HMRC - VATSC64210 - Introduction

As a result of the Kyoto Protocol and growing public awareness of climate change, carbon offsetting has emerged as an indirect way for business and individuals to reduce their carbon emissions. Carbon offsetting involves the purchase and removal from circulation (‘retiring’) of the various carbon credits that currently exist.

The carbon market is split into

the compliance market (see VATSC64220), under the Kyoto Protocol and the EU Emissions Trading System (EUETS), and

the voluntary non-compliance market (see VATSC64230).

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