



Vat Relief Extended to Storage Batteries 1st February 2024

Source: <https://www.gov.uk/government/consultations/vat-energy-saving-materials-relief-improving-energy-efficiency-and-reducing-carbon-emissions/outcome/summary-of-responses>

As a result of this CfE, the government will be making the following reforms to the VAT relief on the installation of qualifying ESMs.

The government will be expanding the relief by bringing the following technologies within scope:

- electrical battery storage
- water-source heat pumps
- diverters retrofitted to ESMs such as solar panels and wind turbines

The relief will also be extended to the installation of all qualifying ESMs in buildings used solely for a relevant charitable purpose and will continue to apply when these ESMs are installed in residential buildings.

A discrete list of groundworks necessary for the installation of certain types of heat pumps will also be brought within scope of the relief, thus allowing all aspects of the installation of ground-source and water-source heat pumps to be relieved of VAT, even those activities that are co-contracted.

The government intends to implement these reforms on 1 February 2024.

All of these reforms will apply across the whole of the United Kingdom as a result of the Windsor Framework. These reforms will also be permanent, meaning that, when the zero rate aspect of this relief sunsets on 31 March 2027, the installation of all technologies in scope of this relief will revert to the reduced rate of VAT at 5%.

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