

# Creating new woodland: Woodland Carbon Guarantee

Planting new woodland to capture carbon



## What is the Woodland Carbon Guarantee?

The Woodland Carbon Guarantee is a £50 million incentive scheme to help accelerate woodland planting rates across England to mitigate for the effects of climate change. These new woodlands will permanently remove carbon dioxide (CO<sub>2</sub>) from the atmosphere.

## What is on offer?

The Woodland Carbon Guarantee provides you with the option to sell your captured CO<sub>2</sub> to the government for a guaranteed price every five or ten years up to 2055/56, which provides an additional long-term income from your woodland. If you prefer, you can still choose to sell your CO<sub>2</sub> on the open market rather than to the government.

## How does it work?

The guaranteed price for your CO<sub>2</sub> is agreed with the government through an online reverse auction. A series of auctions will take place every six months for up to five years, beginning in early 2020.

In order to bid in the auction you will need to calculate how much money you need (per tonne of CO<sub>2</sub>) in order to make your project financially viable and worthwhile. If you are successful in the auction, the government will buy the CO<sub>2</sub> for the price that you bid - which is protected against inflation for the life of the contract.



## What are the benefits?

The Guarantee could provide you with a regular long-term income to help you manage your new woodland. You will receive a guaranteed index-linked price for your CO<sub>2</sub> set at an agreed level which makes the investment in woodland worthwhile for you.

This guaranteed price and the income you will get from it will also help to reduce the traditional risks associated with establishing new woodlands, thereby making the process of converting areas of your landholding to woodland a more attractive prospect.

## Am I eligible?

- Woodland Carbon Guarantee applications may be made alongside applications for woodland creation grants (such as the England Woodland Creation Offer).
- Applications can only be submitted for projects registered with the Woodland Carbon Code after 29 October 2018.
- Projects will not be eligible for the Guarantee if you have started planting or other on-site work before you have received an offer of a Guarantee contract after a successful bid in an auction.





## Register with the Woodland Carbon Code

Before you apply for the Guarantee you will need to have registered with the Woodland Carbon Code, which provides the tools and information required to plan your woodland and calculate the amount of carbon that it will remove from the atmosphere. The woodland will also need to comply with the requirements of the UK Forestry Standard.

If you are successful in being offered a Guarantee contract, you will be required to validate your project in order to confirm how many tonnes of CO<sub>2</sub> are likely to be captured and therefore available for sale under the Guarantee. The validation process also checks that the CO<sub>2</sub> that is captured by your woodland is additional to that which would otherwise have taken place without the support provided by the Guarantee. Further guidance on the additionality requirements is available on the Woodland Carbon Code website.

In the early years following establishment, you will need to care for the woodland to protect the trees and ensure that the woodland's growth and carbon capture potential is realised.

As normal under the Woodland Carbon Code, the woodland will also need to be regularly monitored in order to verify the amount of CO<sub>2</sub> that has been captured and stored in your woodland.

## Taxation of commercial forestry

Currently, profits arising from the commercial occupation of woodlands are not chargeable to Income Tax and Corporation Tax and the value attributable to trees is exempt from Capital Gains Tax. The sale of voluntary carbon credits is not currently chargeable to VAT. However, applicants should always seek professional independent advice based on their specific circumstances before making any long-term investment decisions.

## How do I apply for the Guarantee?

You will need to submit an application form providing a few basic details for your proposed woodland creation project including the amount of CO<sub>2</sub> that it will remove from the atmosphere.

Further advice on how to register with the Woodland Carbon Code and apply for the Guarantee can be found online.



## More information

For more information on how to apply for the Woodland Carbon Guarantee please visit [www.gov.uk/guidance/woodland-carbon-guarantee](https://www.gov.uk/guidance/woodland-carbon-guarantee)

For information on the UK Forestry Standard, please visit [www.gov.uk/government/publications/the-uk-forestry-standard](https://www.gov.uk/government/publications/the-uk-forestry-standard)

For general enquiries including assistance with completing the application form, please email [wcag@forestrycommission.gov.uk](mailto:wcag@forestrycommission.gov.uk)

Further information on the Woodland Carbon Code, including details of project developers who can help with designing your woodland, calculating the amount of carbon that it will capture, and how to register is available at [www.woodlandcarboncode.org.uk/landowners-apply](https://www.woodlandcarboncode.org.uk/landowners-apply)



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