

Solid Fuel Carbon Tax (SFCT) Compliance Procedures Manual

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1. Introduction

1.1. This Manual

This is a Revenue operational manual which provides information and guidelines for staff on compliance procedures relating to Solid Fuel Carbon Tax (SFCT).

Principal Officers and Assistant Principals are to ensure that all compliance functions set out in this manual are carried out efficiently and effectively within the relevant Revenue District.

1.2. SFCT Overview

SFCT is an excise duty which applies to solid fuel supplied in the State on or after 1st May 2013. SFCT applies to coal and peat as defined in Section 77 of the [Finance Act 2010](#) and is chargeable per tonne of product.

Solid fuel subject to SFCT includes coal, peat briquettes, milled peat (mainly used in the generation of electricity) and other peat (sod turf etc).

SFCT is a self assessed tax, payable by suppliers who are VAT registered or who are taxable persons. The taxable event is the time of the **first supply** of a solid fuel in the State by such persons.

'First supply' means a quantity of solid fuel supplied in the State that has not been previously supplied in the State.

A supplier making a first supply of solid fuel in the State on or after 1st May 2013 is accountable for SFCT and must register with the Revenue Commissioners and pay the tax ([see Section 2](#)).

Relief from SFCT is available provided it can be shown to the satisfaction of the Revenue Commissioners, that the solid fuel on which the relief is claimed, was supplied for use that qualifies for the relief ([see par 3.5](#)).

The register and returns/payment compliance for SFCT is the responsibility of The Office of the Revenue Commissioners, Collector-General's Division, Sarsfield House, Francis Street, Limerick.

1.3. Legislation

1.3.1. EU Law

[EU Directive 2003/96/EC-Energy Tax Directive](#)

1.3.2. National Law

SFCT is provided for in Chapter 3 of part 3 of the [Finance Act 2010](#) (as amended).

Solid Fuel Carbon Tax Regulations are set out in [S.I. No. 191 of 2013](#).

1.3.3. Public Notices

The [Guidance Note on Solid Fuel Carbon Tax](#) should be read in conjunction with this Staff Manual.

2. Registration

2.1. Introduction

A supplier who has made or who intends to make a first supply of solid fuel in the State on or after 1st May 2013 must register for SFCT.

The Registration form ([SFCT-reg](#)) should be completed and returned to The Office of the Revenue Commissioners, Collector-General's Division, Sarsfield House, Francis Street, Limerick. Alternatively a scanned copy of the completed registration form can be sent via [MyEnquiries](#).

MyEnquiries is a structured online contact facility that allows customers to securely send and receive correspondence to and from Revenue instead of using email.

For PAYE customers access to MyEnquiries is through [myAccount](#). For business customers access to MyEnquiries is through ROS.

Please note that Revenue cannot guarantee that any personal and sensitive data, sent in plain text via standard email, is fully secure. Customers who choose to use this channel are deemed to have accepted any risk involved.

Details of all suppliers registered for SFCT are maintained on an Access Database (Register) by the CGs, Services and Transaction Taxes Unit, Mill Lane, Listowel, Co Kerry ([see par 4.4.](#)).

2.2. Who Must Register?

Any person who is VAT registered or a taxable person who has made, or intends to make a first supply of solid fuel in the State, on or after 1st May 2013, is an accountable person for the tax and must register with the Revenue Commissioners for the purpose of SFCT.

Any person trading in solid fuel who receives all their fuel from main suppliers based in the State, will normally receive their fuel tax paid by that main supplier and **will not** need to register for SFCT. However, if that person sources **some, or all** of their solid fuel supplies from a source based in another Member State (e.g. Northern Ireland) or a third country, they will be accountable for the tax when they supply that fuel onward to their customers and **must register** for SFCT.

2.2.1. Importers

Suppliers in the State that are importers of solid fuel, will in most cases be the source of first supply in the State, and be required to register for SFCT.

Importers of solid fuel that is exclusively for their own use (self supply) for the purposes of manufacturing are also required to be registered for SFCT.

A supplier based outside of the State who brings solid fuel into the State for sale direct to the public, must register with the Revenue Commissioners for SFCT.

2.2.2. Manufacturers

A manufacturer may use solid fuel as a raw material in the manufacture of a solid fuel product, provided that product has characteristics that are distinct from solid fuel from which it was produced e.g. compressed nuggets or briquettes.

Manufacturers of solid fuel are the source of first supply of their solid fuel products in the State and must register for SFCT.

2.2.3. Wholesale/Retail Outlets

It can be expected that wholesale/retail outlets will purchase solid fuel from importers or manufacturers and will therefore not generally be the source of first supply of solid fuel in the State, and would not be required to be registered for SFCT.

It may be economical for wholesale/retail outlets to source solid fuel in another Member State (e.g. Northern Ireland). That wholesale/ retail outlet would then be a source of first supply of solid fuel in the State and **must register** for SFCT.

2.2.4. First Supply to Outside the State (Intra Community Supplies)

Where a first supply of solid fuel is made to a person or business located outside the State, that supply is not liable to SFCT. However, supplies on which SFCT has been paid, and that are subsequently exported out of the State, do not qualify for repayment of SFCT.

2.2.5. Private Use

Where an individual personally purchases and brings into the State solid fuel from a supplier located in another Member State, a liability to SFCT does not arise provided the fuel is **for that person's own private use** and s/he accompanies the fuel into the State.

However, should that individual supply another person in the State with any of that fuel, s/he will have made a first supply of solid fuel in the State as a supplier. S/he will be liable to pay SFCT on that supply and must register with Revenue accordingly.

3. Administration

3.1. Introduction

SFCT applies to coal and peat as defined in Section 77 of the [Finance Act 2010](#) to include milled peat and other peat. Wood is not liable to SFCT and wood products that have no solid fuel component are not liable to SFCT.

3.2. Rates for SFCT

SFCT is chargeable per tonne of product and is based upon a charge of €26 per tonne of CO₂ emitted by the relevant product on combustion.

The SFCT rates applicable on or after **01 May 2020*** are as follows:

Coal	€68.48 per tonne
Peat Briquettes	€47.67 per tonne
Milled Peat	€23.62 per tonne
Other Peat	€35.43per tonne

*** The above rates are subject to change in the annual budget. Officers should always refer to the [Solid Fuel Carbon Tax Rates](#) which are available on the Revenue website.**

3.3. SFCT Returns

The Collector General (CGs), Services and Transactions Taxes Unit, Mill Lane, Listowel, Co Kerry has responsibility for Returns and Payment compliance in respect of suppliers registered for SFCT.

Registered suppliers must make a Return of SFCT and pay the relevant amount of tax by the due date.

The SFCT return must include details of:

- the quantity of taxable solid fuel supplied,
- the category of taxable solid fuel supplied,
- the amount of tax payable in respect of each category of solid fuel supplied.

The return also has provision for including details of all quantities and categories and use of tax-exempt and exported supplies of solid fuel ([see par 3.6.](#)).

If there are no supplies of solid fuel during a period, a **Nil Return** should be submitted.

SFCT Returns can be submitted by the due date (see [par 3.5.](#)) via ROS.

SFCT Returns can also be uploaded and submitted by the due date (see [par 3.5.](#)) using the My/Enquiries facility available in MyAccount.

Alternatively, the SFCT return ([SFCT1](#)) can be forwarded by the due date (see [par 3.5.](#)) to the Office of the Revenue Commissioners, Collector General's Division, Sarsfield House, Francis Street, Limerick.

3.4. Payment of SFCT

Payment of the SFCT can be made using the following methods:

Payment via ROS

If registered for ROS, using a standard Revenue Online Service (ROS) Digital Certificate, payment can be made by,

- **Single Debit Instruction (SDI),**
- **Debit/Credit card.**

Payment via MyAccount

If not registered for ROS, payment can be made through MyAccount.

For further instructions on making payments online, please visit the [Revenue website](#).

Details of returns and payments received are recorded in the Register maintained by the CGs, Services and Transactions Taxes Unit, Mill Lane, Listowel, Co Kerry ([see par 4.4.](#)).

3.5. The Accounting Period

For SFCT, the accounting period is a two- month period. The return and payment are due to Revenue by the end of the month following the accounting period*.

*The first accounting period for SFCT was May/June 2013. The accountable person must have assessed the amount of SFCT due for that period and must have furnished a return and payment to the Revenue Commissioners on or before 31st July 2013. The next accounting period was July/August with the return and payment due by 30th September.

The CGs, Services and Transactions Taxes Unit, Mill Lane, Listowel, Co Kerry will have responsibility for compliance in relation to timely submission of returns and payments by registered suppliers.

3.6. Reliefs and Tax Free Supply

Full or partial relief from SFCT is available at source, or by means of repayment for solid fuel which is shown to the satisfaction of the Revenue Commissioners to have been supplied for use that qualifies for relief.

3.6.1. Biomass products

Solid Fuel Carbon Tax law defines a biomass product as “any solid fuel product with a biomass content of 30 percent or more”. The amount of the relief that may apply to a biomass product depends on the proportion of that product that is biomass (see table below)

Partial relief applies to first supplies of solid fuel where the fuel concerned has met the statutory requirements for biomass products in the biomass regulations. These regulations impose specific obligations on biomass product manufacturers and other persons making supplies of biomass products.

The effective SFCT charge per tonne that will be payable on biomass products, after application of the relief is as follows:

Product	Biomass Content	Relief (percentage by which tax chargeable may be reduced where a relief is applicable)	“Effective net rate per tonne” i.e Tax rate per tonne reduced by the relief percentage applicable
Coal	None	No reduction; full rate applies	€68.48
	< 30%	No relief – not a biomass product	€68.48
	≥ 30 < 50%	30% of tax chargeable	€47.936
	≥ 50%	50% of tax chargeable	€34.24
Peat Briquettes	none	No reduction; full rate applies	€47.67
	< 30%	No relief – not a biomass product	€47.67
	≥ 30 < 50%	30% of tax chargeable	€33.369
	≥ 50%	50% of tax chargeable	€23.785

3.6.2. Manufacturers of Solid Fuel and Tax Free Supply

Manufacturers (see par [2.2.2](#)) may receive tax free supplies of solid fuel for use as a raw material in the manufacturing of solid fuel products.

The supplier of the solid fuel must obtain a properly [completed declaration](#) from the manufacturer confirming that the fuel will be used in manufacturing solid fuel products before they make any tax-free supply to that manufacturer.

SFCT shall be charged at the time when the manufactured solid fuel product is first supplied in the State by the manufacturer.

3.6.3. Relief Applied at Source

The following reliefs from SFCT may be applied at source by the supplier making a first supply of solid fuel, provided certain Revenue requirements are met.

- full relief from SFCT in respect of solid fuel supplied for use solely in the generation of electricity (this does not include Combined Heat and Power (CHP) cogeneration),
- full relief from SFCT in respect of peat supplied for use in an installation that is covered by a Greenhouse Gas Emission (GHG) permit issued by the Environmental Protection Agency,
- partial relief from SFCT in respect of coal supplied for use in an installation that is covered by a Greenhouse Gas Emission (GHG) permit issued by the Environmental Protection Agency*.

***The coal concerned will be taxed at the minimum permitted by the EU Energy Tax Directive, which is €4.18 per tonne.**

The above reliefs may be applied at source by the supplier making the first supply, provided that the consumer gives the supplier, in advance of such supply, a properly completed declaration on the proposed use of the solid fuel. ([Declaration Forms](#)) The supplier and consumer must also retain a copy of the completed declaration for production to the Revenue Commissioners as required.

Where the supplier does not receive the declaration in sufficient time before a supply is made, the relief should not be applied at source. Instead, the supplier must apply the SFCT and the consumer must claim the relief subsequently from Revenue. Adequate records must be maintained to support such claims.

Where, as a result of false or misleading information given by a consumer to a supplier, a liability for SFCT arises, it is the consumer and not the supplier that is liable for the tax.

If after a first supply of solid fuel on which relief has been obtained, a consumer does not use the solid fuel for the qualifying purpose, then SFCT must be paid by the consumer.

3.6.4. Relief by Repayment

Relief or partial relief from SFCT, by means of repayment to the consumer, is provided for in respect of solid fuel which is shown to have been delivered to that consumer for use by them for qualifying purposes.

The following reliefs from SFCT may be applied by means of repayment for solid fuel used for the following purposes, provided certain Revenue requirements are met:

- full relief from SFCT in respect of solid fuel used in chemical reduction,
- full relief from SFCT in respect of solid fuel used in electrolytic or metallurgical processes,
- full relief from SFCT in respect of solid fuel used under diplomatic arrangements in the State,
- for claims up until 31st Dec 2016, partial relief from SFCT in respect of coal used in environmentally friendly heat and power cogeneration as certified by the Commission for Regulation of Utilities*.
- for claims from 1st January 2017, full relief from SFCT in respect of solid fuel used in environmentally friendly High-Efficiency Combined Heat and Power cogeneration.

***The coal concerned will be taxed at the minimum permitted by the EU Energy Tax Directive, which is €4.18 per tonne.**

Repayment claims (SFCT CR) must be submitted to the local Revenue District by the claimant to cover a period of not less than one and not more than six months following the end of the accounting period to which the claim relates. Appropriate supporting documentation must be retained by the supplier ([see par 3.6](#)).

It should be noted that, in the case of solid fuel subject to relief by repayment, the person who makes the first supply of the solid fuel in question is liable to account for SFCT on that supply.

On receipt of a repayment claim (SFCT CR) the local Revenue District when satisfied that the claim is in order, forward the certified claim for repayment to,

**The Office of the Revenue Commissioners,
Central Repayments Office,
M:Tek II Building,
Armagh Road, Monaghan, Co Monaghan.**

3.7. Records

Solid fuel suppliers who are accountable for SFCT must keep all accounts and records relevant to the tax for a period of six years from the date of last entry.

Records to be maintained by all registered suppliers include any books, documents (including invoices, delivery and purchase orders, stock records, declarations relating to tax-free supplies etc.) accounts, or any other related information, including information stored by electronic means in any form.

In addition, any manufacturer of solid fuel products who receives a tax-free solid fuel supply for use as a raw material in the manufacturing of solid fuel must also maintain adequate records relevant to that supply, including [a copy of the declaration](#) provided to the supplier of that supply.

For solid fuel manufacturers, a description of the manufacturing process for each solid fuel product manufactured and its effect on the characteristics of the solid fuel (raw material) from which it is produced must also be maintained.

4. SFCT Compliance

4.1. Introduction

The Revenue Commissioners has responsibility for ensuring that persons who attract an SFCT liability, fully comply with their legal obligations, including early registration and timely submission of accurate returns and payment.

4.2. Whole Case Management

Districts should, when considering interventions focused on SFCT compliance, incorporate a Whole Case Management (WCM) approach where possible, as SFCT and particularly VAT are correlated.

However, Officers and Case Select Officers should be aware that as SFCT is not integrated to ITS (see [par 4.4.](#)), the risk score generated by REAP will not take account of risks associated with SFCT. Therefore, Case Select Officers, in selecting cases for intervention should take cognisance of the separate specific risks associated with SFCT, (see [par 4.3.](#)).

4.3. Risks

SFCT is a self-assessed tax and persons who have a liability must submit bi-monthly returns (see [par 3.3.](#)). Therefore, like other similar taxes such as VAT, the main risks relate to:

- non-registration by persons who make the first supply of solid fuel in the State,
- non-filing of returns by registered persons,
- submission of inaccurate or false returns by registered persons,
- tax-free supplies made for manufacturing purposes without a valid declaration,
- use of solid fuel relieved from SFCT for a purpose that does not qualify for relief.

Officers should be aware that the greater risks relate to the larger traders, particularly manufacturers or importers of large quantities of solid fuel. Persons involved in this type of business who have a record of non-compliance with other tax obligations are more likely to be non-compliant with regard to their SFCT obligations.

Officers should also be aware that while wholesalers and retailers would not normally be the source of first supply of solid fuel in the State, some wholesalers or retailers may source some supplies outside the State, e.g. Northern Ireland.

Such persons must register for SFCT and make the necessary SFCT returns and payments.

4.4. The Register

Details of suppliers that are registered for SFCT are available on the Register held by the CGs, Services and Transactions Taxes Unit, Mill Lane, Listowel, Co Kerry.

The Register, maintained by the CGs, is an independent stand alone database that is not integrated into any other Revenue IT system.

Desktop access to this Register is available by contacting St. John's Road, Helpdesk.

Officers can view details relating to registered suppliers which include:

- a list of registered suppliers by county/GCD,
- registration details including, nature of business, contact name, phone number and email address,
- return compliance details including, SFCT1 returns received and SFCT1 returns outstanding,
- details of payments made and payments outstanding,
- correspondence and contact history with the CGs,
- enforcement and compliance activity carried out by the CGs.

4.5. Role of District

District Managers and Case Select Officers should ensure that all compliance staff are familiar with both SFCT and the associated risks.

District staff should be particularly vigilant in relation to the non-registration of any persons involved in either manufacturing or importing of solid fuel. There is also the risk of some wholesalers/retailers of solid fuel sourcing some or all of their supplies outside the State. As such, managers should ensure that staff involved in general compliance activities, especially street-scape and similar projects, are aware of the risks associated with SFCT.

If during the course of normal compliance work, an Officer becomes aware of a person who is the source of first supply of solid fuel in the State and who is not on the Register, the Officer should ensure that the person immediately registers for SFCT. The completed form SFCT-reg should be forwarded to The Collector-General's Division, Sarsfield House, Francis Street, Limerick. The Officer should also ensure that such person completes a SFCT return for all relevant periods and

makes payment to include interest and penalties (see [par 4.8.](#)), in respect of all solid fuel supplied in the State on or after 1st May 2013.

As part of their normal compliance work, Districts also have a role in ensuring the accuracy of returns submitted by traders. All interventions should be based on risk and where possible carried out in context of WCM, (see [par 4.2.](#)). Persons liable for SFCT will in most circumstances also be registered for VAT, IT/CT, PREM, and as such may be subject to Revenue interventions depending on their compliance levels and REAP scoring.

For the purposes of determining the accuracy of a SFCT Return, Officers should examine the sales and other relevant records relating to solid fuel for the period in question. The amount of SFCT payable will be based on the number of tonnes of solid fuel first supplied, calculated by reference to the rate of tax applicable to that product. An examination of the VAT records for the period may be of assistance in calculating the liability for the period.

Arrears in respect of SFCT, including interest and penalties, should be calculated and paid (see [par 4.8.](#)).

All interventions in relation to SFCT are to be recorded in RCM.

4.6. Referral of Cases to District by CGs

In general SFCT Returns and Payment compliance is the responsibility of the The Collector-General's Division, Sarsfield House, Francis Street, Limerick. However, Districts should be aware that they may be requested by the CGs to carry out an occasional verification of the accuracy of a return. Such circumstances will only arise where an anomaly or major deviation from the normal Return or payment pattern is identified.

4.7. Movements of Solid Fuel within the State

The following material is either exempt from or not required to be published under the Freedom of Information Act 1997.

[...]

4.8. Offences/Interest and Penalties

It is an offence under [section 122 of the Finance Act 2001](#) and [section 1078 of the Taxes Consolidated Act 1997](#) for a person to furnish incorrect information for any purpose in relation to excise duty or in connection with a claim for repayment under excise law.

Failure to comply with any provision of SFCT law or any SFCT regulations is an offence under [section 84 of the Finance Act 2010](#).

[Section 99B of the Finance Act 2001](#) provides for tax geared penalties for carelessly or deliberately making incorrect returns. Disputes arising from any tax geared penalties imposed by Revenue may be subject to civil proceedings.

Officers should refer to Chapter 5 of the [Code of Practice for Revenue Audit and other Compliance Interventions](#) for further information on interest and tax geared penalties.

[Section 99A of the Finance Act 2001](#) makes provision for the raising of an assessment in respect of SFCT.

4.9. Appeal Provisions

Information for the public on [Appeals](#) is available on the Revenue website.

Staff instructions on appeals available in [Tax and Duty Appeals Manual](#)

Appendix I

Internal Revenue Links

The following material is either exempt from or not required to be published under the Freedom of Information Act 1997.

[...]