6000L, 7500L, 10,000L, 18,000L, 20,000L, 25,000L, 30,000L, 40,000L 50,000L, & 60,000L capacities
<b>Wisy downpipe filters (type FS);</b>	68mm, 76mm, 80mm, 87mm, 100mm & 110mm sizes
<b>Wisy standpipe filters (type STFS);</b>	68mm, 76mm, 80mm, 87mm, 100mm & 110mm sizes
<b>Wisy vortex filters (type WFF);</b>	WFF100, WFF150 & WFF300
<b>Internal break tanks with mains top-up;</b>	25gal, 35gal, 50gal & 100gal capacities
<b>Wisy mains water top-up kits</b>	
<b>Storage tank level gauges</b>	

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