



ACS Submission: Reforming the business energy efficiency tax landscape

ACS (the Association of Convenience Stores) welcomes the opportunity to respond to the government's consultation for reforming the business energy efficiency tax landscape. ACS represents 33,500 local shops across the UK and changes to the energy efficiency tax landscape will affect some of our larger retail members.

We broadly support the government's proposals to simplify and reduce compliance and administrative costs by moving away from a system of overlapping policies and towards a system where businesses face one tax and one reporting scheme.

We have set out below our views on the consultation questions, based on discussions with our members. We would be happy to support the Treasury during its development of this policy by facilitating meetings with our members.

- 1. Do you agree with the principle of moving away from the current system of overlapping policies towards a system where a single business/organisation faces one tax and one reporting scheme? Please provide evidence on level and types of benefits of an approach like this.**

ACS welcomes the principle of moving towards a simplified tax and reporting system. We believe that the current system is complex and requires our members to spend a significant amount of time and resources ensuring that retailers are complying with the correct scheme and reporting the correct information.

Simplifying the reporting scheme and taxation would also make investment decisions easier at board level. With one payment signed off annually at board level, directors will therefore be focused on reducing overall energy costs by investing in energy efficient infrastructures. The return on investment will also be visible in the following years' accounts.

However, moving to a single tax must still take into account different businesses' energy usage and needs. Under no circumstances should a move towards a single tax result in higher payments for one element of the market, especially the smallest retailers. A move to a "fairer" single tax system must mean significant increases for the smallest businesses.

- 2. Do you agree that mandatory reporting should remain as an important element of the landscape in driving the uptake of low carbon and energy efficiency measures? If not, why not?**

Yes. Mandatory reporting is essential so that businesses are inclined to monitor and review their energy usage. This will ensure that businesses, at the most senior level, will analyse the business implications of their energy costs and put energy efficiency investments higher up their agenda.

Some retailers have raised concerns that the simplification of the report must not stray too far from the existing information businesses provide. Moreover, reporting should focus on a business's most relevant environmental impact or energy usage for the business. For example, if 90% of a business' environmental impact comprises of energy usage, the

statutory reporting should be focused on this element for the particular business. Likewise if a business environmental impact consists of 90% transport emissions, the statutory reporting should focus on this element for this particular business.

3. Should such reports require board level sign-off and should reported data be made publicly available? Please give your reasons.

Yes. Board level sign-off and publicity in annual reports is important to ensure that energy efficiency is a priority for the business. Businesses should not be forced to publish any energy usage data that may be commercially sensitive.

4. Do you agree that government should develop a single reporting scheme requiring all ESOS participants (and potentially the public sector (see paragraphs 4.21 - 4.23) to report regularly at board level? If so, what data should be included in such a report?

We support regular reporting of energy usage at board level however this could be burdensome for small businesses (with just over 250 employees) captured by ESOS to report on annual basis. Currently businesses captured under the ESOS thresholds only have to report every four years. The Government should carefully consider if all businesses captured under the ESOS threshold should have to report, or if a higher threshold could be introduced.

6. Do you agree that moving to a single tax would simplify the tax system for business? Should we abolish the CRC and move towards a new tax based on the CCL? Please give reasons.

Removing the CRC and moving towards a new tax based on the CCL would simplify the process. But, this must come with amendments to the reporting procedures for CCL as they are charged as part of their energy bills and therefore not always visible.

7. How should a single tax be designed to improve its effectiveness in incentivising energy efficiency and carbon reduction?

8. Should all participants pay the same rates (before any incentives/reliefs are applied) or should the rates vary across different businesses? For example, do you think that smaller consumers and at risk Energy Intensive Industries (EIs) should pay lower rates?

Exemptions from a carbon tax based on the CRC should continue to exist for small businesses. The tax should distinguish between businesses that are investing in energy efficient measures and those that are not, energy intensive industries should not be exempt from this measure either.

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