Subsidiary Legislation made under s.25.

Green (Tax Deductions) Rules 2026

LN.2026/377

Commencement **1.7.2024**

ARRANGEMENT OF RULES

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SCHEDULE

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In exercise of the powers conferred upon him by section 25 of the Income Tax Act 2010, and all other enabling powers, the Minister has made the following Rules–

Title.

1. These Rules may be cited as the Green (Tax Deductions) Rules 2026.

Commencement.

2. These Rules shall be deemed to have come into operation on 1 July 2024.

Interpretation.

3. In these Rules –

"certification letter" means a letter issued in accordance with rule 6;

"net zero objective" means the reduction or elimination of greenhouse gases.

Deduction.

4.(1) A person who is not an individual is entitled to claim a deduction in computing their income chargeable to tax where that person–

(a) has incurred expenditure on goods, services or works which contribute towards the net zero objective; and

(b) has been issued with a certification letter in accordance with rule 6.

(2) The deduction which may be claimed is limited to 50% of the total expenditure which the Commissioner is satisfied has been incurred in contributing to the net zero objective and is limited to a maximum of £10,000 per claim.

Double deduction not permitted.

5. Any deduction for expenditure allowed in accordance with these Rules must be reduced by any deduction, relief or allowance which may be allowed in accordance with any other provision of the Income Tax Act 2010 or subsidiary legislation made thereunder in respect of the same expenditure.

Certification of approved goods, services or works.

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6.(1) No deduction is permitted under these Rules unless the claim for the deduction is accompanied by a certification letter issued by the Department of the Environment confirming-

(a) that the expenditure in respect of which the deduction is claimed has been made; and

(b) that there is a direct association with achieving the net zero objective.

(2) No certification letter may be issued under subrule (1) unless the Department of the Environment is satisfied that there is evidence of expenditure incurred on goods, services or works which contribute towards the net zero objective.

(3) The Department of the Environment may require any information as is, in its opinion, necessary to issue the certification letter and may request such further information as it considers necessary.

(4) The Schedule contains an indicative list of the goods, services and works eligible for tax deductions under these Rules.

Time limit for claims for deductions.

7. Any claim for a deduction under these Rules shall be made in writing to the Commissioner within 2 years of the end of the year of assessment or accounting period, as the case may be, in respect of which the deduction is claimed, and within six months of the issue of the certification letter.

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SCHEDULE

Code	Eligible goods, services or works	Direct association with net-zero
A1	**Carbon literacy training**	Increases climate change knowledge and improves behaviour and lifestyle choices which can embed sustainability into work through design, procurement or other. Helps company reduce carbon footprint.
A2	**Climate change/sustainability training**	Increases climate change knowledge and improves behaviour and lifestyle choices which can embed sustainability into work through design, procurement or other. Helps company reduce carbon footprint.
B1	**Green roofs (& installation of the green roof only)**	Removes CO2 and reduce urban heat island effect and improve air quality.
B2	**Smart Building Technologies (& installation of the technology only)**	Optimises energy use e.g. smart lighting and thermostats.
B3	**Building insulation (not including works)**	Optimises energy use.
B4	**Planting vegetation that are known to remove high volumes of CO2 (not including cost of works involved in planting)**	Direct removal of CO2.
C1	**Solar panels (& installation of the solar panels only)**	Provides renewable energy.
C2	**Energy Performance Certifications (EPC)**	Energy efficiency.
C3	**Energy-efficient equipment: LED, HVAC**	Optimises energy use.
D1	**Electric Vehicles (EV)**	Reduces demand on fossil fuels.
D2	**EV charging stations**	Supports EVs.

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	(& installation of the charging stations only)	
E1	**Sustainability consulting**	Net-zero strategies are developed.
E2	**ESG reporting services**	Comprehensive ESG reports are produced with an action plan for net zero.
Exclusions	No deduction shall be permitted for the cost of the installation of any goods, save for costs directly associated with the installation of the goods specified at B1, B2, C1 and D2, not including any additional refurbishment works. No deduction shall be permitted for any maintenance costs.	

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